

TRADEMARK ASSIGNMENT

Electronic Version v1.1  
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	SECURITY INTEREST

CONVEYING PARTY DATA

Name	Formerly	Execution Date	Entity Type
HEFFERNAN INSURANCE BROKERS		12/22/2011	CORPORATION: CALIFORNIA
HEFFERNAN INVESTMENT ADVISORS, INC.		12/22/2011	CORPORATION: CALIFORNIA
SOCIUS INSURANCE SERVICES, INC.		12/22/2011	CORPORATION: CALIFORNIA
HEFFERNAN SECURITIES LLC		12/22/2011	LIMITED LIABILITY COMPANY: CALIFORNIA
TANGRAM INSURANCE SERVICES, INC.		12/22/2011	CORPORATION: CALIFORNIA
TREK INSURANCE SOLUTIONS, INC.		12/22/2011	CORPORATION: CALIFORNIA
ATLIN CAPITAL ADVISERS, LLC		12/22/2011	LIMITED LIABILITY COMPANY: CALIFORNIA

RECEIVING PARTY DATA

Name:	JPMORGAN CHASE BANK, N.A.
Street Address:	560 Mission St., 4th Floor
Internal Address:	Mail Code: CA1-0401
City:	San Francisco
State/Country:	CALIFORNIA
Postal Code:	94105
Entity Type:	national banking association: OHIO

PROPERTY NUMBERS Total: 4

Property Type	Number	Word Mark
Serial Number:	76190938	HEFFERNAN GROUP
Serial Number:	76547383	TANGRAM PROGRAM MANAGERS
Serial Number:	77196008	SOCIUS
Serial Number:	85026768	TREK INSURANCE SOLUTIONS

TRADEMARK

CH \$115.00 76190938

**CORRESPONDENCE DATA**

Fax Number: (213)443-2926  
Phone: 213-617-5493  
Email: jcravitz@sheppardmullin.com

*Correspondence will be sent to the e-mail address first; if that is unsuccessful, it will be sent via US Mail.*

Correspondent Name: Sheppard, Mullin, Richter & Hampton LLP  
Address Line 1: 333 S. Hope St., 48th Floor  
Address Line 2: Attn: J. Cravitz  
Address Line 4: Los Angeles, CALIFORNIA 90071

ATTORNEY DOCKET NUMBER:	04BS-163892
NAME OF SUBMITTER:	Julie Cravitz
Signature:	/julie cravitz/
Date:	12/27/2011

**Total Attachments: 40**

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## PLEDGE AND SECURITY AGREEMENT

This PLEDGE AND SECURITY AGREEMENT (as amended, extended, renewed, supplemented or otherwise modified from time to time, this "Agreement"), dated as of December 22, 2011, is made by HEFFERNAN INSURANCE BROKERS, a California Corporation (the "Borrower"), HEFFERNAN INVESTMENT ADVISORS, INC., a California corporation, SOCIUS INSURANCE SERVICES, INC., a California corporation, HEFFERNAN SECURITIES LLC, a California limited liability company, TANGRAM INSURANCE SERVICES, INC., a California corporation, TREK INSURANCE SOLUTIONS, INC., a California corporation, ATLIN CAPITAL ADVISERS, LLC, a California limited liability company (the foregoing Persons other than the Borrower are collectively referred to herein as the "Loan Guarantors"), and each other Person who may become a party hereto pursuant to Section 28 of this Agreement (together with the Borrower and the Loan Guarantors, each a "Grantor" and collectively, the "Grantors"), jointly and severally in favor of JPMORGAN CHASE BANK, N.A., and its subsidiaries and affiliates (collectively, with their respective successors and assigns, "Lender"), with reference to the following facts:

### RECITALS

A. Pursuant to the Credit Agreement of even date herewith by and among Borrower, the Loan Guarantors and JPMorgan Chase Bank, N.A. (as the same may be amended, extended, renewed, supplemented or otherwise modified from time to time, the "Credit Agreement"), Lender has agreed to extend certain credit facilities to Borrower, and the Loan Guarantors have guaranteed the obligations of Borrower under the Credit Agreement and other Loan Documents.

B. The Credit Agreement provides, as a condition to the availability of the credit facilities referred to above, that Grantors shall enter into this Agreement and shall grant security interests to Lender as herein provided.

C. Each Grantor expects to realize direct and indirect benefits as a result of the availability of the aforementioned credit facilities to Borrower.

### AGREEMENT

NOW, THEREFORE, in order to induce Lender to extend the aforementioned credit facilities, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Grantors hereby jointly and severally represent, warrant, covenant, agree, assign and grant as follows:

1. Definitions. This Agreement is the "Security Agreement" referred to in the Credit Agreement. This Agreement is one of the "Loan Documents" referred to in the Credit Agreement. Terms defined in the Credit Agreement and not otherwise defined in this Agreement shall have the meanings defined for those terms in the Credit Agreement. Terms defined in the Uniform Commercial Code as in effect in the State of California (the "CCC") and not otherwise defined in this Agreement or in the Credit Agreement shall have the meanings defined for those terms in the CCC. As used in this Agreement, the following terms shall have the meanings respectively set forth after each:

"Certificates" means all certificates, instruments or other documents now or hereafter representing or evidencing any Pledged Securities.

