

TRADEMARK ASSIGNMENT

Electronic Version v1.1
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	Amended And Restated Security Agreement

CONVEYING PARTY DATA

Name	Formerly	Execution Date	Entity Type
J-M Manufacturing Company, Inc.		12/21/2007	CORPORATION: DELAWARE
PW EAGLE, INC.		12/21/2007	CORPORATION: MINNESOTA

RECEIVING PARTY DATA

Name:	MEGA INTERNATIONAL COMMERCIAL BANK CO., LTD., SILICON VALLEY BRANCH
Street Address:	333 W. San Carlos Street, Suite 100
City:	San Jose
State/Country:	CALIFORNIA
Postal Code:	95110
Entity Type:	Banking corporation:

PROPERTY NUMBERS Total: 13

Property Type	Number	Word Mark
Registration Number:	3336689	EVERPEX
Registration Number:	3331284	JMM
Registration Number:	3259355	JMM
Registration Number:	1802723	PW RIB
Registration Number:	1651939	COEXCEL
Registration Number:	3117930	PWEAGLE
Registration Number:	1723768	PWPURPLE PLUS
Registration Number:	1439939	VINYL-LOCK
Serial Number:	77219259	JM EAGLE
Serial Number:	77219191	JM EAGLE
Serial Number:	78773968	EVERPEX-OXB
Serial Number:	78773973	EVERPEX-AL
Serial Number:	78676511	BUILDING ESSENTIALS FOR A BETTER TOMORROW

TRADEMARK

CH \$340.00 3336689

CORRESPONDENCE DATA

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Email: rlal@mofo.com
Correspondent Name: John Kline, Senior Paralegal
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ATTORNEY DOCKET NUMBER:	26486-16
NAME OF SUBMITTER:	John Kline
Signature:	/John Kline/
Date:	12/26/2007

Total Attachments: 51

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AMENDED AND RESTATED SECURITY AGREEMENT

THIS AMENDED AND RESTATED SECURITY AGREEMENT (this "Agreement"), dated as of December 21, 2007, is made by and among J-M MANUFACTURING COMPANY, INC., a Delaware corporation (the "Company"), PW EAGLE, INC., a Minnesota corporation ("PWE" and together with the Company each a "Borrower" and collectively, the "Borrowers"), certain financial institutions, as lenders (each a "Bank" and collectively, the "Banks") and MEGA INTERNATIONAL COMMERCIAL BANK CO., LTD., SILICON VALLEY BRANCH, as successor by merger to CHIAO TUNG BANK, SILICON VALLEY BRANCH, as agent for the Banks (in such capacity, the "Agent") and as issuer of letters of credit (in such capacity, the "Issuing Bank").

WHEREAS, the Company, the Banks, Chiao Tung Bank, Silicon Valley Branch, as an issuer of letters of credit, arranger, and the Agent are parties to that certain Security Agreement, dated as of November 1, 2005 (the "Existing Security Agreement"), entered into pursuant to that certain Secured Revolving Credit, Term Loan and Letter of Credit Agreement, dated as of November 1, 2005 (the "Existing Credit Agreement").

WHEREAS, the Borrowers, the Agent, the Banks and the Issuing Bank have agreed to amend and restate the Existing Credit Agreement pursuant to the Amended and Restated Secured Revolving Credit, Term Loan and Letter of Credit Agreement, dated as of December 21, 2007, (as amended, modified, renewed or extended from time to time, the "Credit Agreement"). It is a condition precedent to the Borrowings and the issuance of Letters of Credit under the Credit Agreement that the Existing Security Agreement be amended and restated and that PWE confirm and the Company reaffirm its grant to the Agent, for itself and for the ratable benefit of the Issuing Bank and the Banks, the security interests hereinafter provided to secure the obligations of each Borrower described below.

Accordingly, the parties hereto agree as follows:

SECTION 1 Definitions; Interpretation.

(a) Terms Defined in Credit Agreement. All capitalized terms used in this Agreement and not otherwise defined herein shall have the meanings assigned to them in the Credit Agreement.

(b) Certain Defined Terms. As used in this Agreement, the following terms shall have the following meanings:

"Accounts" means any of any Borrower's accounts, as such term is defined in Section 9-102 of the UCC.

1.

“Books” means all books, records and other written, electronic or other documentation in whatever form maintained now or hereafter by or for any Borrower in connection with the ownership of its assets or the conduct of its business or evidencing or containing information relating to the Collateral, including: (i) ledgers; (ii) records indicating, summarizing, or evidencing any Borrower’s assets (including Inventory and Rights to Payment), business operations or financial condition; (iii) computer programs and software; (iv) computer discs, tapes, files, manuals, spreadsheets; (v) computer printouts and output of whatever kind; (vi) any other computer prepared or electronically stored, collected or reported information and equipment of any kind; and (vii) any and all other rights now or hereafter arising out of any contract or agreement between any Borrower and any service bureau, computer or data processing company or other Person charged with preparing or maintaining any of the Borrower’s books or records or with credit reporting.

“Chattel Paper” means any and all of any Borrower’s chattel paper, as such term is defined in Section 9-102 of the UCC, including all Electronic Chattel Paper.

“Collateral” has the meaning set forth in Section 2.

“Commercial Tort Claims” means any and all of any Borrower’s commercial tort claims, as such term is defined in Section 9-102 of the UCC, including any described in Schedule 1.

“Control Agreement” means any control agreement or other agreement with any securities intermediary, bank or other Person establishing the Agent’s control with respect to any Deposit Accounts, Letter-of-Credit Rights or Investment Property, for purposes of UCC Sections 9-104, 9-106 and 9-107.

“Deposit Account” means any deposit account, as such term is defined in Section 9-102 of the UCC, maintained by or for the benefit of any Borrower, whether or not restricted or designated for a particular purpose.

“Documents” means any Borrower’s documents, as such term is defined in Section 9-102 of the UCC.

“Electronic Chattel Paper” means any and all of any Borrower’s electronic chattel paper, as such term is defined in Section 9-102 of the UCC.

“Equipment” means any and all of any Borrower’s equipment, including any and all fixtures, as such terms are defined in Section 9-102 of the UCC.

“Exchange Act” means the Securities Exchange Act of 1934.

“General Intangibles” means any and all of any Borrower’s general intangibles, as such term is defined in Section 9-102 of the UCC.

“Goods” means any and all of any Borrower’s goods, as such term is defined in Article 9 of the UCC.

“Instruments” means any and all of any Borrower’s instruments, as such term is defined in Section 9-102 of the UCC.

“Intellectual Property Collateral” means the following properties and assets owned or held by any Borrower or in which any Borrower otherwise has any interest, now existing or hereafter acquired or arising:

(i) all patents and patent applications, domestic or foreign, all licenses relating to any of the foregoing and all income and royalties with respect to any licenses (including such patents, patent applications and patent licenses as described in Schedule 1), all rights to sue for past, present or future infringement thereof, all rights arising therefrom and pertaining thereto and all reissues, divisions, continuations, renewals, extensions and continuations-in-part thereof;

(ii) all copyrights and applications for copyright, domestic or foreign, together with the underlying works of authorship (including titles), whether or not the underlying works of authorship have been published and whether said copyrights are statutory or arise under the common law, and all other rights and works of authorship (including the copyrights and copyright applications described in Schedule 1), all computer programs, computer databases, computer program flow diagrams, source codes, object codes and all tangible property embodying or incorporating any copyrights, all licenses relating to any of the foregoing and all income and royalties with respect to any licenses, and all other rights, claims and demands in any way relating to any such copyrights or works, including royalties and rights to sue for past, present or future infringement, and all rights of renewal and extension of copyright;

(iii) all state (including common law), federal and foreign trademarks, service marks and trade names, and applications for registration of such trademarks, service marks and trade names, all licenses relating to any of the foregoing and all income and royalties with respect to any licenses (including such marks, names, applications and licenses as described in Schedule 1), whether registered or unregistered and wherever registered, all rights to sue for past, present or future infringement or unconsented use thereof, all rights arising therefrom and pertaining thereto and all reissues, extensions and renewals thereof;

(iv) all trade secrets, trade dress, trade styles, logos, other source of business identifiers, mask-works, mask-work registrations, mask-work applications, software, confidential and proprietary information, customer lists, license rights, advertising materials, operating manuals, methods, processes, know-how, algorithms, formulae, databases, quality control procedures, product, service and technical specifications, operating, production and quality control manuals, sales literature, drawings, specifications, blue prints, descriptions, inventions, name plates and catalogs, internet websites, and internet domain names and associated URL addresses;

(v) the entire goodwill of or associated with the businesses now or hereafter conducted by any Borrower connected with and symbolized by any of the aforementioned properties and assets; and

(vi) all accounts, all other proprietary rights, all other intangible intellectual or other similar property and other general intangibles and rights to payment associated with or arising out of any of the aforementioned properties and assets and not otherwise described above.

“Inventory” means any Borrower’s inventory, as such term is defined in Section 9-102 of the UCC.

“Investment Property” means any Borrower’s investment property, as such term is defined in Section 9-102 of the UCC.

“Letter-of-Credit Rights” means any and all of any Borrower’s letter-of-credit rights, as such term is defined in Section 9-102 of the UCC.

“Partnership and LLC Collateral” means any and all limited, limited liability and general partnership interests and limited liability company interests of any type or nature, whether now owned or hereafter acquired by any Borrower, including any more specifically described in Schedule 1.

“Pledged Agreements” means any shareholders agreement, partnership agreement, limited liability company agreement or other contract or agreement included in the Collateral, as amended, modified, renewed or extended from time to time, including (i) all rights of any Borrower to receive moneys and other payments and distributions due or to become due thereunder or with respect thereto, (ii) all rights of any Borrower to receive proceeds of any insurance, indemnity, warranty, letter of credit or guaranty with respect thereto, (iii) all claims of any Borrower for damages arising out of any breach or default thereunder or in respect thereof; and (iv) the right of any Borrower to terminate, amend, supplement or modify any such agreement, contract, instrument or other document, to perform thereunder and to compel performance and otherwise exercise all rights and remedies thereunder or in respect thereof.

“Pledged Collateral” means any and all (i) Pledged Shares; (ii) additional capital stock or other equity securities of the direct or indirect Subsidiaries of any Borrower, whether certificated or uncertificated; (iii) other Investment Property of any Borrower; (iv) warrants, options or other rights entitling any Borrower to acquire any interest in capital stock or other securities of such Subsidiaries or any other Person; (v) Partnership and LLC Collateral; (vi) Instruments; (vii) securities, property, interest, dividends and other payments and distributions issued as an addition to, in redemption of, in renewal or exchange for, in substitution or upon conversion of, or otherwise on account of, any of the foregoing; (viii) certificates and instruments now or hereafter representing or evidencing any of the foregoing; (ix) rights, interests and claims with respect to the foregoing, including under any and all related agreements, instruments and other documents, and (x) cash and non-cash proceeds of any of the foregoing, in each case whether presently existing or owned or hereafter arising or

acquired and wherever located, and as from time to time received or receivable by, or otherwise paid or distributed to or acquired by, any Borrower.

“Pledged Shares” means all of the issued and outstanding shares of capital stock, whether certificated or uncertificated, of any Person now owned or hereafter acquired by any Borrower, including any more specifically described in Schedule 1.

“Proceeds” means all proceeds, as such term is defined in Section 9-102 of the UCC.

“Proceeds Account” has the meaning set forth in Section 10(c).

“Rights to Payment” means any and all of any Borrower’s Accounts and any and all of any Borrower’s rights and claims to the payment or receipt of money or other forms of consideration of any kind in, to and under or with respect to the Collateral consisting of Chattel Paper, Documents, General Intangibles, Instruments, Investment Property, Letter-of-Credit Rights, Proceeds and Supporting Obligations.

“Secured Obligations” means the indebtedness, liabilities and other obligations of the Borrowers to the Agent, the Issuing Bank and the Banks under or in connection with the Credit Agreement, the Notes, the Letters of Credit and the other Loan Documents, including all unpaid principal of the Loans, all Unpaid Drawings under Letters of Credit, all interest accrued thereon, all fees due under the Credit Agreement and the Fee Letter, and all other amounts payable by the Borrowers to the Agent, the Issuing Bank and the Banks thereunder or in connection therewith, whether now existing or hereafter arising, and whether due or to become due, absolute or contingent, liquidated or unliquidated, determined or undetermined, and including interest that accrues after the commencement by or against any Borrower of any Insolvency Proceeding naming any such Person as the debtor in such proceeding.

“Supporting Obligations” means all supporting obligations, as such term is defined in Section 9-102 of the UCC.

“UCC” means the Uniform Commercial Code as the same may, from time to time, be in effect in the State of New York.

(c) Terms Defined in UCC. Where applicable and except as otherwise defined herein, terms used in this Agreement shall have the meanings assigned to them in the UCC; provided, however, that to the extent that the UCC is used to define any term herein and such term is defined differently in different Articles of the UCC, the definition of such term contained in Article 9 of the UCC shall govern.

(d) Interpretation. The rules of interpretation set forth in Section 1.03 of the Credit Agreement shall be applicable to this Agreement and are incorporated herein by this reference.

SECTION 2 Security Interest.

(a) Grant of Security Interest. As security for the payment and performance of the Secured Obligations, each Borrower hereby grants to the Agent, for itself and on behalf of and for the ratable benefit of the Issuing Bank and the Banks, a security interest in all of such Borrower's right, title and interest in, to and under all of the following personal property, wherever located and whether now existing or owned or hereafter acquired or arising, including the following property (collectively, the "Collateral"): (i) all Chattel Paper; (ii) all Commercial Tort Claims; (iii) all Documents; (iv) all Equipment; (v) all General Intangibles; (vi) all Inventory; (vii) all Letter-of-Credit Rights; (viii) any Proceeds Account established pursuant to Section 10(c); (ix) all Pledged Collateral; and (x) all money; (xi) all Accounts; (xii) all Instruments; (xiii) all Investment Property; (xiv) all other Goods; and (xii) all Deposit Accounts, all products and Proceeds of any and all of the foregoing, and all Supporting Obligations of any and all of the foregoing.

(b) Borrowers Remains Liable. Anything herein to the contrary notwithstanding, (i) each Borrower shall remain liable under all of its Pledged Agreements, to the extent set forth therein, to perform all of its duties and obligations thereunder to the same extent as if this Agreement had not been executed, (ii) the exercise by the Agent of any of the rights hereunder shall not release such Borrower from any of its duties or obligations under such Pledged Agreements, and (iii) the Agent shall not have any obligation or liability under any Pledged Agreements by reason of this Agreement, nor shall the Agent be obligated to perform any of the obligations or duties of such Borrower thereunder or to take any action to collect or enforce any such contract, agreement or other document included in the Collateral hereunder.

(c) Controlled Foreign Corporations. Notwithstanding anything herein to the contrary, in no event shall the Collateral include, and no Borrower shall be deemed to have granted a security interest in, any Borrower's right, title or interest in any of the outstanding capital stock or other ownership interests of a Controlled Foreign Corporation (as defined below) in excess of 65% of the voting power of all classes of capital stock or other ownership interests of such Controlled Foreign Corporation entitled to vote; provided that (i) immediately upon the amendment of the Internal Revenue Code to allow the pledge of a greater percentage of the voting power of capital stock or other ownership interests in a Controlled Foreign Corporation without adverse tax consequences, the Collateral shall include, and each such Borrower shall be deemed to have granted a security interest in, such greater percentage of capital stock or other ownership interests of each Controlled Foreign Corporation; and (ii) if no adverse tax consequences to any Borrower shall arise or exist in connection with the pledge of any Controlled Foreign Corporation, the Collateral shall include, and each Borrower shall be deemed to have granted a security interest in, such Controlled Foreign Corporation. As used herein, "Controlled Foreign Corporation" shall mean a "controlled foreign corporation" as defined in the Internal Revenue Code.

(d) Continuing Security Interest. Each Borrower agrees that this Agreement shall create a continuing security interest in the Collateral which shall remain in effect until terminated in accordance with Section 25.

(e) Delivery of Pledged Collateral. Each Borrower hereby agrees to deliver to or for the account of the Agent, at the address and to the Person to be designated by the Agent, the

certificates, instruments and other writings representing any Pledged Collateral, which shall be in suitable form for transfer by delivery, or shall be accompanied by duly executed instruments of transfer or assignment in blank, in form satisfactory to the Agent. If any Borrower shall become entitled to receive or shall receive any Pledged Collateral after the date hereof (including pursuant to Section 10.03(m) of the Credit Agreement, such Borrower shall accept the foregoing as the agent for the Agent, shall hold it in trust for the Agent, shall segregate it from other property or funds of such Borrower, and shall immediately deliver the same and all certificates, instruments and other writings representing such Pledged Collateral forthwith to or for the account of the Agent, at the address and to the Person to be designated by the Agent, which shall be in suitable form for transfer by delivery, or shall be accompanied by duly executed instruments of transfer or assignment in blank in form satisfactory to the Agent.

(f) Transfer of Security Interest Other Than by Delivery. If for any reason Pledged Collateral cannot be delivered to or for the account of the Agent as provided in subsection 2(e), the applicable Borrower shall promptly take such other steps as may be necessary or as shall be reasonably requested from time to time by the Agent to effect a transfer of a perfected first priority security interest in and pledge of the Pledged Collateral to the Agent for itself and on behalf of and for the ratable benefit of the other Banks pursuant to the UCC. To the extent practicable, such Borrower shall thereafter deliver the Pledged Collateral to or for the account of the Agent as provided in subsection 2(e).

SECTION 3 Perfection and Priority.

(a) Financing Statements. Each Borrower hereby authorizes the Agent to file at any time and from time to time any financing statements describing the Collateral, including a description of the Collateral as “all assets” of each Borrower, and each Borrower shall execute and deliver to the Agent, and each Borrower hereby authorizes the Agent to file (with or without such Borrower’s signature), at any time and from time to time, all amendments to financing statements, continuation financing statements, termination statements, security agreements relating to the Intellectual Property Collateral, assignments, fixture filings, affidavits, reports, notices and other documents and instruments, in form reasonably satisfactory to the Agent, as the Agent may reasonably request, to perfect and continue perfected, maintain the priority of or provide notice of the Agent’s security interest in the Collateral and to accomplish the purposes of this Agreement. Without limiting the generality of the foregoing, each Borrower ratifies and authorizes the filing by the Agent of any financing statements filed prior to the date hereof.

(b) Bailees. Any Person (other than the Agent) at any time and from time to time holding all or any portion of the Collateral shall be deemed to, and shall, hold the Collateral as the agent of, and as pledge holder for, the Agent. At any time and from time to time, the Agent may give notice to any such Person holding all or any portion of the Collateral that such Person is holding the Collateral as the agent and bailee of, and as pledge holder for, the Agent, and obtain such Person’s written acknowledgment thereof. Without limiting the generality of the foregoing, each Borrower will join with the Agent in notifying any Person who has possession of any Collateral of the Agent’s security interest therein and, subject to Section 10.04(t) of the Credit Agreement, obtaining an acknowledgment from such Person, that it is holding the Collateral for the benefit of the Agent.

(c) Control. Each Borrower will cooperate with the Agent in obtaining control (as defined in the UCC) of Collateral consisting of any Deposit Accounts, Electronic Chattel Paper, Investment Property or Letter-of-Credit Rights. Notwithstanding the foregoing, no Borrower will be required to comply with the requirements of this Section with respect to (i) payroll accounts, (ii) employee benefit accounts or (iii) Deposit accounts with a balance that, at no time, exceeds \$20,000 or has an aggregate average daily balance (measured weekly) that does not, at any time, exceed \$10,000.

(d) Purchase Money Security Interests. To the extent any Borrower uses the proceeds of any of the Secured Obligations to purchase Collateral, the Borrower's repayment of the Secured Obligations shall apply on a "first-in, first-out" basis so that the portion of the Secured Obligations used to purchase a particular item of Collateral shall be paid in the chronological order such Borrower purchased the Collateral.

SECTION 4 Representations and Warranties. In addition to the representations and warranties of the Borrowers set forth in the Credit Agreement, which are incorporated herein by this reference, each Borrower represents and warrants to the Issuing Bank, each Bank and the Agent that:

(a) Location of Chief Executive Office and Collateral. Each Borrower's chief executive office and principal place of business (as of the date of this Agreement) is located at the address set forth in Schedule 1; and all other locations (as of the date of this Agreement) where such Borrower conducts business or Collateral is kept are set forth in Schedule 1.

(b) Locations of Books. All locations where Books pertaining to the Rights to Payment are kept, including all equipment necessary for accessing such Books and the names and addresses of all service bureaus, computer or data processing companies and other Persons keeping any Books or collecting Rights to Payment for any Borrower, are set forth in Schedule 1.

(c) Jurisdiction of Organization and Names. Each Borrower's jurisdiction of organization is set forth in Schedule 1; and each Borrower's exact legal name is as set forth in the first paragraph of this Agreement. All trade names and trade styles under which each Borrower presently conducts its business operations are set forth in Schedule 1, and, except as set forth in Schedule 1, no Borrower has, at any time in the past five years: (i) been known as or used any other corporate, trade or fictitious name; (ii) changed its name; (iii) been the surviving or resulting corporation in a merger or consolidation; or (iv) acquired through asset purchase or otherwise any business of any Person.

(d) Collateral. Each Borrower has rights in or the power to transfer the Collateral, and each Borrower is, and, except as permitted by Section 5(i), will continue to be, the sole and complete owner of the Collateral (or, in the case of after-acquired Collateral, at the time the Borrower acquires rights in such Collateral, will be the sole and complete owner thereof), free from any Lien other than Permitted Liens.

(e) Enforceability; Priority of Security Interest. (i) This Agreement creates a security interest which is enforceable against the Collateral in which each Borrower now has rights and

will create a security interest which is enforceable against the Collateral in which each Borrower hereafter acquires rights at the time such Borrower acquires any such rights; and (ii) the Agent has a perfected and first priority security interest in the Collateral in which each Borrower now has rights, and will have a perfected and first priority security interest in the Collateral in which each Borrower hereafter acquires rights at the time such Borrower acquires any such rights, in each case securing the payment and performance of the Secured Obligations, subject in each case to Permitted Liens.

(f) Other Financing Statements. Other than (i) financing statements disclosed to the Agent and (ii) financing statements in favor of the Agent on behalf of the Issuing Bank and the Banks, no effective financing statement naming either Borrower as debtor, assignor, grantor, mortgagor, pledgor or the like and covering all or any part of the Collateral is on file in any filing or recording office in any jurisdiction.

(g) Rights to Payment.

(i) To each of the Borrower's knowledge the Rights to Payment represent valid, binding and enforceable obligations of the account debtors or other Persons obligated thereon, representing undisputed, bona fide transactions completed in accordance with the terms and provisions contained in any documents related thereto, and are and will be genuine, free from Liens, and not subject to any adverse claims, counterclaims, setoffs, defaults, disputes, defenses, discounts, retainages, holdbacks or conditions precedent of any kind of character, except to the extent incurred in the ordinary course of business or reflected by such Borrower's reserves for uncollectible Rights to Payment or to the extent, if any, that such account debtors or other Persons may be entitled to normal and ordinary course trade discounts, returns, adjustments and allowances in accordance with Section 5(m), or as otherwise disclosed to the Agent in writing;

(ii) no Borrower has assigned any of its rights under the Rights to Payment except as provided in this Agreement or as set forth in the other Loan Documents;

(iii) all statements made, all unpaid balances and all other information in the Books and other documentation relating to the Rights to Payment are true and correct in all material respects;

(iv) no Borrower has any knowledge of any fact or circumstance which would materially impair the validity or collectibility of any of the Rights to Payment;

(v) to the best of each Borrower's knowledge and belief, all account debtors and other obligors on the Rights to Payment are solvent and generally paying its debts as they come due; and

(vi) all Rights to Payment comply with all applicable laws concerning form, content and manner of preparation and execution, including where applicable any federal or state consumer credit laws.

(h) Inventory. No Inventory is stored with any bailee, warehouseman or similar Person or on any premises leased to any Borrower, nor has any Inventory been consigned to any Borrower or consigned by any Borrower to any Person or is held by any Borrower for any Person under any “bill and hold” or other arrangement, except Inventory consigned with a maximum value (when aggregated with the value of the assigned Inventory of the other Borrower Parties) of \$15,000,000 or as set forth in Schedule 1.

(i) Intellectual Property.

(i) Except as set forth in Schedule 1, no Borrower (directly or through any Subsidiary) owns, possesses or uses under any licensing arrangement any patents, copyrights, trademarks, service marks or trade names, nor is there currently pending before any Governmental Authority any application for registration of any patent, copyright, trademark, service mark or trade name;

(ii) all material patents, copyrights, trademarks, service marks and trade names are subsisting and have not been adjudged invalid or unenforceable in whole or in part;

(iii) all maintenance fees required to be paid on account of any patents have been timely paid for maintaining such patents in force, and, to each of the Borrower’s knowledge, each of the patents is valid and enforceable and each Borrower has notified the Agent in writing of all prior art (including public uses and sales) of which it is aware;

(iv) to each of the Borrower’s knowledge, no material infringement or unauthorized use presently is being made of any Intellectual Property Collateral by any Person;

(v) each Borrower is the sole and exclusive owner of its Intellectual Property Collateral and the past, present and contemplated future use of such Intellectual Property Collateral by such Borrower has not, does not and will not infringe or violate any right, privilege or license agreement of or with any other Person; and

(vi) each Borrower owns, has material rights under, is a party to, or an assignee of a party to all material licenses, patents, patent applications, copyrights, service marks, trademarks, trademark applications, trade names and all other Intellectual Property Collateral necessary to continue to conduct its business as heretofore conducted.

(j) Equipment.

(i) No material portion of the Equipment or other Collateral is affixed to real property, except Collateral with respect to which each Borrower has supplied the Agent with all information and documentation necessary to make all fixture filings required to perfect and protect the priority of the Agent’s security interest in all such Collateral which may be fixtures as against all Persons having an interest in the premises to which such property may be affixed; and

(ii) no material portion of the Equipment is leased from or to any Person, except as set forth at Schedule 1 or as otherwise disclosed to the Agent and the Banks.

(k) Pledged Shares, Partnership and LLC Collateral and other Pledged Collateral.
(i) All the Pledged Shares and Partnership and LLC Collateral have been, and upon issuance any additional Pledged Collateral consisting of Pledged Shares, Partnership and LLC Collateral or any other securities, will be, duly and validly issued, and are and will be fully paid and non-assessable, subject in the case of Partnership and LLC Collateral to future assessments required under applicable law and any applicable partnership agreement, (ii) each Borrower is or, in the case of any such additional Pledged Collateral will be, the legal record and beneficial owner thereof, (iii) there are no restrictions on the transferability of the Pledged Collateral or such additional Pledged Collateral to the Agent or with respect to the foreclosure, transfer or disposition thereof by the Agent, except as provided under applicable securities or “Blue Sky” laws, (iv) except as set forth in Schedule 1, the Pledged Shares and Partnership and LLC Collateral constitute 100% of the issued and outstanding shares of capital stock of each of the Borrower’s Subsidiaries, and no securities convertible into or exchangeable for any shares of capital stock of any such Subsidiary, or any options, warrants or other commitments entitling any Person to purchase or otherwise acquire any shares of capital stock of any such Subsidiary, are issued and outstanding, (v) any and all shareholders agreements, voting trusts, proxy agreements or other agreements or understandings which affect or relate to the voting or giving of written consents with respect to any of the Pledged Shares, and any and all partnership agreements, operating agreements and other agreements relating to the Partnership and LLC Collateral, have been disclosed in writing to the Agent, and (vi) as to each partnership agreement, operating agreement and other agreement relating to the Partnership and LLC Collateral, (A) such agreement contains the entire agreement between the parties thereto with respect to the subject matter thereof, has not been amended or modified, and is in full force and effect in accordance with its terms, (ii) to the best knowledge of each of the Borrowers, there exists no material violation or material default under any such agreement by such Borrower or the other parties thereto, and (iii) each Borrower has not knowingly waived or released any of its material rights under or otherwise consented to a material departure from the terms and provisions of any such agreement.