"Collateral" means and includes all present and future right, title and interest of Grantors, or any one or more of them, in or to any property or assets whatsoever, whether now or hereafter acquired

and wherever the same may from time to time be located, and all rights and powers of Grantors, or any one or more of them, to transfer any interest in or to any property or assets whatsoever, including, without limitation, any and all of the following property:

(a) all present and future accounts, accounts receivable, agreements, contracts, leases, contract rights, payment intangibles, rights to payment, instruments, documents, chattel paper (whether tangible or electronic), promissory notes (including, without limitation, the ESOP Note), security agreements (including, without limitation, the ESOP Loan and Pledge Agreement), guaranties, letters of credit, letter-of-credit rights, undertakings, surety bonds, insurance policies (whether or not required by the terms of the Loan Documents), notes and drafts, and all forms of obligations owing to any Grantor or in which any Grantor may have any interest, however created or arising and whether or not earned by performance;

(b) all present and future general intangibles, all tax refunds of every kind and nature to which any Grantor now or hereafter may become entitled, however arising, all other refunds, and all deposits, credits, reserves, loans, royalties, cost savings, deferred payments, goodwill, choses in action, liquidated damages, rights to indemnification, Trade Secrets, computer programs, software, computer printouts, tapes, disks and related data processing software and similar items, customer and supplier lists, blueprints, technical specifications, manuals and other documents, licenses, permits, copyrights, technology, processes, proprietary information, insurance proceeds of which any Grantor is a beneficiary;

(c) all present and future: (i) trademarks, service marks, trade names, corporate names, company names, business names, fictitious business names, trade styles, trade dress, logos, other source or business identifiers, uniform resource locations (URL's), domain names, designs and general intangibles of like nature, now existing or hereafter adopted or acquired, all prints and labels on which said trademarks, service marks, trade names, corporate names, company names, business names, fictitious business names, trade styles, trade dress, logos, other source or business identifiers, uniform resource locations (URL's), domain names, designs and general intangibles of like nature, now existing or hereafter adopted or acquired, appear, have appeared, or will appear, and all designs and general intangibles of a like nature, all applications, registrations, and recordings relating to the foregoing in the United States Patent and Trademark Office ("USPTO") or in any similar office or agency of the United States of America, any state thereof, or any political subdivision thereof, or in any other countries, and all reissues, extensions, and renewals thereof, including, without limitation, those registered and applied-for trademarks, terms, designs and applications described in Schedule 1 attached hereto and made a part hereof (the Collateral described in the this clause (i) is referred to herein as the "Trademarks"), and (ii) the goodwill of the business symbolized by each of the Trademarks, including, without limitation, all customer lists and other records relating to the distribution of products or services bearing the Trademarks (the Collateral described in the foregoing clauses (i) and (ii) is referred to herein as the "Trademark Collateral");

(d) all present and future patents, letters patent, all inventions and improvements described and claimed therein, including, without limitation, the right to make, use and/or sell the inventions disclosed or claimed therein, in each case whether foreign or domestic, applications, registrations, and recordings relating to such patents in the USPTO or in any similar office or agency of the United States of America, any state thereof, or any political subdivision thereof, or in any other countries, and all reissues, extensions, and renewals thereof, including, without limitation, those patents and applications, registrations and recordings described in Schedule 2 attached hereto and made a part hereof (the Collateral described in this clause (d) is referred to herein as the "Patents");

(e) all present and future: (i) copyrights, rights and interests in copyrights, works protectable by copyright, all copyright rights in any work subject to the copyright laws of the United States of America or any other country, whether as author, assignee, transferee or otherwise, copyright registrations and copyright applications, including, without limitation, registrations, recordings, supplemental registrations and pending applications for registration, in each case whether foreign or domestic, and United States, state and international registrations of the foregoing, and all reissues, extensions and renewals of the foregoing, including, without limitation, those listed on Schedule 3 hereto (the Collateral described in this clause (i) is referred to herein as the "Copyrights"), and (ii) the right to sue for past, present and future infringements of rights in Copyrights, all goodwill of Grantors related to Copyrights, and any and all proceeds of any of the foregoing Collateral described in this clause (e), including, but not limited to, any and all proceeds of licensing thereof (the Collateral described in the foregoing clauses (e)(i) and (e)(ii) is referred to herein as the "Copyright Collateral");

(f) all Licenses (the Licenses, collectively with the Trademark Collateral, the Patents, the Copyright Collateral and the Trade Secrets, are collectively referred to herein as the "IP Collateral") and all income, fees, royalties, damages, claims and payments now and hereafter due and/or payable with respect to the IP Collateral;

(g) all present and future deposit accounts of any Grantor, including, without limitation, any demand, time, savings, passbook or like account maintained by any Grantor with any bank, savings and loan association, credit union or like organization, and all money, cash and cash equivalents of any Grantor, whether or not deposited in any such deposit account;

(h) all present and future books and records, including, without limitation, all books of account and ledgers of every kind and nature, all electronically recorded data, proprietary technical and business information, know how, show how or other data or information, software and databases and all embodiments or fixations thereof and related documentation, registrations and franchises in each case relating to each Grantor or the business thereof, all receptacles and containers for such records, and all files and correspondence;

(i) all present and future goods, including, without limitation, all consumer goods, farm products, inventory, equipment, catalogs, machinery, tools, molds, dies, furniture, furnishings, fixtures, trade fixtures, motor vehicles and all other goods used in connection with or in the conduct of each Grantor's business, including, without limitation, all goods as defined in Section 9102(a)(44) of the CCC;

(j) all present and future inventory and merchandise, including, without limitation, all present and future goods held for sale or lease or to be furnished under a contract of service, all raw materials, work in process and finished goods, all packing materials, supplies and containers relating to or used in connection with any of the foregoing, and all bills of lading, warehouse receipts or documents of title relating to any of the foregoing;

(k) all present and future stocks, bonds, debentures, securities (whether certificated or uncertificated), securities entitlements, securities accounts, commodity contracts, commodity accounts, subscription rights, options, warrants, puts, calls, certificates, investment property, partnership interests, limited liability company membership or other interests, joint venture interests, certificates of deposit, investments and/or brokerage accounts, including, without limitation, all Equity Interests, Pledged Collateral and all ESOP Shares, and all rights, preferences, privileges, dividends, distributions, redemption payments, or liquidation payments with respect to any of the foregoing;