(l) Valid Issuance of Pledged Collateral. All the Pledged Collateral have been, and upon issuance will be, duly and validly issued, and are and will be fully paid and non-assessable.

(m) Ownership of Pledged Collateral. Each Borrower is and will be the legal record and beneficial owner of all of its Pledged Collateral, and has and will have good and marketable title thereto, subject to no Lien except for the pledge and security interest created by this Agreement.

(n) Transfer Restrictions. There are no restrictions on the transferability of the Pledged Collateral to the Agent or with respect to the foreclosure, transfer or disposition thereof by the Agent.

(o) Shareholders Agreements. There are no shareholders agreements, voting trusts, proxy agreements or other agreements or understandings which affect or relate to the voting or giving of written consents with respect to any of the Pledged Collateral.

(p) Other Investment Property; Instruments; and Chattel Paper. All securities accounts of each Borrower, all Pledged Collateral owned by each Borrower and all other Investment Property of each Borrower are set forth in Schedule 1, and all Instruments and Chattel Paper held by each Borrower are also set forth in Schedule 1.

(q) Control Agreements. No Control Agreements exist with respect to any Collateral other than any Control Agreements in favor of the Agent.

(r) Letter-of-Credit Rights. No Borrower has any Letter-of-Credit Rights except as set forth in Schedule 1.

(s) Commercial Tort Claims. No Borrower has any Commercial Tort Claims except as set forth in Schedule 1.

(t) Leases. Except as set forth in Schedule 1 no Borrower is nor will become a lessee under any real property lease or other agreement governing the location of Collateral at the premises of another Person pursuant to which the lessor or such other Person may obtain any rights in any of the Collateral, and no such lease or other such agreement now prohibits, restrains, impairs or will prohibit, restrain or impair such Borrower's right to remove any Collateral from the premises at which such Collateral is situated, except for the usual and customary restrictions contained in such leases of real property.

(u) Deposit Accounts. The names and addresses of all financial institutions at which each Borrower maintains its Deposit Accounts, and the account numbers and account names of such Deposit Accounts, are set forth in Schedule 1.

SECTION 5 Covenants. In addition to the covenants of the Borrowers set forth in the Credit Agreement, which are incorporated herein by this reference, so long as any of the Secured Obligations remain unsatisfied or any Bank shall have any Commitment, each Borrower agrees that:

(a) Defense of Collateral. Each Borrower will appear in and defend any action, suit or proceeding which may affect to a material extent its title to, or right or interest in, or the Agent's right or interest in, the Collateral.

(b) Preservation of Collateral. Each Borrower will do and perform all reasonable acts that may be reasonably necessary and appropriate to maintain, preserve and protect the Collateral.

(c) Compliance with Laws, Etc. Each Borrower will comply with all laws, regulations and ordinances, and all policies of insurance, relating in a material way to the possession, operation, maintenance and control of the Collateral unless failure to so comply could not reasonably be expected to result in a Material Adverse Effect.

(d) Location of Books and Chief Executive Office. Each Borrower will: (i) keep all Books pertaining to the Rights to Payment at the locations set forth in Schedule 1; and (ii) give at

least 30 days' prior written notice to the Agent of (a) any changes in any such location where Books pertaining to the Rights to Payment are kept, including any change of name or address of any service bureau, computer or data processing company or other Person preparing or maintaining any Books or collecting Rights to Payment for each Borrower or (b) any change in the location of each Borrower's chief executive office or principal place of business.

(e) Location of Collateral. Each Borrower will: (i) keep its Collateral at the locations set forth in Schedule 1 and not remove such Collateral from such locations (other than sales of Inventory in the ordinary course of business, other dispositions permitted by subsection (i) and movements of Collateral from one disclosed location to another disclosed location within the United States), except upon at least 30 days' prior written notice of any removal to the Agent; and (ii) give the Agent at least 30 days' prior written notice of any change in the locations set forth in Schedule 1.

(f) Change in Name, Identity or Structure. Each Borrower will give at least 30 days' prior written notice to the Agent of (i) any change in its name, (ii) any change in its jurisdiction of organization, (iii) any change in its registration as an organization (or any new such registration); and (iv) any changes in its identity or structure in any manner which might make any financing statement filed hereunder incorrect or misleading; provided that each Borrower shall not change its jurisdiction of organization to a jurisdiction outside of the United States.

(g) Maintenance of Records. Each Borrower will keep separate, accurate and complete Books with respect to the Collateral, disclosing the Agent's security interest hereunder.

(h) Pledged Agreements. (i) Each Borrower will furnish to the Agent promptly upon request thereof copies of (A) the Pledged Agreements and (B) all material notices, requests and other documents received by any Borrower in respect of the Pledged Agreements. (ii) Each Borrower will perform and observe in all material respects all terms and provisions of the Pledged Agreements to be performed or observed by it and enforce the Pledged Agreements in accordance with their terms, and take all such action to such end as may from time to time be reasonably requested by the Agent. (iii) No Borrower will vote to enable or take any other action to amend or terminate, or waive compliance with any of the terms of, any Pledged Agreement or Organization Documents in any way that adversely affects the validity, perfection or priority of the Agent's security interest therein.

(i) Disposition of Collateral. No Borrower will surrender or lose possession of (other than to the Agent), sell, lease, rent, or otherwise dispose of or transfer any of the Collateral or any right or interest therein, except to the extent permitted by the Loan Documents; provided that no such disposition or transfer of Investment Property or Instruments shall be permitted while any Event of Default exists.

(j) Liens. Each Borrower will keep the Collateral free of all Liens except Permitted Liens.

(k) Expenses. Each Borrower will pay all expenses of protecting, storing, warehousing, insuring, handling and shipping the Collateral.

(l) Leased Premises; Collateral Held by Warehouseman, Bailee, Etc. Subject to Section 10.04(t) of the Credit Agreement, at the Agent's request, each Borrower will use commercially reasonable efforts to obtain from each Person from whom such Borrower leases any premises and from each other Person at whose premises any Collateral is at any time present (including any bailee, warehouseman or similar Person), any such collateral access, subordination, landlord waiver, bailment, consent and estoppel agreements as the Agent may require, in form and substance satisfactory to the Agent.

(m) Rights to Payment. Each Borrower will:

(i) with such frequency as the Agent may require or as may be required under the Credit Agreement, furnish to the Agent full and complete reports, in form and substance satisfactory to the Agent, with respect to the Accounts, including information as to concentration, aging, identity of account debtors, letters of credit securing Accounts, disputed Accounts and other matters, as the Agent shall request;

(ii) give only normal discounts, allowances and credits as to Accounts and other Rights to Payment, in the ordinary course of business, according to normal trade practices utilized by each Borrower in the past, and enforce all Accounts and other Rights to Payment strictly in accordance with their terms, and take all such action to such end as may from time to time be reasonably requested by the Agent;

(iii) if any discount, allowance, credit, extension of time for payment, agreement to make a rebate or otherwise to reduce the amount owing on, or compromise or settle, an Account or other Right to Payment exists or occurs, or if, to the knowledge of each of the Borrowers, any dispute, setoff, claim, counterclaim or defense exists or has been asserted or threatened with respect to an Account or other Right to Payment, disclose such fact fully to the Agent in the Books relating to such Account or other Right to Payment and in connection with any invoice or report furnished by any Borrower to the Agent relating to such Account or other Right to Payment;

(iv) if any Accounts arise from contracts with the United States or any department, agency or instrumentality thereof, immediately notify the Agent thereof and execute any documents and instruments and take any other steps requested by the Agent in order that all monies due and to become due thereunder shall be assigned to the Agent and notice thereof given to the Federal authorities under the Federal Assignment of Claims Act;

(v) in accordance with its sound business judgment perform and comply in all material respects with its obligations in respect of the Accounts and other Rights to Payment;

(vi) upon the request of the Agent (a) at any time, notify all or any designated portion of the account debtors and other obligors on the Rights to Payment of the security interest hereunder, and (b) upon the occurrence and during the continuance of an Event of Default, notify the account debtors and other obligors on the Rights to Payment or any designated portion thereof that payment shall be made directly to the Agent or to such other Person or location as the Agent shall specify;

(vii) cause each Account debtor to deposit all Rights to Payment only in a Deposit Account that is subject to a control agreement in favor of the Agent; and

(viii) upon the occurrence and during the continuance of any Event of Default, establish such lockbox or similar arrangements for the payment of the Accounts and other Rights to Payment as the Agent shall require.

(n) Instruments, Investment Property, Etc. Upon the request of the Agent, each Borrower will (i) promptly deliver to the Agent, or an agent designated by it, appropriately endorsed or accompanied by appropriate instruments of transfer or assignment, all Instruments, Documents, Chattel Paper and certificated securities with respect to any Investment Property, all letters of credit, and all other Rights to Payment at any time evidenced by promissory notes, trade acceptances or other instruments, (ii) cause any securities intermediaries to show on its books that the Agent is the entitlement holder with respect to any Investment Property, and/or obtain Control Agreements in favor of the Agent from such securities intermediaries, in form and substance satisfactory to the Agent, with respect to any Investment Property, as requested by Agent, and (iii) provide such notice, obtain such acknowledgments and take all such other action, with respect to any Chattel Paper, Documents and Letter-of Credit Rights, as the Agent shall reasonably specify.

(o) Inventory. Each Borrower will:

(i) at such times as the Agent shall request prepare and deliver to the Agent a report of its Inventory, in form and substance satisfactory to the Agent;

(ii) upon the request of the Agent, take a physical listing of its Inventory and promptly deliver a copy of such physical listing to the Agent; and

(iii) not store any of its Inventory with a bailee, warehouseman or similar Person or on premises leased to any Borrower, nor dispose of any Inventory on a bill-and-hold, guaranteed sale, sale and return, sale on approval, consignment or similar basis, nor acquire any Inventory from any Person on any such basis except for consigned Inventory with a value (when aggregated with the value of consigned Inventory of the other Borrower Parties) in excess of \$15,000,000 or otherwise set forth in Schedule 1.

(p) Equipment. The Borrower will, upon the Agent's request, deliver to the Agent a report of each item of Equipment, in form and substance reasonably satisfactory to the Agent.

(q) Intellectual Property Collateral. Each Borrower will:

(i) not enter into any agreement adverse to the security interest of the Agent (including any license or royalty agreement) pertaining to any material Intellectual Property Collateral, except for non-exclusive licenses in the ordinary course of business;

(ii) not allow or suffer any material Intellectual Property Collateral to become abandoned, nor any registration thereof to be terminated, forfeited, expired or dedicated to the public;

(iii) promptly give the Agent notice of any rights each Borrower may obtain to any new patentable inventions, copyrightable works or other new Intellectual Property Collateral, prior to the filing of any application for registration thereof;

(iv) without limiting the generality of clause (iii), not register with the U.S. Copyright Office any unregistered copyrights (whether in existence on the date hereof or thereafter acquired, arising, or developed) unless such Borrower provides the Agent with written notice of its intent to register such copyrights not less than 30 days prior to the date of the proposed registration; and

(v) diligently prosecute all applications for patents, copyrights and trademarks, and file and prosecute any and all continuations, continuations-in-part, applications for reissue, applications for certificate of correction and like matters as shall be reasonable and appropriate in accordance with prudent business practice, and promptly and timely pay any and all maintenance, license, registration and other fees, taxes and expenses incurred in connection with any Intellectual Property Collateral.

(r) Notices, Reports and Information; Additional Subsidiaries. Each Borrower will (i) notify the Agent of any other modifications of or additions to the information contained in Schedule 1 and provide to the Agent a revised Schedule 1, if requested; (ii) notify the Agent of any material claim made or asserted against the Collateral by any Person and of any change in the composition of the Collateral or other event which could materially adversely affect the value of the Collateral or the Agent's Lien thereon; (iii) furnish to the Agent such statements and schedules further identifying and describing the Collateral and such other reports and other information in connection with the Collateral as the Agent may reasonably request, all in reasonable detail; and (iv) upon request of the Agent make such demands and requests for information and reports as each Borrower is entitled to make in respect of the Collateral. Without limiting the foregoing, at any time that any Borrower forms or acquires any Subsidiary, such Borrower will take all actions required under Section 10.04(m) of the Credit Agreement.

(s) Chattel Paper. No Borrower will create any Chattel Paper with a value in excess of \$50,000 without placing a legend on the Chattel Paper acceptable to the Agent indicating that the Agent has a security interest in the Chattel Paper. Each Borrower will give the Agent prompt notice if such Borrower at any time holds or acquires an interest in any Chattel Paper, including any Electronic Chattel Paper.

(t) Commercial Tort Claims. Each Borrower will give the Agent prompt notice if such Borrower shall at any time hold or acquire any Commercial Tort Claim.

(u) Letter-of-Credit Rights. Each Borrower will give the Agent prompt notice if such Borrower shall at any time hold or acquire any Letter-of-Credit Rights.

(v) Shareholder Agreements and Other Agreements.

(i) Each Borrower shall comply with all of its obligations under any shareholders agreement, operating agreement, partnership agreement, voting trust, proxy agreement or other agreement or understanding (collectively, the “Pledged Collateral Agreements”) to which it is a party and shall enforce all of its rights thereunder.

(ii) Each Borrower will take all actions necessary to cause each Pledged Collateral Agreement relating to Partnership and LLC Collateral that is (x) certificated to provide specifically at all times that: (A) the Partnership and LLC Collateral shall be securities and shall be governed by Article 8 of the applicable UCC; (B) each certificate of membership or partnership representing the Partnership and LLC Collateral shall bear a legend to the effect that such membership interest or partnership interest is a security and is governed by Article 8 of the applicable UCC; and (C) no consent of any member, manager, partner or other Person shall be a condition to the admission as a member or partner of any transferee (including the Agent) that acquires ownership of the Partnership and LLC Collateral as a result of the exercise by the Agent of any remedy hereunder or under applicable law and (y) not certificated to provide specifically at all times that: (A) no Partnership and LLC Collateral shall be a security governed by Article 8 of the applicable UCC (B) no Partnership and LLC Collateral that is not certificated may become certificated; and (C) no consent of any member, manager, partner or other Person shall be a condition to the admission as a member or partner of any transferee (including the Agent) that acquires ownership of the Partnership and LLC Collateral as a result of the exercise by the Agent of any remedy hereunder or under applicable law. Additionally, each Borrower agrees that no Partnership and LLC Collateral (A) shall be dealt in or traded on any securities exchange or in any securities market, (B) shall constitute an investment company security, or (C) shall be held by any Borrower in a securities account.

(iii) Each Borrower shall not vote to enable or take any other action to: (A) amend or terminate, or waive compliance with any of the terms of, any Pledged Collateral Agreement, certificate or articles of incorporation, bylaws or other organizational documents in any way that materially changes the rights of such Borrower with respect to any Pledged Collateral in a manner adverse to the Agent or the Banks or that adversely affects the validity, perfection or priority of the Agent’s security interest therein. No Borrower will enter into any shareholders agreement, voting trust, proxy agreement or other agreement or understanding which affects or relates to the voting or giving of written consents with respect to any of the Pledged Collateral.

(w) Invoicing of Sales. Each Borrower will invoice all of its sales upon forms customary in the industry and to maintain proof of delivery and customer acceptance of goods.

(x) Deposit Accounts and Securities Accounts. Each Borrower will give the Agent immediate notice of the establishment of any new Deposit Account and any new securities account with respect to any Investment Property.

SECTION 6 Rights to Payment.

(a) Collection of Rights to Payment. Until the Agent exercises its rights hereunder to collect Rights to Payment, each Borrower shall endeavor in the first instance diligently to collect all amounts due or to become due on or with respect to the Rights to Payment. At the request of the Agent, upon and during the occurrence and during the continuance of any Event of Default, all remittances received by any Borrower shall be held in trust for the Agent and, in accordance with the Agent's instructions, remitted to the Agent or deposited to an account with the Agent in the form received (with any necessary endorsements or instruments of assignment or transfer).

(b) Investment Property and Instruments. Upon the occurrence and during the continuance of an Event of Default shall have occurred, each Borrower shall be entitled to receive and retain for its own account any cash dividend on or other cash distribution, if any, in respect of the Pledged Collateral, to the extent permitted by the Credit Agreement; provided, however, no Borrower shall be entitled to receive (i) cash paid, payable or otherwise distributed in redemption of, or in exchange for or in substitution of, any Pledged Collateral, or (ii) dividends and other distributions paid or payable in cash in respect of any Pledged Collateral in connection with a partial or total liquidation or dissolution of any Borrower or in connection with a reduction of capital, capital surplus or paid-in-surplus or any other type of recapitalization. At the request of the Agent or the Majority Banks, upon and during the occurrence of any Event of Default, the Agent shall be entitled to receive all distributions and payments of any nature with respect to any Investment Property or Instruments, and all such distributions or payments received by any Borrower shall be held in trust for the Agent and, in accordance with the Agent's instructions, remitted to the Agent or deposited to an account with the Agent in the form received (with any necessary endorsements or instruments of assignment or transfer). Following the occurrence of an Event of Default any such distributions and payments with respect to any Investment Property held in any securities account shall be held and retained in such securities account, in each case as part of the Collateral hereunder. Additionally, the Agent shall have the right, upon the occurrence and during continuance of an Event of Default, following prior written notice to such Borrower, to vote and to give consents, ratifications and waivers with respect to any Investment Property and Instruments, and to exercise all rights of conversion, exchange, subscription or any other rights, privileges or options pertaining thereto, as if the Agent were the absolute owner thereof; provided that the Agent shall have no duty to exercise any of the foregoing rights afforded to it and shall not be responsible to any Borrower or any other Person for any failure to do so or delay in doing so. Notwithstanding anything to the contrary in this Section 6, if any Borrower is treated as a pass through entity for tax purposes, and no Default or Event of Default has occurred and is continuing under Sections 11.01(a), 11.01(e) or 11.01(f) of the Credit Agreement, such Borrower may receive and retain dividends and distributions from its Subsidiaries in amounts necessary to enable the Borrower or its stockholders to pay taxes when due and owing by them as a result from the ownership of the equity interests in such Subsidiaries

(c) Voting Prior to an Event of Default. Unless and until an Event of Default shall have occurred and be continuing each Borrower shall have the right to vote the Pledged Collateral and to give consents, ratifications and waivers in respect thereof, and shall retain the power to control the direction, management and policies of any Person comprising the Pledged

Collateral to the same extent as each Borrower would if the Pledged Collateral were not pledged to the Agent pursuant to this Agreement; provided, however, that no vote shall be cast or consent, waiver or ratification given or action taken which would have the effect of impairing the position or interest of the Agent and the Banks in respect of the Pledged Collateral or which would alter the voting rights with respect to the stock or other ownership interest in or of any such Person or be inconsistent with or violate any provision of this Agreement, the Credit Agreement, or any other Loan Document. If applicable, each Borrower shall be deemed the beneficial owner of all Pledged Collateral for purposes of Sections 13 and 16 of the Exchange Act and agrees to file all reports required to be filed by beneficial owners of securities thereunder. The Agent shall execute and deliver (or cause to be executed and delivered) to each Borrower all such proxies and other instruments as each Borrower may reasonably request for the purpose of enabling each Borrower to exercise the voting and other rights which it is entitled to exercise pursuant to this subsection (c) and to receive the distributions which it is authorized to receive and retain pursuant to this Agreement or the Credit Agreement.

(d) General Authority upon an Event of Default. Upon and during the occurrence and during the continuance of any Event of Default:

(i) the Agent shall be entitled to receive all distributions and payments of any nature with respect to the Pledged Collateral, to be held by the Agent as part of the Pledged Collateral; and

(ii) the Agent shall have the right following prior written notice to any Borrower to vote or consent to take any action with respect to the Pledged Collateral and exercise all rights of conversion, exchange, subscription or any other rights, privileges or options pertaining to the Pledged Collateral, as if the Agent were the absolute owner thereof.

(e) Distributions to Be Held for Agent. Distributions and other payments which are received by any Borrower but which it is not entitled to retain as a result of the operation of this Section 6 shall be held in trust for the benefit of the Agent, be segregated from the other property or funds of such Borrower, and be forthwith paid over or delivered to the Agent in the same form as so received.

(f) Certain Other Administrative Matters. The Agent may cause any of the Pledged Collateral to be transferred into its name or into the name of its nominee or nominees (subject to the revocable rights specified in this Section 6). The Agent shall at all times have the right to exchange uncertificated Pledged Collateral for certificated Pledged Collateral, and to exchange certificated Pledged Collateral for certificates of larger or smaller denominations, for any purpose consistent with this Agreement.

SECTION 7 Authorization; Agent Appointed Attorney-in-Fact. The Agent shall have the right to, in the name of each Borrower, or in the name of the Agent or otherwise, without notice to or assent by any Borrower, and each Borrower hereby constitutes and appoints the Agent (and any of the Agent's officers or employees or agents designated by the Agent) as the Borrower's true and lawful attorney-in-fact, with full power and authority to:

(i) sign and file any of the financing statements (or amendments thereto) which must be executed or filed to perfect or continue perfected, maintain the priority of or provide notice of the Agent's security interest in the Collateral;

(ii) take possession of and endorse any notes, acceptances, checks, drafts, money orders or other forms of payment or security and collect any Proceeds of any Collateral;

(iii) sign and endorse any invoice or bill of lading relating to any of the Collateral, warehouse or storage receipts, drafts against customers or other obligors, assignments, notices of assignment, verifications and notices to customers or other obligors;

(iv) notify the U.S. Postal Service and other postal authorities to change the address for delivery of mail addressed to any Borrower to such address as the Agent may designate; and, without limiting the generality of the foregoing, establish with any Person lockbox or similar arrangements for the payment of the Rights to Payment;

(v) receive, open and dispose of all mail addressed to each Borrower;

(vi) send requests for verification of Rights to Payment to the customers or other obligors of each Borrower;

(vii) contact, or direct each Borrower to contact, all account debtors and other obligors on the Rights to Payment and instruct such account debtors and other obligors to make all payments directly to the Agent;

(viii) assert, adjust, sue for, compromise or release any claims under any policies of insurance;

(ix) notify each Person maintaining lockbox or similar arrangements for the payment of the Rights to Payment to remit all amounts representing collections on the Rights to Payment directly to the Agent;

(x) ask, demand, collect, receive and give acquittances and receipts for any and all Rights to Payment, enforce payment or any other rights in respect of the Rights to Payment and other Collateral, grant consents, agree to any amendments, modifications or waivers of the agreements and documents governing the Rights to Payment and other Collateral, and otherwise file any claims, take any action or institute, defend, settle or adjust any actions, suits or proceedings with respect to the Collateral, as the Agent may deem necessary or desirable to maintain, preserve and protect the Collateral, to collect the Collateral or to enforce the rights of the Agent with respect to the Collateral;

(xi) execute any and all applications, documents, papers and instruments necessary for the Agent to use the Intellectual Property Collateral and grant or issue any exclusive or non-exclusive license or sublicense with respect to any Intellectual Property Collateral;

(xii) execute any and all endorsements, assignments or other documents and instruments necessary to sell, lease, assign, convey or otherwise transfer title in or dispose of the Collateral;

(xiii) execute and deliver to any securities intermediary or other Person any entitlement order or other notice, document or instrument which the Agent may deem necessary or advisable to maintain, protect, realize upon and preserve the Deposit Accounts and Investment Property and the Agent's security interest therein;

(xiv) execute any and all such other documents and instruments, and do any and all acts and things for and on behalf of each Borrower, which the Agent may deem necessary or advisable to maintain, protect, realize upon and preserve the Collateral and the Agent's security interest therein and to accomplish the purposes of this Agreement; and

(xv) exercise dominion and control over, and refuse to permit further withdrawals from, Deposit Accounts maintained with the Agent, any Bank or any other bank, financial institution or other Person.

The Agent agrees that, except upon and during the occurrence and during the continuance of an Event of Default, it shall not exercise the power of attorney, or any rights granted to the Agent, pursuant to clauses (ii) through (xv). The foregoing power of attorney is coupled with an interest and irrevocable so long as the Banks have any Commitments or the Secured Obligations have not been paid and performed in full. Each Borrower hereby ratifies, to the extent permitted by law, all that the Agent shall lawfully and in good faith do or cause to be done by virtue of and in compliance with this Section 7.

SECTION 8 Agent Performance of Borrower Obligations. The Agent may perform or pay any obligation which any Borrower has agreed and failed to perform or pay under or in connection with this Agreement, and such Borrower shall reimburse the Agent on demand for any amounts paid by the Agent pursuant to this Section 8.

SECTION 9 Agent's Duties. Notwithstanding any provision contained in this Agreement, the Agent shall have no duty to exercise any of the rights, privileges or powers afforded to it and shall not be responsible to any Borrower or any other Person for any failure to do so or delay in doing so. Beyond the exercise of reasonable care to assure the safe custody of Collateral in the Agent's possession and the accounting for moneys actually received by the Agent hereunder, the Agent shall have no duty or liability to exercise or preserve any rights, privileges or powers pertaining to the Collateral.

SECTION 10 Remedies.

(a) Remedies. Upon the occurrence and during the continuance of any Event of Default, the Agent shall have, in addition to all other rights and remedies granted to it in this Agreement, the Credit Agreement or any other Loan Document, all rights and remedies of a secured party under the UCC and other applicable laws. Without limiting the generality of the foregoing, each Borrower agrees that:

(i) The Agent may peaceably and without notice enter any premises of any Borrower, take possession of any Collateral, remove or dispose of all or part of the Collateral on any premises of any Borrower or elsewhere, or, in the case of Equipment, render it nonfunctional, and otherwise collect, receive, appropriate and realize upon all or any part of the Collateral, and demand, give receipt for, settle, renew, extend, exchange, compromise, adjust, or sue for all or any part of the Collateral, as the Agent may determine.

(ii) The Agent may require any Borrower to assemble all or any part of the Collateral and make it available to the Agent, at any place and time reasonably designated by the Agent.

(iii) The Agent may use or transfer any of each Borrower's rights and interests in any Intellectual Property Collateral, by license, by sublicense (to the extent permitted by an applicable license) or otherwise, on such conditions and in such manner as the Agent may determine.

(iv) The Agent may secure the appointment of a receiver of the Collateral or any part thereof (to the extent and in the manner provided by applicable law).

(v) The Agent may sell, resell, lease, use, assign, transfer or otherwise dispose of any or all of the Collateral in its then condition or following any commercially reasonable preparation or processing (utilizing in connection therewith any of each Borrower's assets, without charge or liability to the Agent therefor) at public or private sale, by one or more contracts, in one or more parcels, at the same or different times, for cash or credit or for future delivery without assumption of any credit risk, all as the Agent deems advisable; provided, however, that such Borrower shall be credited with the net proceeds of sale only when such proceeds are finally collected by the Agent. The Agent and each of the Banks shall have the right upon any such public sale, and, to the extent permitted by law, upon any such private sale, to purchase the whole or any part of the Collateral so sold, free of any right or equity of redemption, which right or equity of redemption such Borrower hereby releases, to the extent permitted by law. The Agent shall give each Borrower such notice of any public or private sale as may be required by the UCC or other applicable law. Each Borrower recognizes that the Agent may be unable to make a public sale of any or all of the Investment Property, by reason of prohibitions contained in applicable securities laws or otherwise, and expressly agrees that a private sale to a restricted group of purchasers for investment and not with a view to any distribution thereof shall be considered a commercially reasonable sale.