(l) all present and future accessions, appurtenances, components, repairs, repair parts, spare parts, replacements, substitutions, additions, issue and/or improvements to or of or with respect to any of the foregoing;

(m) all other present and future tangible and intangible property of any Grantor;

(n) all commercial tort claims, including, without limitation, those listed on Schedule 5 hereto;

(o) all present and future rights, remedies, powers and/or privileges of any Grantor with respect to any of the foregoing, including, without limitation, the right to make claims thereunder or with respect thereto; and

(p) any and all proceeds and products of any of the foregoing, including, without limitation, all money, accounts, payment intangibles, general intangibles, deposit accounts, promissory notes, documents, instruments, certificates of deposit, chattel paper, goods, insurance proceeds, claims by Grantors against third parties for past, present and future infringement of the IP Collateral or any license with respect thereto, and any other tangible or intangible property received upon the sale or disposition of any of the foregoing.

"Collateral Access Agreement" means a collateral access and lien waiver agreement in form and substance satisfactory to the Lender.

"Control Agreement" has the meaning set forth in Section 7 of this Agreement.

"Equity Interest" means shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity ownership interests in a Person, and any warrants, options or other rights entitling the holder thereof to purchase or acquire any such equity interest.

"Issuer" means any issuer of any Pledged Securities.

"Lender" has the meaning set forth in the first paragraph of this Agreement.

"License" means, with respect to any Grantor, all of such Grantor's right, title, and interest in and to (a) any and all licensing agreements or similar arrangements in and to its Patents, Copyrights, Trade Secrets, or Trademarks, (b) all income, royalties, damages, claims, and payments now or hereafter due or payable thereunder and with respect thereto, including, without limitation, damages and payments for past and future breaches thereof, and (c) all rights to sue for past, present, and future breaches thereof.

"Material Commercial Tort Claims" means, with respect to each Grantor, all commercial tort claims asserted by it, or on its behalf, in writing, in excess of \$100,000 to which it has any right, title or interest and of which it is aware.

"Pledged Collateral" means any and all property of any Grantor now or hereafter pledged and delivered to Lender pursuant to this Agreement, including, without limitation, (a) the Pledged Securities and any Certificates representing or evidencing the same, (b) the Pledged Debt, (c) all proceeds and products of any of the foregoing, (d) any and all collections, Restricted Payments, cash, instruments,

interest or premiums with respect to any of the foregoing and (e) any and all rights, titles, interests, privileges, benefits and preferences appertaining or incidental to any of the foregoing.

"Pledged Debt" means all debt owed or owing to any Grantor and not held in a securities account or otherwise through a securities intermediary, including all such debt described on Schedule 4, all instruments, chattel caper or other documents, if any, representing or evidencing such debt, and all interest, cash, instruments and other property or proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such debt.

"Pledged Securities" means (a) any and all Equity Interests in the Subsidiaries of each Grantor now or hereafter owned by any Grantor, including any interest of any Grantor in the entries on the books of any securities intermediary or financial intermediary pertaining thereto (the existing Subsidiaries of Grantors are listed on Schedule 4), (b) any and all Equity Interests now or hereafter issued in substitution, exchange or replacement therefor, or with respect thereto, and (c) any and all warrants, options or other rights to subscribe to or acquire any additional Equity Interests in the Subsidiaries owned by any Grantor.

"Secured Obligations" means with respect to each Grantor, any and all present and future Secured Obligations (as such term is defined in the Credit Agreement) of any type or nature of such Grantor, and any one or more of them, whether due or to become due, matured or unmatured, liquidated or unliquidated, or contingent or noncontingent, including obligations of performance as well as obligations of payment.

"Trade Secrets" means all trade secrets and all other confidential or proprietary information and know how now or hereafter owned or used in, or contemplated at any time for use in, the business of any Grantor, whether or not such trade secret, other confidential or proprietary information or know how has been reduced to a writing or other tangible form, including all documents and things embodying, incorporating or referring in any way to such trade secret, other confidential or proprietary information or know how, the right to sue for any past, present and future infringement of any trade secret, other confidential or proprietary information or know how, and all proceeds of the foregoing, including licenses, royalties, income, payments, claims, damages and proceeds of suit.

2. Further Assurances. At any time and from time to time at the request of Lender, each Grantor shall (i) execute and deliver to Lender all such financing statements and other instruments and documents in form and substance satisfactory to Lender as shall be necessary or desirable to fully perfect, when filed and/or recorded, Lender's security interests granted pursuant to Section 3 of this Agreement; and (ii) do all such further acts and things, in each case as may be deemed necessary or desirable by Lender to create and perfect, and to continue and preserve, an indefeasible security interest in the Collateral in favor of Lender or the priority thereof. At any time and from time to time, Lender shall be entitled to file and/or record any or all such financing statements, instruments and documents held by it, and any or all such further financing statements, documents and instruments, and to take all such other actions, as Lender may deem necessary or desirable to perfect and to maintain perfected the security interests granted in Section 3 of this Agreement. With respect to any Collateral consisting of certificated securities, instruments, documents, certificates of title or the like, as to which Lender's security interest need be perfected by, or the priority thereof need be assured by, possession of such Collateral, Grantors will upon demand of Lender deliver possession of same in pledge to Lender with, upon Lender's request, appropriate notations satisfactory to Lender disclosing that such Collateral is subject to Lender's interests. With respect to any Collateral consisting of securities, instruments, partnership or joint venture interests or the like, Grantors hereby consent and agree that the issuers of, or obligors on, any such Collateral, or any registrar or transfer agent or trustee for any such Collateral, shall be entitled to accept the provisions of this Agreement as conclusive evidence of the right of Lender to effect any transfer of, or



to exercise, any right hereunder or with respect to any such Collateral, notwithstanding any other notice or direction to the contrary heretofore or hereafter given by any Grantor or any other Person to such issuers or such obligors or to any such registrar or transfer agent or trustee.

3. Security Agreement. For valuable consideration, each Grantor hereby assigns and pledges to Lender, and grants to Lender a security interest in, all presently existing and hereafter acquired Collateral, as security for the timely payment and performance of all of the Secured Obligations. This Agreement is a continuing and irrevocable agreement and all the rights, powers, privileges and remedies hereunder shall apply to any and all Secured Obligations, including those arising under successive transactions which shall either continue the Secured Obligations, increase or decrease them, or from time to time create new Secured Obligations after all or any prior Secured Obligations have been satisfied, and notwithstanding the bankruptcy of Borrower, any other Grantor or any other Person or any other event or proceeding affecting any Person.

4. Delivery of Certain Pledged Collateral and Pledged Debt. On or prior to the Closing Date, each Grantor shall cause to be delivered to Lender the Certificates evidencing the Equity Interests listed on Schedule 4 hereto and any certificate or instrument constituting any other investment property (each of which has been listed on Schedule 4 hereto). At the request of the Lender, any agreement or instrument evidencing or constituting Pledged Debt shall be delivered to the Lender. Following the Closing Date, each Grantor will promptly notify Lender of the creation of any Certificates and any certificate or instrument constituting investment property or Pledged Debt and deliver such Certificates, investment property and, at the request of the Lender, Pledged Debt to Lender within 5 Business Days of their creation. All Certificates, investment property and Pledged Debt at any time delivered to Lender shall be in suitable form for transfer by delivery, or shall be accompanied by duly executed instruments of transfer or assignment in blank, all in form and substance satisfactory to Lender. Lender shall hold all Certificates, investment property and Pledged Debt pledged hereunder pursuant to this Agreement unless and until released in accordance with Section 5 of this Agreement.

5. Release of Pledged Collateral. Collateral that is required to be released from the pledge and security interest created by this Agreement in order to permit any Grantor to consummate any disposition of stock or assets, merger, consolidation, amalgamation, acquisition, or dividend payment or distribution that such Grantor is entitled to consummate pursuant to the Loan Documents, if any, shall be so released by Lender at such times and to the extent necessary to permit such Grantor to consummate such permitted transactions promptly following Lender's receipt of written request therefor by such Grantor specifying the purpose for which release is requested and such further certificates or other documents as Lender shall request in its discretion to confirm that such Grantor is permitted to consummate such transaction in accordance with the Loan Documents and to confirm Lender's replacement Lien on appropriate collateral (unless replacement collateral is not required pursuant to the Loan Documents). Lender, at the expense of Grantors, promptly shall redeliver all Certificates, investment property and Pledged Debt and shall execute and deliver to Grantors all documents requested by Grantors that are reasonably necessary to release Collateral of record whenever Grantors shall be entitled to the release thereof in accordance with this Section.

6. Grantors' Representations, Warranties and Agreements. Each Grantor represents, warrants and agrees that: (a) such Grantor owns the Collateral in which such Grantor is purporting to grant a security interest to Lender free and clear of any Lien except as expressly permitted by the Credit Agreement; (b) such Grantor owns the sole, full and clear title to all of the existing Collateral in which such Grantor is purporting to grant a security interest to Lender and such Grantor has the right and power to grant the security interests granted hereunder in the Collateral; (c) such Grantor has the right and power to pledge the Collateral and grant a security interest in the Collateral owned by such Grantor to Lender without the consent, approval or authorization of, or notice to, any Person (other than such consents,