(vi) Neither the Agent nor any Bank shall have any obligation to clean up or otherwise prepare the Collateral for sale. The Agent has no obligation to attempt to satisfy the Secured Obligations by collecting them from any other Person liable for them and the Agent and the Banks may release, modify or waive any Collateral provided by any other Person to secure any of the Secured Obligations, all without affecting the Agent's or any Bank's rights against any Borrower. Each Borrower waives any right it may have to require the Agent or any Bank to pursue any third Person for any of the Secured Obligations. The Agent and the Banks may comply with any applicable state or federal law requirements in connection with a disposition of the Collateral and compliance will not be considered adversely to affect the commercial

reasonableness of any sale of the Collateral. The Agent may sell the Collateral without giving any warranties as to the Collateral. The Agent may specifically disclaim any warranties of title or the like. This procedure will not be considered adversely to affect the commercial reasonableness of any sale of the Collateral. If the Agent sells any of the Collateral upon credit, each Borrower will be credited only with payments actually made by the purchaser, received by the Agent and applied to the indebtedness of the purchaser. In the event the purchaser fails to pay for the Collateral, the Agent may resell the Collateral and each Borrower shall be credited with the proceeds of the sale.

(vii) The Agent may withdraw (or cause to be withdrawn) any and all funds from any Deposit Accounts or securities accounts; provided that, prior to an Event of Default, upon the receipt by the Agent of a notice of termination of any Control Agreement by the financial institution party to such Control Agreement, the Agent may deliver a notice of exclusive control to the financial institution party to such Control Agreement and/or direct the disposition of the funds in such Deposit Account if, at the time such Control Agreement is terminated, such Borrower has not transferred such funds to a Deposit Account subject to another Control Agreement.

(b) License. For the purpose of enabling the Agent to exercise its rights and remedies under this Section 10 or otherwise in connection with this Agreement, each Borrower hereby grants to the Agent an irrevocable, non-exclusive and assignable license (exercisable without payment or royalty or other compensation to any Borrower) to use, license or sublicense any Intellectual Property Collateral.

(c) Proceeds Account. To the extent that any of the Secured Obligations may be contingent, unmatured or unliquidated (including with respect to undrawn amounts under the Letters of Credit) at such time as there may exist an Event of Default, the Agent may, at its election, (i) retain the proceeds of any sale, collection, disposition or other realization upon the Collateral (or any portion thereof) in a special purpose non-interest-bearing restricted deposit account (the "Proceeds Account") created and maintained by the Agent for such purpose (which shall constitute a Deposit Account included within the Collateral hereunder) until such time as the Agent may elect to apply such proceeds to the Secured Obligations, and each Borrower agrees that such retention of such proceeds by the Agent shall not be deemed strict foreclosure with respect thereto; (ii) in any manner reasonably elected by the Agent, estimate the liquidated amount of any such contingent, unmatured or unliquidated claims and apply the proceeds of the Collateral against such amount; or (iii) otherwise proceed in any manner permitted by applicable law. Each Borrower agrees that the Proceeds Account shall be a blocked account and that upon the irrevocable deposit of funds into the Proceeds Account, no Borrower shall have any right of withdrawal with respect to such funds. Accordingly, each Borrower irrevocably waives until the termination of this Agreement in accordance with Section 25 the right to make any withdrawal from the Proceeds Account and the right to instruct the Agent to honor drafts against the Proceeds Account.

(d) Application of Proceeds. Subject to subsection (c), the cash proceeds actually received from the sale or other disposition or collection of Collateral, and any other amounts received in respect of the Collateral the application of which is not otherwise provided for herein,

shall be applied as provided in Sections 5.01, 5.06 and 7.02(d) of the Credit Agreement. Any surplus thereof which exists after payment and performance in full of the Secured Obligations and any required cash-collateralization of the outstanding Letters of Credit shall be promptly paid over to the Borrowers or otherwise disposed of in accordance with the UCC or other applicable law. Each Borrower shall remain liable to the Agent, the Issuing Bank and the Banks for any deficiency which exists after any sale or other disposition or collection of Collateral.

SECTION 11 Certain Waivers. Each Borrower waives, to the fullest extent permitted by law, (i) any right of redemption with respect to the Collateral, whether before or after sale hereunder, and all rights, if any, of marshalling of the Collateral or other collateral or security for the Secured Obligations; (ii) any right to require the Agent, the Issuing Bank or the Banks (a) to proceed against any Person, (b) to exhaust any other collateral or security for any of the Secured Obligations, (c) to pursue any remedy in the Agent's, the Issuing Bank's or any of the Banks' power, or (d) to make or give any presentments, demands for performance, notices of nonperformance, protests, notices of protests or notices of dishonor in connection with any of the Collateral; and (iii) all claims, damages, and demands against the Agent, the Issuing Bank or the Banks arising out of the repossession, retention, sale or application of the proceeds of any sale of the Collateral.

SECTION 12 Notices. All notices or other communications hereunder shall be given in the manner and to the addresses specified in the Credit Agreement. All such notices and other communications shall be deemed to be delivered when a record (within the meaning of the UCC) has been (i) delivered by hand; (ii) sent by mail, upon the earlier of the date of receipt or five Business Days after deposit in the mail, first class (or air mail, with respect to communications sent to or from the United States); (iii) sent by facsimile transmission, or (iv) sent by email.

SECTION 13 No Waiver; Cumulative Remedies. No failure on the part of the Agent, the Issuing Bank or any Bank to exercise, and no delay in exercising, any right, remedy, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, remedy, power or privilege preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights and remedies under this Agreement are cumulative and not exclusive of any rights, remedies, powers and privileges that may otherwise be available to the Agent, the Issuing Bank or any Bank.

SECTION 14 Costs and Expenses; Indemnification; Other Charges.

(a) **Costs and Expenses.** Each Borrower agrees to pay on demand:

(i) the reasonable out-of-pocket costs and expenses of the Agent and any of its Affiliates, and the reasonable fees and disbursements of counsel to the Agent (including allocated costs of internal counsel), in connection with the negotiation, preparation, execution, delivery and administration of this Agreement, and any amendments, modifications or waivers of the terms thereof, and the custody of the Collateral;

(ii) all title, appraisal (including the allocated costs of internal appraisal services), survey, audit, consulting, search, recording, filing and similar fees, costs and expenses

incurred or sustained by the Agent or any of its Affiliates in connection with this Agreement or the Collateral; and

(iii) all costs and expenses of the Agent, its Affiliates, the Issuing Bank and the Banks, and the fees and disbursements of counsel (including the allocated costs of internal counsel), in connection with the enforcement or attempted enforcement of, and preservation of any rights or interests under, this Agreement, any out-of-court workout or other refinancing or restructuring or in any bankruptcy case, and the protection, sale or collection of, or other realization upon, any of the Collateral, including all expenses of taking, collecting, holding, sorting, handling, preparing for sale, selling, or the like, and other such expenses of sales and collections of Collateral, and any and all losses, costs and expenses sustained by the Agent, the Issuing Bank and any Bank as a result of any failure by any Borrower to perform or observe its obligations contained herein.

(b) Indemnification. Each Borrower hereby jointly and severally agrees to indemnify the Agent, the Issuing Bank and each Bank, any Affiliate thereof, and their respective directors, officers, employees, agents, counsel and other advisors (each an “Indemnified Person”) against, and hold each of them harmless from, any and all liabilities, obligations, losses, claims, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever, including the reasonable fees and disbursements of counsel to an Indemnified Person, which may be imposed on or incurred by any Indemnified Person, or asserted against any Indemnified Person by any third party or by any Borrower, in any way relating to or arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement or any agreement or instrument contemplated hereby, the performance by the parties hereto of their respective obligations hereunder or thereunder, the transactions contemplated hereby or the Collateral or (ii) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by any Borrower (the “Indemnified Liabilities”); provided that no Borrower shall be liable to any Indemnified Person for any portion of such Indemnified Liabilities to the extent they are found by a final decision of a court of competent jurisdiction to have resulted from such Indemnified Person’s gross negligence or willful misconduct. If and to the extent that the foregoing indemnification is for any reason held unenforceable, each Borrower agrees to make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities which is permissible under applicable law.

(c) Other Charges. Each Borrower agrees to indemnify the Agent, the Issuing Bank and each of the Banks against and hold each of them harmless from any and all present and future stamp, transfer, documentary and other such taxes, levies, fees, assessments and other charges made by any jurisdiction by reason of the execution, delivery, performance and enforcement of this Agreement other than any such taxes relating solely to the income of the Agent or any Bank.

(d) Interest. Any amounts payable to the Agent, the Issuing Bank or any Bank under this Section 14 or otherwise under this Agreement if not paid upon demand shall bear interest from the date of such demand until paid in full, at the rate of interest set forth in Section 4.02 of the Credit Agreement.

SECTION 15 Binding Effect. This Agreement shall be binding upon, inure to the benefit of and be enforceable by each Borrower, the Agent, the Issuing Bank and each Bank and their respective successors and assigns and shall bind any Person who becomes bound as a debtor to this Agreement.

SECTION 16 Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK, EXCEPT AS REQUIRED BY MANDATORY PROVISIONS OF LAW AND TO THE EXTENT THE VALIDITY OR PERFECTION OF THE SECURITY INTERESTS HEREUNDER, OR THE REMEDIES HEREUNDER, IN RESPECT OF ANY COLLATERAL ARE GOVERNED BY THE LAW OF A JURISDICTION OTHER THAN NEW YORK.

SECTION 17 Submission to Jurisdiction. EACH BORROWER HEREBY (A) SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK AND THE FEDERAL COURTS OF THE UNITED STATES SITTING IN THE SOUTHERN DISTRICT OF NEW YORK FOR THE PURPOSE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THE LOAN DOCUMENTS, (B) AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH COURTS, (C) IRREVOCABLY WAIVES (TO THE EXTENT PERMITTED BY APPLICABLE LAW) ANY OBJECTION WHICH IT NOW OR HEREAFTER MAY HAVE TO THE LAYING OF VENUE OF ANY SUCH ACTION OR PROCEEDING BROUGHT IN ANY OF THE FOREGOING COURTS, AND ANY OBJECTION ON THE GROUND THAT ANY SUCH ACTION OR PROCEEDING IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM AND (D) AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PERMITTED BY LAW.

SECTION 18 Waiver of Jury Trial. EACH BORROWER AND THE AGENT HEREBY AGREE TO WAIVE THEIR RESPECTIVE RIGHTS TO A TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF OR RELATED TO THIS AGREEMENT IN ANY ACTION, PROCEEDING OR OTHER LITIGATION OF ANY TYPE BROUGHT BY ANY OF THE PARTIES AGAINST ANY OTHER PARTY OR PARTIES, WHETHER WITH RESPECT TO CONTRACT CLAIMS, TORT CLAIMS, OR OTHERWISE. EACH BORROWER AND THE AGENT HEREBY AGREE THAT ANY SUCH CLAIM OR CAUSE OF ACTION SHALL BE TRIED BY A COURT TRIAL WITHOUT A JURY. WITHOUT IN ANY WAY LIMITING THE FOREGOING, THE PARTIES FURTHER AGREE THAT THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY IS WAIVED BY OPERATION OF THIS SECTION AS TO ANY ACTION, COUNTERCLAIM, OR OTHER PROCEEDING WHICH SEEKS, IN WHOLE OR IN PART, TO CHALLENGE THE VALIDITY OR ENFORCEABILITY OF THIS AGREEMENT OR ANY PROVISION HEREOF. THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR

MODIFICATIONS TO THIS AGREEMENT. A COPY OF THIS SECTION 18 MAY BE FILED WITH ANY COURT AS WRITTEN EVIDENCE OF THE WAIVER OF THE RIGHT TO TRIAL BY JURY AND CONSENT TO TRIAL BY COURT. THIS SECTION 18 MAY NOT BE AMENDED, MODIFIED, TERMINATED OR WAIVED EXCEPT BY A WRITING WHICH MAKES SPECIFIC REFERENCE TO THIS SECTION 18.

IN THE EVENT ANY LEGAL PROCEEDING IS FILED IN A COURT OF THE STATE OF CALIFORNIA (THE "COURT") BY OR AGAINST ANY PARTY IN CONNECTION WITH ANY CONTROVERSY, DISPUTE OR CLAIM DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE OTHER LOAN DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY) (EACH, A "CLAIM") AND THE WAIVER SET FORTH IN THE PRECEDING PARAGRAPH IS NOT ENFORCEABLE IN SUCH ACTION OR PROCEEDING, THE PARTIES HERETO AGREE AS FOLLOWS:

(1) WITH THE EXCEPTION OF THE MATTERS SPECIFIED IN SUBPARAGRAPH 2 BELOW, ANY CLAIM WILL BE RESOLVED BY A GENERAL REFERENCE PROCEEDING IN ACCORDANCE WITH THE PROVISIONS OF CALIFORNIA CODE OF CIVIL PROCEDURE SECTIONS 638 THROUGH 645.1.

(2) THE FOLLOWING MATTERS SHALL NOT BE SUBJECT TO A REFERENCE PROCEEDING: (A) NON-JUDICIAL FORECLOSURE OF ANY SECURITY INTERESTS IN REAL OR PERSONAL PROPERTY, (B) EXERCISE OF SELF-HELP REMEDIES (INCLUDING SET-OFF), (C) APPOINTMENT OF A RECEIVER AND (D) TEMPORARY, PROVISIONAL OR ANCILLARY REMEDIES (INCLUDING WRITS OF ATTACHMENT, WRITS OF POSSESSION, TEMPORARY RESTRAINING ORDERS OR PRELIMINARY INJUNCTIONS). THIS AGREEMENT DOES NOT LIMIT THE RIGHT OF ANY PARTY TO EXERCISE OR OPPOSE ANY OF THE RIGHTS AND REMEDIES DESCRIBED IN THE FOREGOING CLAUSES (A) - (D) AND ANY SUCH EXERCISE OR OPPOSITION DOES NOT WAIVE THE RIGHT OF ANY PARTY TO A REFERENCE PROCEEDING PURSUANT TO THIS AGREEMENT.

(3) UPON THE WRITTEN REQUEST OF ANY PARTY, THE PARTIES SHALL SELECT A SINGLE REFEREE, WHO SHALL BE A RETIRED JUDGE OR JUSTICE. IF THE PARTIES DO NOT AGREE UPON A REFEREE WITHIN TEN DAYS OF SUCH WRITTEN REQUEST, THEN, ANY PARTY MAY REQUEST THE COURT TO APPOINT A REFEREE PURSUANT TO CALIFORNIA CODE OF CIVIL PROCEDURE SECTION 640(B). A REQUEST FOR APPOINTMENT OF A REFEREE MAY BE HEARD ON AN EX PARTE OR EXPEDITED BASIS, AND THE PARTIES AGREE THAT IRREPARABLE HARM WOULD RESULT IF EX PARTE RELIEF IS NOT GRANTED.