approvals, authorization or notices which have been obtained or given prior to the date hereof) and such pledge and security interest constitutes the valid, binding and enforceable obligation of such Grantor, enforceable against such Grantor in accordance with the terms hereof and the other Loan Documents; (d) all Equity Interests that constitute a portion of the Pledged Collateral are duly authorized, validly issued in accordance with all applicable laws, fully paid and non-assessable, and represent one hundred percent (100%) of the Equity Interests owned by Grantors in the applicable Subsidiary; (e) except as specifically permitted under the Loan Documents, such Grantor will not (i) sell, assign, exchange, transfer, or otherwise dispose of, or contract to sell, assign, exchange, transfer, or otherwise dispose of, or grant any option with respect to, any of the Collateral, (ii) create or permit to exist any Lien upon or with respect to any of the Collateral, except for Liens permitted pursuant to the Credit Agreement, or (iii) take any action with respect to the Collateral which is inconsistent with the provisions or purposes of this Agreement or any other Loan Document; (f) each Grantor will pay, prior to delinquency, all taxes, charges, Liens and assessments against the portion of the Collateral owned by it, except as permitted pursuant to the Credit Agreement, and upon its failure to pay or so contest such taxes, charges, Liens and assessments, Lender at its option may pay any of them, and Lender shall be the sole judge of the legality or validity thereof and the amount necessary to discharge the same; (g) the Collateral will not be used for any unlawful purpose or in violation of any law, regulation or ordinance, nor used in any way that will void or impair any insurance required to be carried in connection therewith; (h) such Grantor will, to the extent consistent with good business practice in its industry, keep the portion of the Collateral owned by it in reasonably good repair, working order and condition, and from time to time make all needful and proper repairs, renewals, replacements, additions and improvements thereto and, as appropriate and applicable, will otherwise deal with such portion of the Collateral in all such ways as are considered good practice by owners of like property; (i) such Grantor will take all reasonable steps to preserve and protect the portion of the Collateral owned by it, including, with respect to the Patents, Trademarks and Copyrights, the filing of any renewal affidavits and applications; (j) as of the date hereof, Grantors have no Trademarks registered, or subject to pending applications, in the USPTO or, to the best knowledge of Grantors, any similar office or agency in the United States of America other than those described in Schedule 1 attached hereto; (k) as of the date hereof, Grantors have no Patents registered, or subject to pending applications, in the USPTO or, to the best knowledge of Grantors, any similar office or agency in the United States of America other than those described in Schedule 2 attached hereto; (l) such Grantor shall not file any application for the registration of a Patent, Trademark or Copyright with the USPTO, USCO (as defined below) or any similar office or agency in the United States of America, or any State therein, unless such Grantor promptly thereafter notifies Lender of such action; (m) such Grantor has not abandoned any Patent, Trademark or Copyright, and such Grantor will not do any act, or omit to do any act, whereby any Patent, Trademark or Copyright may become abandoned, canceled, invalidated, unenforceable, avoided, or avoidable unless permitted by the Credit Agreement or such Grantor has obtained the written consent of Lender; (n) such Grantor shall promptly notify Lender if it knows or has reason to know of any reason why any applicable registration or recording of any Patent, Trademark or Copyright of any material value may become abandoned, canceled, invalidated, or unenforceable; (o) subject to the preceding limitations respecting immaterial Patents, Trademarks or Copyrights, such Grantor will render any assistance, as Lender may reasonably determine is necessary, to Lender in any proceeding before the USPTO, the USCO, any federal or state court, or any similar office or agency in the United States of America, or any State therein, to maintain any Patent, Trademark or Copyright and to protect Lender's security interest therein, including, without limitation, filing of renewals, affidavits of use, affidavits of incontestability and opposition, interference, and cancellation proceedings; (p) such Grantor will promptly notify Lender if such Grantor learns of any use by any Person of any term or design likely to cause confusion with any of the Trademarks which are material to such Grantor's business, or of any use by any Person of any other process or product which infringes upon any of the Trademarks in a manner which is material to such Grantor's business, and if requested by Lender, such Grantor, at its expense, shall join with Lender in such action as Lender in Lender's discretion may reasonably deem advisable for the protection of Lender's interest in and to the Trademarks; (q) such

Grantor assumes all responsibility and liability arising from the use of the Trademarks, Patents and Copyrights, and such Grantor hereby indemnifies and holds Lender harmless from and against any claim, suit, loss, damage or expense (including reasonable attorneys' fees) arising out of any alleged defect in any product manufactured, promoted, or sold by any Grantor (or any affiliate or Subsidiary thereof) in connection with any Patent, Trademark or Copyright or out of the manufacture, promotion, labeling, sale, or advertisement of any such product by any Grantor or any affiliate or Subsidiary thereof; (r) such Grantor shall promptly notify Lender in writing of any adverse determination in any proceeding in the USPTO, USCO, or any other foreign or domestic governmental authority, court or body, regarding such Grantor's claim of ownership in any of the Trademarks, Patents or Copyrights, and in the event of any infringement of any Trademarks, Patents or Copyrights owned by such Grantor by a third party which is material to such Grantor's business, such Grantor shall promptly notify Lender of such infringement and sue for and diligently pursue damages for such infringement, and if such Grantor shall fail to take such action within one (1) month after such notice is given to Lender, Lender may, but shall not be required to, itself take such action in the name of such Grantor, and such Grantor hereby appoints Lender the true and lawful attorney of such Grantor, for it and in its name, place and stead, on behalf of such Grantor, to commence judicial proceedings in any court or before any other tribunal to enjoin and recover damages for such infringement, any such damages due to such Grantor, net of reasonable costs and reasonable attorneys' fees, to be applied to the Secured Obligations; (s) such Grantor will maintain, with responsible insurance companies, insurance covering the Collateral against such insurable losses as is required by the Credit Agreement and as is consistent with sound business practice, and will cause Lender to be designated as a lender loss payee (as customary for secured parties based on the type of insurance) with respect to all insurance (whether or not required by the Credit Agreement), will obtain the written agreement of the insurers that such insurance shall not be cancelled, terminated or materially modified to the detriment of Lender without at least 30 days' prior written notice to Lender, and will furnish copies of such insurance policies or certificates to Lender promptly upon request therefor and will otherwise comply with the terms and provisions of the Credit Agreement with respect to such insurance coverage; (t) such Grantor will promptly notify Lender in writing in the event of any substantial or material damage to the Collateral (considered as a whole) from any source whatsoever, and, except for the disposition of collections and other proceeds of the Collateral permitted by Section 9 hereof, Grantor will not remove or permit to be removed any part of the Collateral from its places of business without the prior written consent of Lender, except for such items of the Collateral as are removed in the ordinary course of business or in connection with any transaction or disposition otherwise permitted by the Loan Documents; (u) in the event any Grantor changes its name or its address as either are set forth herein or in the Credit Agreement, such Grantor will notify Lender of such name and/or address change promptly, but in any event, within thirty (30) days after such change; (v) as of the date hereof, no Grantor has any Copyrights registered with the United States Copyright Office ("USCO"), or any similar office or agency in the United States of America, or elsewhere other than those described in Schedule 3 attached hereto; (w) each Grantor authorizes Lender to modify this Agreement by amending the Schedules hereto to include any new IP Collateral, renewal thereof or any IP Collateral applied for and obtained hereafter, and each Grantor shall, upon request of Lender from time to time execute and deliver to Lender any and all assignments, agreements, instruments, documents and such other papers as may be requested by Lender to evidence the assignment of a security interest in each such IP Collateral; (x) as of the date hereof, such Grantor has no Material Commercial Tort Claims other than those described in Schedule 5 attached hereto, and such Grantor hereby covenants and agrees that it shall provide Lender with prompt written notice of each Material Commercial Tort Claim and any judgment, settlement or other disposition thereof and will take such action as the Lender may request to grant and perfect a security interest therein in favor of the Lender; (y) as of the date hereof, Schedule 6 attached hereto sets forth each of the material Licenses, in each case included in the Collateral owned or held by or on behalf of such Grantor, and all other material Intellectual Property of each Grantor not otherwise listed in any other schedule; and (z) with respect to the Copyright Collateral, each Grantor shall, at its sole expense, do, make, execute and deliver all such additional and further acts, things, deeds, assurances, and instruments, in each case in

form and substance satisfactory to Lender, relating to the creation, validity, or perfection of the security interests provided for in this Agreement under 35 U.S.C. Section 261, 15 U.S.C. Section 1051 et seq., 17 U.S.C. Sections 101, 201 et seq., the CCC or other law of the United States of America, the State of California, other States or any other domestic or foreign jurisdiction as Lender may from time to time reasonably request, and shall take all such other action as Lender may reasonably require to perfect Lender's security interest in any of the Copyright Collateral and to completely vest in and assure to Lender its rights hereunder in any of the Copyright Collateral, and each Grantor hereby irrevocably authorizes Lender or its designee, at such Grantor's expense, to execute such documents, and file such financing statements with respect thereto with or without such Grantor's signature, as Lender may reasonably deem appropriate. In the event that any recording or refiling (or the filing of any statement of continuation or assignment of any financing statement) or any other action, is required at any time to protect and preserve such security interests in the Copyright Collateral, Grantors shall, at their sole cost and expense, cause the same to be done or taken at such time and in such manner as may be necessary and as may be reasonably requested by Lender. Each Grantor further authorizes Lender to have this or any other similar agreement recorded or filed with the USCO or other appropriate federal, state or foreign government office.

7. Deposit and Securities Accounts; Collateral Access Agreements.

7.1 For each deposit account and securities account included in the Collateral that any Grantor at any time opens or maintains, such Grantor shall, at Lender's request and option, promptly, but in any event no later than 30 days after Lender's request, cause the depository bank or applicable financial institution to agree to comply at any time with instructions from Lender to such depository bank or applicable financial institution directing the disposition of funds or other Collateral from time to time credited to such deposit account or securities account, as applicable, without further consent of such Grantor, pursuant to an agreement (a "Control Agreement") in form and substance acceptable to Lender. Without limitation on the foregoing, Lender shall also have the right at any time, whether or not an Event of Default shall have occurred or be continuing, to make inquiry of each applicable depository institution or applicable financial institution at which a deposit account or securities account is maintained to verify the account balance of such account. As of the Effective Date, no Grantor maintains any deposit account or securities account other than as set forth on Schedule 7. From and after the Effective Date, each Grantor agrees to give the Lender prompt written notice of any deposit account or securities account it opens or maintains that is not with the Lender or otherwise set forth on Schedule 7.

7.2 Promptly, but in any event not later than 30 days after the Lender's request for the same, Grantors shall deliver or cause to be delivered to the Lender duly executed Collateral Access Agreements with each warehouseman, bailee or other third party in possession of any Collateral and each landlord of any real property leased by such Grantor on which any Collateral is located, or any one or more of them as requested by the Lender from time to time.

8. Lender's Rights Regarding Collateral. At any time (whether or not an Event of Default has occurred), and without notice or demand and at the expense of each Grantor, Lender may, to the extent it may be necessary or desirable to protect the security hereunder, but Lender shall not be obligated to: (a) at all times on reasonable notice, enter upon any premises on which Collateral is situated and examine the same or (b) perform any obligation of any Grantor under this Agreement or any obligation of any other Person under the Loan Documents. At the expense of each Grantor, Lender may, to the extent it may be necessary or desirable to protect the security hereunder, but Lender shall not be obligated to: (i) at any time and from time to time following the occurrence and during the continuance of an Event of Default, notify obligors on the Collateral that the Collateral has been assigned to Lender; and (ii) at any time and from time to time request from obligors on the Collateral, in the name of any Grantor or in the name of Lender, information concerning the Collateral and the amounts owing

thereon. The foregoing power of attorney is coupled with an interest and is irrevocable. Each Grantor shall maintain books and records pertaining to the Collateral in such detail, form and scope as Lender shall reasonably require consistent with Lender's interests hereunder. Each Grantor shall at any time at Lender's request, mark the Collateral and/or such Grantor's ledger cards, books of account and other records relating to the Collateral with appropriate notations satisfactory to Lender disclosing that they are subject to Lender's security interests. Lender shall at all reasonable times on reasonable notice have full access to and the right to audit any and all of Grantors' books and records pertaining to the Collateral, and to confirm and verify the value of the Collateral and to do whatever else Lender reasonably may deem necessary or desirable to protect its interests; provided, however, that any such action which involves communicating with customers of Grantors shall be carried out by Lender through Grantors' independent auditors unless Lender shall then have the right directly to notify obligors on the Collateral as provided in Section 12. Lender shall be under no duty or obligation whatsoever to take any action to preserve any rights of or against any prior or other parties in connection with the Collateral, to exercise any voting rights or managerial rights with respect to any Collateral, whether or not an Event of Default shall have occurred, or to make or give any presentments, demands for performance, notices of non-performance, protests, notices of protests, notices of dishonor or notices of any other nature whatsoever in connection with the Collateral or the Secured Obligations. Lender shall be under no duty or obligation whatsoever to take any action to protect or preserve the Collateral or any rights of any Grantor therein, or to make collections or enforce payment thereon, or to participate in any foreclosure or other proceeding in connection therewith.