(4) ALL PROCEEDINGS AND HEARINGS CONDUCTED BEFORE THE REFEREE, EXCEPT FOR TRIAL, SHALL BE CONDUCTED WITHOUT A COURT REPORTER, EXCEPT WHEN ANY PARTY SO REQUESTS, A COURT REPORTER WILL BE USED AND THE REFEREE WILL BE PROVIDED A COURTESY COPY OF THE TRANSCRIPT. THE PARTY MAKING SUCH REQUEST SHALL HAVE THE OBLIGATION TO ARRANGE FOR AND PAY COSTS OF THE COURT REPORTER, PROVIDED THAT SUCH COSTS, ALONG WITH THE REFEREE'S FEES, SHALL ULTIMATELY BE BORNE BY THE PARTY WHO DOES NOT PREVAIL, AS DETERMINED BY THE REFEREE.

(5) THE REFEREE SHALL APPLY THE RULES OF DISCOVERY AND EVIDENCE APPLICABLE TO PROCEEDINGS AT LAW IN THE STATE OF CALIFORNIA TO THE REFERENCE PROCEEDING AND SHALL DETERMINE ALL ISSUES IN ACCORDANCE WITH APPLICABLE LAW. THE REFEREE SHALL BE EMPOWERED TO ENTER EQUITABLE AS WELL AS LEGAL RELIEF AND RULE ON ANY MOTION WHICH WOULD BE AUTHORIZED IN A TRIAL, INCLUDING MOTIONS FOR DEFAULT JUDGMENT OR SUMMARY JUDGMENT. THE REFEREE SHALL REPORT HIS DECISION, WHICH REPORT SHALL ALSO INCLUDE FINDINGS OF FACT AND CONCLUSIONS OF LAW.

SECTION 19 Limitation on Liability. No claim shall be made by any party hereto for any special, indirect, exemplary, consequential or punitive damages in respect of any breach or wrongful conduct (whether or not the claim therefor is based on contract, tort or duty imposed by law), in connection with, arising out of or in any way related to the transactions contemplated by this Agreement or any act or omission or event occurring in connection therewith; and each party hereto hereby waives, releases and agrees not to sue upon any such claim for any such damages, whether or not accrued and whether or not known or suspected to exist in its favor.

SECTION 20 Entire Agreement; Amendment. This Agreement contains the entire agreement of the parties with respect to the subject matter hereof and shall not be amended except by the written agreement of the parties as provided in the Credit Agreement.

SECTION 21 Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under all applicable laws and regulations. If, however, any provision of this Agreement shall be prohibited by or invalid under any such law or regulation in any jurisdiction, it shall, as to such jurisdiction, be deemed modified to conform to the minimum requirements of such law or regulation, or, if for any reason it is not deemed so modified, it shall be ineffective and invalid only to the extent of such prohibition or invalidity without affecting the remaining provisions of this Agreement, or the validity or effectiveness of such provision in any other jurisdiction.

SECTION 22 Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement.

SECTION 23 Incorporation of Provisions of the Credit Agreement. To the extent the Credit Agreement contains provisions of general applicability to the Loan Documents, including any such provisions contained in Sections 1.02, 1.03 and Article XIII thereof, such provisions are incorporated herein by this reference.

SECTION 24 No Inconsistent Requirements. Each Borrower acknowledges that this Agreement and the other Loan Documents may contain covenants and other terms and provisions variously stated regarding the same or similar matters, and agrees that all such covenants, terms and provisions are cumulative and all shall be performed and satisfied in accordance with their respective terms.

SECTION 25 Termination. Upon the termination of the Commitments of the Banks, the surrender of the Letters of Credit and payment and performance in full of all Secured Obligations, the security interests created by this Agreement shall automatically terminate and the Agent shall promptly execute and deliver to each Borrower such documents and instruments reasonably requested by the Borrower as shall be necessary to evidence termination of all security interests given by each Borrower to the Agent hereunder.

SECTION 26 Amendment and Restatement. This Agreement amends and restates and replaces the Existing Security Agreement in full, without novation.

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

THE BORROWERS:

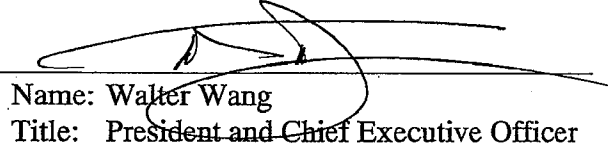
J-M MANUFACTURING COMPANY, INC.,
a Delaware corporation

By: _____


Name: Walter Wang
Title: President

PW EAGLE, INC., a Minnesota corporation

By: _____


Name: Walter Wang
Title: President and Chief Executive Officer

S-1.

THE AGENT:

MEGA INTERNATIONAL COMMERCIAL
BANK CO., LTD., Silicon Valley Branch
(successor by merger to Chiao Tung Bank,
Silicon Valley Branch), as Agent

By: 
Name: Kuang Hua Wei
Title: Senior Vice President and
General Manager

S-2

SCHEDULE 1

LOCATIONS OF CHIEF EXECUTIVE OFFICE, REAL PROPERTY, LEASED PROPERTY AND OTHER LOCATIONS, INCLUDING OF COLLATERAL

Chief Executive Office:

J-M Manufacturing Company, Inc.: 9 Peach Tree Hill Road, Livingston, NJ 07039

PW Eagle, Inc.: 9 Peach Tree Hill Road, Livingston, NJ 07039

Active Locations:

Borrower	Name of Plant	Address
J-M Manufacturing Company, Inc. Owned Plants *	Arkansas Plant	2220 Duracrete Drive, Magnolia, AR 71753
	Arizona Plant	4320 North Olympic Way, Kingman, AZ 86401
	California – Fontana Plant	10990 Hemlock Aven, Fontana, CA 92337
	California – Stockton Plant	1051 Sperry Road, Stockton, CA 95206
	Colorado Plant	1742 East Platteville Blvd, Pueblo West, CO 81007
	Georgia Plant **	2101 J-M Drive, Adel, GA 31620
	Iowa Plant	1314 West 3rd Street, Wilton, IA 52778
	Louisiana Plant	2894 Marion Monk Rd, Batchelor, LA 70715
	Minnesota Plant	743 Main Street South, Winnebago, MN 56098
	North Carolina Plant	2602 Lyons Station Rd, Butner, NC 27509
	Oregon Plant	31240 Roxbury Road, Umatilla, OR 97882
	Pennsylvania Plant	Road 2 Delano Rd, Greenwood Township, Cochranon, PA 16314
Texas Plant	700A Highway 59 Loop, Wharton, TX 77488	
J-M Manufacturing Company, Inc. Leased Real Properties	Office Space	5200 West Century Boulevard, Los Angeles, CA, 90045
	Office Space	9 Peach Tree Hill Road, Livingston, NJ 07039
	Georgia Plant	2101 J-M Drive, Adel, GA 31620
PW Eagle, Inc. Owned Plants	California Cameron Park Plant	3500 Robin Lane, Cameron Park, CA 95682
	California – Perris Plant	23711 Rider Street, Perris, CA 92570
	Missouri Plant	6500 North Brown Station Road, Columbia, MO 65202
	West Virginia Plant	Route 10 & Mudlick Road, Buckhannon, WV 26201
PW Eagle Leased	Tacoma,	2330 Port of Tacoma Road, Tacoma, WA 98401

BORROWER SECURITY AGREEMENT
SCHEDULE 1-1.

[Security Agreement]
[1.7]

LAS99 1531279-1.076545.0013

TRADEMARK
REEL: 003684 FRAME: 0848

Borrower	Name of Plant	Address
Real Properties	Washington, Plant 1	
	Tacoma, Washington, Plant 2 (Warehouse)	2150 Port of Tacoma Road, Tacoma, WA 98421
	Sunnyside, Washington, Plant	1820 Midvale Road, Sunnyside, WA 98944
	Visalia, California, Plant	8875 Avenue 304, Visalia, CA 93291
	Perris, California, Plant	Harville Avenue, Perris, CA 92570
	Hastings, Nebraska Plant 1 (Warehouse)	136-140 Chestnut, Hastings, NE 68901
	Hastings, Nebraska Plant 2	125 & 146 Maple Avenue, Hastings, NE 68901
	Hastings, Nebraska Plant 3 (Quality Control Office)	1933 West Second Street, Hastings, NE 68901
	Hastings Nebraska Plant 7 (Warehouse)	Four Star Storage Buildings 18, 19, 20 Industrial Park East, Hastings, NE 68901
	Hastings Nebraska Plant 8 (Warehouse)	Bonavilla Plaza, Hastings, NE 68901
	Conroe, Texas Plant	101 East Avenue M, Conroe, TX 77301

* All currently encumbered in favor of the Agent pursuant to the Existing Credit Facility.

** Georgia Plant subject to financing lease with Adel Industrial Development Authority (Lessor).

Inventory on Leased Premises:

J-M Manufacturing, Inc.	Landlord	Address
Georgia Plant	Adel Industrial Development Authority	2101 J-M Drive, Adel, GA 31620
PW Eagle, Inc.	Landlord	Address
Tacoma, Washington, Plant 1	PWE (Multi) QRS 14-85 Inc.	2330 Port of Tacoma Road, Tacoma, WA 98401
Tacoma, Washington, Plant 2 (Warehouse)	James D. Saul Rentals	2150 Port of Tacoma Road, Tacoma, WA 98421
Sunnyside Washington	406 22nd LLC, Halla Ventures LLC, Damara Hopenspirger	1820 Midvale Road, Sunnyside, WA 98944
Visalia, California	406 22nd LLC, Halla Ventures LLC, Damara Hopenspirger	8875 Avenue 304, Visalia, CA, 93291
Perris, California	PWE (Multi) QRS 14-85 Inc.	Harville Avenue, CA 92570

BORROWER SECURITY AGREEMENT
SCHEDULE 1-2.

[Security Agreement]

[1.7]

LAS99 1531279-1.076545.0013

TRADEMARK
REEL: 003684 FRAME: 0849

Hastings, Nebraska Plant 1 (Warehouse)	Westland Homes Corporation and Pauley Family Trust (PW Poly Corp as lessee)	136-140 Chestnut, Hastings, NE, 68901
Hastings, Nebraska Plant 2	Kerr-Anderson, Inc. (formerly Kerr-Cochran)	125 & 146 Maple Avenue, Hastings, NE, 68901
Hastings, Nebraska Plant 3 (Quality Control Office)	Kathleen Anderson (Eagle Plastics, Inc., as lessee)	1933 West Second Street, Hastings, NE, 68901
Hastings Nebraska Plant 7 (Warehouse)	Four Star Storage	Four Star Storage Buildings 18, 19, 20 Industrial Park East, Hastings, NE, 68901
Hastings Nebraska Plant 8 (Warehouse)	Bonavilla Plaza Corporation	Bonavilla Plaza Hastings, NE, 68901
Conroe, Texas Plant	Sublessor, David Bolger Revocable Trust	101 East Avenue M, Conroe, TX 77301
West Jordan, Utah Plant	PWE (Multi) QRS 14-85 Inc.	8275 South Industry Circle, West Jordan, UT 84088

Inventory Stored with Warehousemen:

Borrower	Name of Facility	Lessor	Address
J-M Manufacturing Company, Inc.	Home Depot Atlanta, GA	Home Depot U.S.A., Inc. Distribution Centers Consignment/Storage of Piping valued up to \$7 million.	2455 Paces Ferry Road, N.W. Atlanta, GA 30339

Inactive Locations:

Borrower	Name of Plant	Address	Status of Plant
J-M Manufacturing Company, Inc.	Franklin, Pennsylvania	315 Grant St, Franklin, PA 16323	Inactive – Owned
	Newberry, Florida	790 SW 250th St., PO BOX 749, Newberry, FL 32669	Inactive – Owned
	Denison, Texas	5821 North Hwy 75/69, Dennison, TX 75020	Inactive – Owned
PW Eagle, Inc.	Eugene, Oregon, Plant 1	2220 Nugget Way, Eugene, OR 97403	Inactive – Leased
	Eugene, Oregon, 2	1550 Valley River Drive, Eugene, OR 97401	Inactive – Leased

**BORROWER SECURITY AGREEMENT
SCHEDULE 1-3.**

[Security Agreement]

[1.7]

LAS99 1531279-1.076545.0013

**TRADEMARK
REEL: 003684 FRAME: 0850**

Borrower	Name of Plant	Address	Status of Plant
	Littleton, Colorado	7800 S. Elati Street, Suite 220, Littleton, CO 80120 (Ronald & Raymond Pohl, Landlord)	Inactive – Leased
	Baker City, OR	Baker City, Oregon, 97814	Inactive – Leased

LOCATION OF BOOKS PERTAINING TO RIGHTS TO PAYMENT

J-M Manufacturing Company, Inc.: 9 Peach Tree Hill Road, Livingston, NJ 07039

PW Eagle, Inc.: 9 Peach Tree Hill Road, Livingston, NJ 07039

JURISDICTION OF ORGANIZATION

J-M Manufacturing Company, Inc.: Delaware

PW Eagle, Inc.: Minnesota

TRADE NAMES AND TRADE STYLES; OTHER CORPORATE, TRADE OR FICTITIOUS NAMES; ETC.

Current Trade Names and d/b/a:

J-M Manufacturing Company, Inc.:

- JM Eagle
- J-M Pipe Manufacturing Company, Inc. (Arizona)
- J-M Pipe Manufacturing Company (California)
- J & M Manufacturing, Inc. (Colorado)
- J-M Pipe Company, Inc. (Iowa)
- J-M Pipe Company, Inc. (Oregon)

PW Eagle, Inc.:

- JM Eagle

Former Trade Names and d/b/a since September 30, 2002:

J-M Manufacturing Company, Inc.: None

BORROWER SECURITY AGREEMENT
SCHEDULE 1-4.