9. Collections on the Collateral. Except as otherwise provided in any Loan Document, Grantors shall have the right to use and to continue to make collections on and receive dividends and other proceeds of all of the Collateral in the ordinary course of business so long as no Event of Default shall have occurred and be continuing. Upon the occurrence and during the continuance of an Event of Default, at the option of Lender, Grantors' right to make collections on and receive dividends and other proceeds of the Collateral and to use or dispose of such collections and proceeds shall terminate, and any and all dividends, proceeds and collections, including all partial or total prepayments, then held or thereafter received on or on account of the Collateral will be held or received by Grantors in trust for Lender and immediately delivered in kind to Lender. Any remittance received by any Grantor from any Person shall be presumed to relate to the Collateral and to be subject to Lender's security interests. Upon the occurrence and during the continuance of an Event of Default, Lender shall have the right at all times to receive, receipt for, endorse, assign, deposit and deliver, in the name of Lender or in the name of the appropriate Grantor, any and all checks, notes, drafts and other instruments for the payment of money constituting proceeds of or otherwise relating to the Collateral; and each Grantor hereby authorizes Lender to affix, by facsimile signature or otherwise, the general or special endorsement of it, in such manner as Lender shall deem advisable, to any such instrument in the event the same has been delivered to or obtained by Lender without appropriate endorsement, and Lender and any collecting bank are hereby authorized to consider such endorsement to be a sufficient, valid and effective endorsement by the appropriate Grantor, to the same extent as though it were manually executed by the duly authorized officer of the appropriate Grantor, regardless of by whom or under what circumstances or by what authority such facsimile signature or other endorsement actually is affixed, without duty of inquiry or responsibility as to such matters, and each Grantor hereby expressly waives demand, presentment, protest and notice of protest or dishonor and all other notices of every kind and nature with respect to any such instrument.

10. Possession of Collateral by Lender. Any or all of the Collateral delivered to Lender may be held in an interest-bearing or non-interest-bearing account, in Lender's sole and absolute discretion, and Lender may, in its discretion, apply any such interest to payment of the Secured Obligations. Nothing herein shall obligate Lender to invest any Collateral or obtain any particular return thereon. Upon the occurrence and during the continuance of an Event of Default, whenever any of the

Collateral is in Lender's possession, custody or control, Lender may use, operate and consume the Collateral, whether for the purpose of preserving and/or protecting the Collateral, or for the purpose of performing any Grantors' obligations with respect thereto, or otherwise. Lender may at any time deliver or redeliver the Collateral or any part thereof to Grantors, and the receipt of any of the same by any Grantor shall be complete and full acquittance for the Collateral so delivered, and Lender thereafter shall be discharged from any liability or responsibility therefor. So long as Lender exercises reasonable care with respect to any Collateral in its possession, custody or control, Lender shall have no liability for any loss of or damage to such Collateral, and in no event shall Lender have liability for any diminution in value of Collateral occasioned by economic or market conditions or events. Lender shall be deemed to have exercised reasonable care within the meaning of the preceding sentence if the Collateral in the possession, custody or control of Lender is accorded treatment substantially equal to that which Lender accords its own property, it being understood that Lender shall not have any responsibility for (a) ascertaining or taking action with respect to calls, conversions, exchanges, maturities, tenders or other matters relating to any Collateral, whether or not Lender has or is deemed to have knowledge of such matters, or (b) taking any necessary steps to preserve rights against any Person with respect to any Collateral.

11. Events of Default. There shall be an event of default hereunder upon the occurrence and during the continuance of an Event of Default (as such term is defined in the Credit Agreement).

12. Rights Upon Event of Default. Upon the occurrence and during the continuance of an Event of Default, Lender shall have, in any jurisdiction where enforcement hereof is sought, in addition to all other rights and remedies that Lender may have under applicable law or in equity or under this Agreement (including, without limitation, all rights set forth in Section 8 hereof) or under any other Loan Document, all rights and remedies of a secured party under the Uniform Commercial Code as enacted in any jurisdiction, and, in addition, the following rights and remedies, all of which may be exercised with or without notice to Grantors and without affecting the obligations of Grantors hereunder or under any other Loan Document, or the enforceability of the Liens and security interests created hereby: (a) to foreclose the Liens and security interests created hereunder or under any other agreement relating to any Collateral by any available judicial procedure or without judicial process; (b) to enter any premises where any Collateral may be located for the purpose of securing, protecting, inventorying, appraising, inspecting, repairing, preserving, storing, preparing, processing, taking possession of or removing the same; (c) to sell, assign, lease or otherwise dispose of any Collateral or any part thereof, either at public or private sale or at any broker's board, in lot or in bulk, for cash, on credit or otherwise, with or without representations or warranties and upon such terms as shall be acceptable to Lender; (d) to notify obligors on the Collateral that the Collateral has been assigned to Lender and that all payments thereon are to be made directly and exclusively to Lender; (e) to notify any Issuer of any Pledged Securities, and any and all other obligors on any Collateral, that the same has been pledged to Lender and that all dividends, Restricted Payments, interest and other payments thereon are to be made directly and exclusively to Lender; (f) to collect by legal proceedings or otherwise all dividends, Restricted Payments, interest, principal or other sums now or hereafter payable upon or on account of the Collateral; (g) to cause the Collateral to be registered in the name of Lender, as legal owner; (h) to enter into any extension, reorganization, deposit, merger or consolidation agreement, or any other agreement relating to or affecting the Collateral, and in connection therewith Lender may deposit or surrender control of the Collateral and/or accept other property in exchange for the Collateral; (i) to settle, compromise or release, on terms acceptable to Lender, in whole or in part, any amounts owing on the Collateral and/or any disputes with respect thereto; (j) to extend the time of payment, make allowances and adjustments and issue credits in connection with the Collateral in the name of Lender or in the name of any Grantor; (k) to enforce payment and prosecute any action or proceeding with respect to any or all of the Collateral and take or bring, in the name of Lender or in the name of any Grantor, any and all steps, actions, suits or