[Security Agreement]

[1.7]

LAS99 1531279-1.076545.0013

**TRADEMARK
REEL: 003684 FRAME: 0851**

PW Eagle, Inc.: Extrusion Technologies, Inc. (Eagle Pacific Industries, Inc., Eagle Plastics, Inc.,
PW Pipe used prior to 2002)

PATENTS, COPYRIGHTS, TRADEMARKS, ETC.

Part I, Patents

Borrower	Publication Number/Registration Number/Application Number	Title	Publication Date/Filing Date/Issue Date
J-M Manufacturing Company, Inc.	US 3,377,659	Apparatus for forming a bell end on plastic pipe	4/16/1968 (issued) (expired)
	US 3,418,409	Method for thickening the end of plastic pipe	12/24/1968 (issued) (expired)
	US 3,628,991	Method of bonding epoxy resins to polyvinyl chloride	12/21/1971 (issued) (expired)
	US 3,765,979	System for the formation of pipe fittings by the winding of resin impregnated filaments around a mandrel	10/16/1973 (issued) (expired)
	US 3,793,427	Method of forming the bell end of a bell and spigot joint	2/19/1974 (issued) (expired)
	US 3,807,027	Method of forming the bell end of a bell and spigot joint	4/30/1974 (issued) (expired)
	US 3,813,115	Plastic pipe thrust resistant joint	5/28/1974 (issued) (expired)
	US 3,847,418	Plastic pipe section with an improved tap-in arrangement	11/12/1974 (issued) (expired)
	US 3,873,391	Method of fabricating a plastic pipe fitting	3/25/1975 (issued) (expired)
	US 3,907,481	Assembly for forming the bell end of a bell and spigot joint	9/23/1975 (issued)

BORROWER SECURITY AGREEMENT
SCHEDULE 1-5.

[Security Agreement]

[1.7]

LAS99 1531279-1.076545.0013

TRADEMARK
REEL: 003684 FRAME: 0852

Borrower	Publication Number/Registration Number/Application Number	Title	Publication Date/Filing Date/Issue Date
			(expired)
	US 3,924,881	Injection molded plastic pipe fitting	12/9/1975 (issued) (expired)
	US 3,924,999	Bell end of bell and spigot joint and method and assembly	12/9/1975 (issued) (expired)
	US 3,930,372	Method and arrangement for controlling the position of an underground manhole assembly	1/6/1976 (issued) (expired)
	US 3,942,935	Method of and an assembly for forming the bell end of a bell and spigot joint	3/9/1976 (issued) (expired)
	US 3,960,472	Belling assembly and method of forming a bell end	10/3/1974 (issued) (expired)
	US RE 29375	Laminated polymeric articles and process for the production thereof	8/30/1977 (issued) (expired)
	US 4,068,619	Assembly for applying liquid to elongated material	1/17/1978 (issued) (expired)
	US 4,101,695	Method of coating strand material	7/18/1978 (issued) (expired)
	US 4,152,090	Hole cutting apparatus utilizing a cylinder saw	5/1/1979 (issued) (expired)
	US 4,170,448	Assembly for forming the bell of a bell spigot joint	10/9/1979 (issued) (expired)
	US 4,207,283	Method of post thickening one end section of a plastic pipe	6/10/1980 (issued) (expired)
	US 4,231,983	Plastic pipe joint and method for assembly for making same	11/4/1980 (issued)

**BORROWER SECURITY AGREEMENT
SCHEDULE 1-6.**

[Security Agreement]

[1.7]

LAS99 1531279-1.076545.0013

**TRADEMARK
REEL: 003684 FRAME: 0853**

Borrower	Publication Number/Registration Number/Application Number	Title	Publication Date/Filing Date/Issue Date
			(expired)
	US 4,398,726	Pipe section including a gasketed spigot end and method of making the same	8/16/1983 (issued) (expired) (Security Agreement to Chiao Tung Bank recorded 11/1/05)
	US 4,423,700	Apparatus for coating plastic pipe	1/3/1984 (issued) (expired) (Security Agreement to Chiao Tung Bank recorded 11/1/05)
	US 4,522,578	Apparatus for introducing a foamable plastic insulation into the space defined by an inner core pipe and an outer casing pipe while maintaining the spacing of the pipes	6/11/1985 (issued) (expired) (Security Agreement to Chiao Tung Bank recorded 11/1/05)
	US 4,566,496	Tubular plastics objects	1/28/1986 (issued) (expired) (Security Agreement to Chiao Tung Bank recorded 11/1/05)
	US 2006-0267238	Polymer wood composite material and method of making same	5/31/2005 (filed) 11/30/2006 (published) (No assignee shown for application)

**BORROWER SECURITY AGREEMENT
SCHEDULE 1-7.**

[Security Agreement]

[1.7]

LAS99 1531279-1.076545.0013

**TRADEMARK
REEL: 003684 FRAME: 0854**

Borrower	Publication Number/Registration Number/Application Number	Title	Publication Date/Filing Date/Issue Date
			on PTO Website)
	PCT/US06/20479 (App No) WO2006/130478 (Pub No)	Polymer wood composite material and method of making same	5/25/2006 (filed) 12/6/2006 (published)
	PCT/US07/85792	Galvanic pipe protection connection	11/28/2007 (published) (unable to verify on WIPO Website)
	PCT/US07/85796	Piping connector and method of connecting pipe	11/28/2007 (published) (unable to verify on WIPO Website)

Borrower	Publication Number/Registration Number/Application Number	Title	Publication Date/Filing Date/Issue Date
PW Eagle, Inc.	US 5,361,799	Waste Water Access Fitting	11/8/1994 (issued)
	US 5,382,113	Manhole Aqua Blok Inflow Protector	1/17/1995 (issued) (Expired due to failure to pay maintenance fee)
	US 5,573,040 (Expired)	Interlocked Plastics – Encased Concrete Pipe (Expired)	11/12/1996 (issued) (Expired due to failure to pay maintenance fee)
	US 7,104,574	Corrugated Pipe Connector Joint	9/12/2006 (issued)

**BORROWER SECURITY AGREEMENT
SCHEDULE 1-8.**



[Security Agreement]

[1.7]

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**TRADEMARK
REEL: 003684 FRAME: 0855**


Part II, Trademarks

BORROWER	COUNTRY	APP. NO. OR REG. NO.	MARK	APP. DATE/ REG. DATE
J-M Manufacturing Company, Inc.	Pending (United States)	77/219,259	JM EAGLE and Design 	06/29/2007
	Pending (United States)	77/219,191	JM EAGLE	06/29/2007
	Registered (United States)	3,336,689	EVERPEX	11/13/2007
	Pending (United States)	78/773,968	EVERPEX-OXB	12/15/2005
	Pending (United States)	78/773,973	EVERPEX-AL	12/15/2005
	Pending (United States)	78/676,511	BUILDING ESSENTIALS FOR A BETTER TOMORROW	07/22/2005
	Registered (United States)	3,331,284	JMM and Design 	11/06/2007
	Registered (United States)	3,259,355	JMM	07/03/2007

BORROWER SECURITY AGREEMENT
SCHEDULE 1-9.

[Security Agreement]
[1.7]
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TRADEMARK
REEL: 003684 FRAME: 0856

BORROWER	COUNTRY	APP. NO. OR REG. NO.	MARK	APP. DATE/ REG. DATE
	Pending (United States)	78/676,133	JMM BUILDING ESSENTIALS FOR A BETTER TOMORROW and Design 	07/22/2005
	Registered (U. S. State – Louisiana)	(no # listed)	JM EAGLE	07/23/2007
	Registered (U. S. State – Nebraska)	10100416	JM EAGLE	07/18/2007
	Pending (Canada)	128459500	EVERPEX-OXB	12/28/2005
	Pending (Canada)	128460200	EVERPEX-AL	12/28/2005
	Pending (Canada)	128459700	EVERPEX	12/28/2005
	Registered (Canada)	222,240	THE BLUE BRUTE ¹	08/05/1977
	Registered (Canada)	222,373	LA BRUTE BLEUE ¹	08/05/1977
	Registered (Mexico)	945331	EVERPEX-AL	07/27/2006
	Registered (Mexico)	959603	EVERPEX-AL	10/30/2006
	Registered (Mexico)	945332	EVERPEX-OXB	07/27/2006

¹ address of owner listed as 1051 Sperry Road, Stockton, California 95206

**BORROWER SECURITY AGREEMENT
SCHEDULE 1-10.**

[Security Agreement]
[1.7]
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**TRADEMARK
REEL: 003684 FRAME: 0857**

BORROWER	COUNTRY	APP. NO. OR REG. NO.	MARK	APP. DATE/ REG. DATE
	Registered (Mexico)	959602	EVERPEX-OXB	10/30/2006
	Registered (Mexico)	944707	EVERPEX	07/26/2006
	Registered (Mexico)	949601	EVERPEX	10/30/2006
PW Eagle, Inc.	Registered (U.S. State – Nebraska)	10100417	JM EAGLE	07/19/2007
	Registered (Canada)	332,656	PWPIPE	10/02/1987
	Registered (Mexico)	429,917	PWRIB	01/25/1993
	Registered (United States)	1,802,723	PW RIB	11/02/1993
	Registered (United States)	1,651,939	COEXCEL	07/23/1991
	Registered (United States)	3,117,930	PWEAGLE	07/18/2006
	Registered (United States)	1,723,768	PWPURPLE PLUS ⁽¹⁾	10/13/1992
	Registered (United States)	1,439,939	VINYL-LOCK	5/19/1987

BORROWER SECURITY AGREEMENT
SCHEDULE 1-11.

[Security Agreement]
[1.7]
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TRADEMARK
REEL: 003684 FRAME: 0858

Part III, Copyrights

BORROWER	COUNTRY	REG. NO. REG. DATE	APP. TITLE	DATE OF CREATION
J-M Manufacturing Company, Inc.	Registered	Pau002946217 13 AUG 2004	J-M mixer theory e-learning	2003

LEASED EQUIPMENT

J-M MANUFACTURING COMPANY, INC.:

Lessor and Lease Terms	Leased Equipment
American Packaging Capital, Inc. 36-mo. 5'07 lease, expires on 5'10	11 Imaje Printers at PBU plant, PO#:MB70151
American Packaging Capital, Inc. 36-mo. 5'07 lease, expires on 5'10	17 Imaje Printers at PFO plant, PO#:ME70213
American Packaging Capital, Inc. 36-mo. 5'07 lease, expires on 5'10	5 Imaje Printers at PMC plant, PO#:MM70251
American Packaging Capital, Inc. 36-mo. 5'07 lease, expires on 5'10	1 Imaje Printer at PMC plant, PO#:MM70253
American Packaging Capital, Inc. 36-mo. 5'07 lease, expires on 5'10	9 Imaje Printers at PPU plant, PO#:MP70402
American Packaging Capital, Inc. 36-mo. 5'07 lease, expires on 5'10	20 Imaje Printers at PWH plant, PO#MT70601
American Packaging Capital, Inc. 36-mo. 5'07 lease, expires 5'10	8 Imaje Printers at PWI plant, PO#:MW70552
Toyota Motor Credit Corp POH 36-mo. 4'07 lease, expires 4'10	Toyota Forklift at PAD plant, PO#:AM07009, S/N 11017
Toyota Motor Credit Corp POH 36-mo. 7'06 lease, expires 7'09	Toyota Forklift at PAD plant, PO#:AM06015, S/N 81569
Toyota Motor Credit Corp 48+1 mo. 1'04 lease, expires 1'08	Toyota Forklift at PAD plant, PO#:MA23076, S/N 60125

BORROWER SECURITY AGREEMENT
SCHEDULE 1-12.

[Security Agreement]
[1.7]
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TRADEMARK
REEL: 003684 FRAME: 0859

Lessor and Lease Terms	Leased Equipment
Toyota Motor Credit Corp 48+1 mo. 4'05 lease, expires 4'09	Toyota Forklift at PAD plant, PO#:MA50051, S/N 61824
Toyota Motor Credit Corp 48+1 mo. 4'05 lease, expires 4'09	Toyota Forklift at PAD plant, PO#:MA50052, S/N 61829
Toyota Motor Credit Corp 48+1 mo. 5'05 lease, expires 5'09	Toyota Forklift at PAD plant, PO#:MA50054, S/N 77029
Toyota Motor Credit Corp 48+1 mo. 5'05 lease, expires 5'09	Toyota Forklift at PAD plant, PO#:MA50053, S/N 77166
Toyota Motor Credit Corp 48+1 mo. 5'05 lease, expires 5'09	Toyota Forklift at PAD plant, PO#:MA50055, S/N 77142
Toyota Motor Credit Corp 48+1 mo. 4'05 lease, expires 4'09	Toyota Forklift at PAE plant, PO#:MJ50751, S/N 61818
Toyota Motor Credit Corp 48+1 mo. 4'05 lease, expires 4'09	Toyota Forklift at PAE plant, PO#:MJ50752, S/N 61821
Toyota Motor Credit Corp 60 mo. 5'05 lease, expires 5'10	Toyota Forklift at PAE plant, PO#:0705PE, S/N 5875
Toyota Motor Credit Corp 60 mo. 5'05 lease, expires 5'10	Toyota Forklift at PAE plant, PO#:0703PE, S/N 5876
Toyota Motor Credit Corp 60 mo. 5'05 lease, expires 5'10	Toyota Forklift at PAE plant, PO#:0704PE, S/N 5877
Toyota Motor Credit Corp 48+1 mo. 6'04 lease, expires 6'08	Toyota Forklift at PBR plant, PO#:MR23645, S/N 73024
Toyota Motor Credit Corp 48+1 mo. 4'05 lease, expires 4'09	Toyota Forklift at PBR plant, PO#:MR40153, S/N 76058
Toyota Motor Credit Corp 36 mo. 10'06 lease, expires 10'09	Toyota Forklift at PBR plant, PO#:MR60101, S/N 62757
Toyota Motor Credit Corp 36-mo. 12'06 lease, expires 11'09	Toyota Forklift at PBR plant, PO#:MR60102, S/N 62824
Toyota Motor Credit Corp 36-mo. 4'07 lease, expires 4'10	Toyota Forklift at PBR plant, PO#:MR70101,

**BORROWER SECURITY AGREEMENT
SCHEDULE 1-13.**

[Security Agreement]

[1.7]

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**TRADEMARK
REEL: 003684 FRAME: 0860**

Lessor and Lease Terms	Leased Equipment
	S/N 63104
Toyota Motor Credit Corp 36-mo. 11'07 lease, expires 11'10	Toyota Forklift at PBR plant, PO#:MR70102, S/N 69482
Toyota Motor Credit Corp 48+1 mo. 2'04 lease, expires 2'08	Toyota Forklift at PBU plant, PO#:MB23663, S/N 61150
Toyota Motor Credit Corp 48+1 mo. 2'04 lease, expires 2'08	Toyota Forklift at PBU plant, PO#:MB23662, S/N 71495
Toyota Motor Credit Corp 48+1 mo. 6'04 lease, expires 6'08	Toyota Forklift at PBU plant, PO#:MB40201, S/N 61327
Toyota Motor Credit Corp 60+1 mo. 2'03 lease, expires 2'08	Toyota Forklift at PFO plant, PO#:ES02530, S/N 60332
Toyota Motor Credit Corp 48 +1 mo. 5'06 lease, expires 5'10	Toyota Forklift at PFO plant, PO#:ME60201, S/N 81576
Toyota Motor Credit Corp 48 +1 mo. 1'07 lease, expires 1'11	Toyota Forklift at PFO plant, PO#:ME60210, S/N 61313
Toyota Motor Credit Corp 48 +1 mo. 1'07 lease, expires 1'11	Toyota Forklift at PFO plant, PO#:ME60211, S/N 61311
Toyota Motor Credit Corp 48 +1 mo. 11'05 lease, expires 11'09	Toyota Forklift at PFO plant, PO#:ME50210, S/N 62163
Toyota Motor Credit Corp 48+1 mo. 10'04 lease, expires 10'08	Toyota Forklift at PMC plant, PO#:MM40304, S/N 60598
Toyota Motor Credit Corp 48+1 mo. 1'05 lease, expires 1'09	Toyota Forklift at PMC plant, PO#:MM40309, S/N 60643
Toyota Motor Credit Corp 36-mo. 12'04 lease, expires 12'07	Toyota Forklift at PMC plant, PO#:MM40305, S/N 75101
Toyota Motor Credit Corp 36-mo. 12'04 lease, expires 12'07	Toyota Forklift at PMC plant, PO#:MM40306, S/N 75103
Toyota Motor Credit Corp 36-mo. 12'04 lease, expires 12'07	Toyota Forklift at PMC plant, PO#:MM40307, S/N 75105

**BORROWER SECURITY AGREEMENT
SCHEDULE 1-14.**

[Security Agreement]
[1.7]
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**TRADEMARK
REEL: 003684 FRAME: 0861**

Lessor and Lease Terms	Leased Equipment
Toyota Motor Credit Corp 36-mo. 12'04 lease, expires 12'07	Toyota Forklift at PMC plant, PO#:MM40308, S/N 75142
Toyota Motor Credit Corp 48+1 mo. 3'06 lease, expires 3'10	Toyota Forklift at PMC plant, PO#:MM50253, S/N 80814
Toyota Motor Credit Corp 48+1 mo. 10'06 lease, expires 10'10	Toyota Forklift at PMC plant, PO#:MM60254, S/N 61234
Toyota Motor Credit Corp 48+1 mo. 10'07 lease, expires 10'11	Toyota Forklift at PMC plant, PO#:MM70257, S/N 13642
Toyota Motor Credit Corp 48+1 mo. 11'07 lease, expires 11'11	Toyota Forklift at PMC plant, PO#:MM70256, S/N 61658
Toyota Motor Credit Corp 48+1 mo. 2'04 lease, expires 2'08	Toyota Forklift at PME plant, PO#:PM14620, S/N 60989
Toyota Motor Credit Corp 48+1 mo. 7'05 lease, expires 7'09	Toyota Forklift at PME plant, PO#:PM22794, S/N 67177
Toyota Motor Credit Corp 48+1 mo. 7'05 lease, expires 7'09	Toyota Forklift at PME plant, PO#:PM22794, S/N 67180
Toyota Motor Credit Corp 48+1 mo. 7'05 lease, expires 7'09	Toyota Forklift at PBM plant, PO#:PB00426, S/N 67191
Toyota Motor Credit Corp 48+1 mo. 7'05 lease, expires 7'09	Toyota Forklift at PBM plant, PO#:PB00426, S/N 67210
Toyota Motor Credit Corp 36-mo. 12'04 lease, expires 12'07	Toyota Forklift at PPU plant, PO#:MP40401, S/N 75185
Toyota Motor Credit Corp 36-mo. 5'06 lease, expires 5'09	Toyota Forklift at PPU plant, PO#:PP06A03, S/N 62454
Toyota Motor Credit Corp 36-mo. 8'06 lease, expires 8'09	Toyota Forklift at PPU plant, PO#:PP06B41, S/N 62689
Toyota Motor Credit Corp 36-mo. 12'06 lease, expires 12'09	Toyota Forklift at PPU plant, PO#:PP06B88, S/N 62919
Toyota Motor Credit Corp 48 +1 mo. 12'06 lease, expires 12'10	Toyota Forklift at PKI plant, PO#:274322, S/N

**BORROWER SECURITY AGREEMENT
SCHEDULE 1-15.**

[Security Agreement]

[1.7]

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**TRADEMARK
REEL: 003684 FRAME: 0862**

Lessor and Lease Terms	Leased Equipment
	60853
Toyota Motor Credit Corp POH. 5'06 lease, expires 5'09	Toyota Forklift at PST plant, PO#:AM06016, S/N 80010
Toyota Motor Credit Corp 48 +1 mo. 7'07 lease, expires 7'11	Toyota Forklift at PST plant, PO#:ST32291, S/N 12401
Toyota Motor Credit Corp 48 +1 mo. 8'07 lease, expires 8'11	Toyota Forklift at PST plant, PO#:ST32289, S/N 60422
Toyota Motor Credit Corp 36-mo. 12'06 lease, expires 12'09	Toyota Forklift at PWB plant, PO#:4903, S/N 62916
Toyota Motor Credit Corp 48 +1 mo. 10'04 lease, expires 10'08	Toyota Forklift at PWH plant, PO#:T400870, S/N 61540
Toyota Motor Credit Corp 48 +1 mo. 10'04 lease, expires 10'08	Toyota Forklift at PWH plant, PO#:T400871, S/N 61549
Toyota Motor Credit Corp 48 +1 mo. 12'03 lease, expires 12'07	Toyota Forklift at PWH plant, PO#:T301339, S/N 64660
Toyota Motor Credit Corp 48 +1 mo. 4'05 lease, expires 4'09	Toyota Forklift at PWH plant, PO#:MT50601, S/N 61814
Toyota Motor Credit Corp 48 +1 mo. 6'04 lease, expires 6'08	Toyota Forklift at PWH plant, PO#:T400869, S/N 61331
Toyota Motor Credit Corp 48 +1 mo. 8'04 lease, expires 8'08	Toyota Forklift at PWH plant, PO#:400492, S/N 60337
Toyota Motor Credit Corp 48 +1 mo. 5'05 lease, expires 5'09	Toyota Forklift at PWH plant, PO#:MT50602, S/N 77098
Toyota Motor Credit Corp 48 +1 mo. 10'07 lease, expires 10'11	Toyota Forklift at PWH plant, PO#:T701789, S/N 13754
Toyota Motor Credit Corp 48 +1 mo. 11'04 lease, expires 11'08	Toyota Forklift at PWI plant, PO#:MW23864, S/N 61533
Toyota Motor Credit Corp 48 +1 mo. 7'04 lease, expires 7'08	Toyota Forklift at PWI plant, PO#:MW23863, S/N 61346

**BORROWER SECURITY AGREEMENT
SCHEDULE 1-16.**

[Security Agreement]
[1.7]
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**TRADEMARK
REEL: 003684 FRAME: 0863**

PW EAGLE, INC. AND USPOLY COMPANY, LLC.:

<u>Lessor and Lease Terms</u>	<u>Leased Equipment</u>
Eakes Office Plus 5/04 – 5/08 lease	Copiers: 200-7009-950-54451-0000 at Hastings
Pitney Bowes 6/02 – 6/06 lease	Postage Machine at Cameron Park
Pitney Bowes 6/06 – 6/10 lease	Postage Machine at Cameron Park
Pitney Bowes 4/04 – 9/09 lease	Postage Machine at Visalia
Pitney Bowes 1/05 – 7/10 lease	Postage Machine at Tacoma
Pitney Bowes 11/04 – 5/09 lease	Postage Machine at Don Yonts
Neopost 4/05 – 4/08 lease	Postage Meter at Corporate
Missouri First Leasing 6/04 – 6/09 lease	Savin 4035 Digital Copier at Columbia
Missouri First Leasing 1/05 – 1/10 lease	Savin 3515 Copier/Fax at Columbia
Citicorp Vendor Finance 5/02 – 5/07 lease	G30E Daewoo Lift Truck at Buchannon
Portman Equipment 8/01 – 8/06 lease	M240CP KD Manitou Truck at Buchannon
Greater Bay Capital 4/04 – 4/09 lease	Sellick Forklift at Buchannon
Citicorp Leasing 8/03 – 8/08 lease	Noble Forklift at Columbia
Citicorp Leasing 6/03 – 6/06 lease	GP40KLP Caterpillar Forklift
Rapid Ways Truck 9/03 – 9/09 lease	2004 Freightliner at Columbia
Rapid Ways Truck 9/04 – 9/09 lease	2004 Kalyn Trailer
Pitney Bowes Credit 12/01 – 9/06 lease	Model 3K00 Postage Scale at Columbia
Inter-Tel Leasing 7/04 – 7/09 lease	Phone System at Columbia
Penske Truck Leasing 11/01 – 11/06	2002 Frtliner FLD12064ST at Conroe

BORROWER SECURITY AGREEMENT
SCHEDULE 1-17.

[Security Agreement]
[1.7]
LAS99 1531279-1.076545.0013

TRADEMARK
REEL: 003684 FRAME: 0864

<u>Lessor and Lease Terms</u>	<u>Leased Equipment</u>
Penske Truck Leasing 11/01 – 11/06	1995 Heil Bulk Trl 1600V at Conroe
NMHG Financial Services 7/03 – 10/06 lease	M240CP Manitou Truck at Conroe
NMHG Financial Services 1/03 – 1/06 lease	H50XM Truck at Conroe
NMHG Financial Services 1/03 – 1/06 lease	H50XM Truck at Conroe
NMHG Financial Services 1/03 – 1/06 lease	H50XM Truck at Conroe
Ronald Pohl 2/04 – 1/07 lease	Denver Office
IKON 4/04 -4/09 lease	Copiers: 200-7900-950-68459-0000 at Corp.
IKON 4/04 -4/09 lease	Copiers: 200-7900-950-68459-0000 at Corp.
IKON 11/06 -11/11 lease	Copiers: 200-7900-950-68459-0000 at Corp.
IKON 5/04 – 5/09 lease	Fax Machines: 200-7900-950-68459-0000 at Corp
GMAC 9/03 – 9/07	2004 Chev. – Fitts: 200-7900-908-67459-0000 at Corp.

INVESTMENT PROPERTY, DEPOSIT ACCOUNTS AND SECURITIES ACCOUNTS

Borrower	Institution Maintaining Account	Address and Contact Name
J-M Manufacturing Company, Inc.	Citibank, N.A.	New York, NY Account# 3845-9597
	Citibank, N.A.	New York, NY Account # 3870-3545
	Wachovia Bank	Philadelphia, PA Account# 2088210033926
	Bank of America	Seattle, WA 98104 Account# 8666605213
	Bank of America	Account # 1233803352

BORROWER SECURITY AGREEMENT
SCHEDULE 1-18.

[Security Agreement]
[1.7]
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TRADEMARK
REEL: 003684 FRAME: 0865

PW Eagle, Inc.	Bank of America	New Haven, CT Account # 9427741642
	Bank of America	New Haven, CT Account # 385001211720
	Bank of America	New Haven, CT Account # 9429223611
	Bank of America	New Haven, CT Account # 9427740594 Account # 66580
	Bank of America	New Haven, CT Account # 9427741669 Account # 66574
	Bank of America	New Haven, CT Account # 3752212279
	Bank of America	New Haven, CT Account # 379915 Account # 22341705
	Bank of New York Mellon	Pasadena, CA Account # 010-4897
	Chase Bank	Buckhannon, WV Account # 650785751
	Boone County National Bank	Columbia, MO Account # 003-749-4
	Woodforest National Bank	Conroe, TX Account # 428110

INSTRUMENTS AND CHATTEL PAPER

J-M Manufacturing Company, Inc.: None

PW Eagle, Inc.: None

COMMERCIAL TORT CLAIMS

J-M Manufacturing Company, Inc.: None

PW Eagle, Inc.: None

LETTER-OF-CREDIT RIGHTS

J-M Manufacturing Company, Inc.: None

BORROWER SECURITY AGREEMENT
SCHEDULE 1-19.

[Security Agreement]

[1.7]

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PW Eagle, Inc.: None

PLEDGED SHARES, PARTNERSHIP AND LLC COLLATERAL

Pledged Entity	Type of Entity	Pledgor	Percentage of Ownership
PW Eagle, Inc.	Corporation	J-M Manufacturing Company, Inc.	100%
USPoly Company, LLC	Limited liability company	PW Eagle, Inc.	100%
Guiding Light Plastics LLC	Limited liability company	J-M Manufacturing Company, Inc.	100%
J-M Acquisition Corp. (No assets or Liabilities)	Corporation	J-M Manufacturing Company, Inc.	100%

OTHER INVESTMENT PROPERTY

J-M Manufacturing Company, Inc.: None

PW Eagle, Inc.: None

BORROWER SECURITY AGREEMENT
SCHEDULE 1-20.

[Security Agreement]
[1.7]
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