proceedings deemed by Lender necessary or desirable to effect collection of or to realize upon the Collateral, including any judicial or nonjudicial foreclosure thereof or thereon, and each Grantor (i) specifically consents to any nonjudicial foreclosure of any or all of the Collateral or any other action taken by Lender which may release any Loan Party from personal liability on any of the Collateral, (ii) waives any right not expressly provided for in this Agreement to receive notice of any public or private judicial or nonjudicial sale or foreclosure of any security or any of the Collateral, and (iii) agrees that any money or other property received by Lender in exchange for or on account of the Collateral, whether representing collections or proceeds of Collateral, and whether resulting from voluntary payments or foreclosure proceedings or other legal action taken by Lender or Grantors may be applied by Lender without notice to Grantors to the Secured Obligations in such order and manner as Lender in its sole discretion shall determine; (l) to insure, process and preserve the Collateral; (m) to exercise all rights (including voting rights), remedies, powers or privileges provided under any of the Loan Documents; (n) to remove, from any premises where the same may be located, the Collateral and any and all documents, instruments, files and records, and any receptacles and cabinets containing the same, relating to the Collateral, and Lender may, at the cost and expense of each Grantor, use such of its supplies, equipment, facilities and space at its places of business as may be necessary or appropriate to properly administer, process, store, control, prepare for sale or disposition and/or sell or dispose of the portion of the Collateral owned by such Grantor or to properly administer and control the handling of collections and realizations thereon, and Lender shall be deemed to have a rent-free tenancy of any premises of any Grantor for such purposes and for such periods of time as required by Lender; (o) to receive, open and dispose of all mail addressed to any Grantor and notify postal authorities to change the address for delivery thereof to such address as Lender may designate; provided that Lender agrees that it will promptly deliver over to the appropriate Grantor such opened mail as does not relate to the Collateral; and (p) to exercise all other rights, powers, privileges and remedies of an owner of the Collateral; all at Lender's sole option and as Lender in its sole discretion may deem advisable. Grantors will, at Lender's request, assemble the Collateral and make it available to Lender at places which Lender may reasonably designate, whether at the premises of Grantors or elsewhere, and will make available to Lender, free of cost, all premises, equipment and facilities of Grantors for the purpose of allowing Lender to take possession of the Collateral, store the Collateral, remove the Collateral or put the Collateral in salable form or to sell or dispose of the Collateral.

Upon the occurrence and during the continuance of an Event of Default, Lender also shall have the right, without notice or demand, either in person, by agent or by a receiver to be appointed by a court (and Grantors hereby expressly consent upon the occurrence and during the continuance of an Event of Default to the appointment of such a receiver), and without regard to the adequacy of any security for the Secured Obligations, to take possession of the Collateral or any part thereof and to collect and receive the rents, issues, profits, income and proceeds thereof. Upon the occurrence and during the continuance of an Event of Default, Lender shall further have the right to use any of the IP Collateral in connection with the exercise of its rights and remedies hereunder, including for the sale of goods, completion of work in process or rendering of services in connection with enforcing any of the security interests granted to Lender by Grantors. Taking possession of the Collateral shall not cure or waive any Event of Default or notice thereof or invalidate any act done pursuant to such notice. The rights, remedies and powers of any receiver appointed by a court shall be as ordered by said court.

Any public or private sale or other disposition of the Collateral may be held at any office of Lender, or at Grantors' places of business, or at any other place permitted by applicable law, and without the necessity of the Collateral's being within the view of prospective purchasers. Lender may direct the order and manner of sale of the Collateral, or portions thereof, as Lender determines in its sole and absolute discretion, and Grantors expressly waive any right to direct the order and manner of sale of any Collateral. Lender or any Person on Lender's behalf may bid and purchase at any such sale or other disposition. The net cash proceeds resulting from the collection, liquidation, sale, lease or other



disposition of the Collateral shall be applied, first, to the expenses (including attorneys' fees and disbursements) of retaking, holding, storing, processing and preparing for sale or lease, selling, leasing, collecting and liquidating the Collateral, and then to the satisfaction of the Secured Obligations in such order as shall be determined by Lender in its sole and absolute discretion. Grantors and any other Person then obligated therefor shall pay to Lender on demand any deficiency with regard thereto which may remain after such sale, disposition, collection or liquidation of the Collateral.

Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Lender will send or otherwise make available to Borrower, as agent for the Grantors, reasonable notice of the time and place of any public sale thereof or of the time on or after which any private sale thereof is to be made. The requirement of sending reasonable notice conclusively shall be met if such notice is given to Borrower in accordance with the Credit Agreement at least ten (10) days before the date of the sale. Each Grantor hereby irrevocably appoints Borrower as its agent for the purpose of receiving notice of sale hereunder, and agrees that such Grantor conclusively shall be deemed to have received notice of sale when notice of sale has been given to Borrower. Each Grantor expressly waives any right to receive notice of any public or private sale of any Collateral or other security for the Secured Obligations except as expressly provided for in this paragraph.

With respect to any Collateral, including the Pledged Collateral, consisting of securities, partnership interests, joint venture interests, investments or the like, and whether or not any of such Collateral has been effectively registered under the Securities Act of 1933, as amended, or other applicable laws, Lender may, in its sole and absolute discretion, sell all or any part of such Collateral at private sale in such manner and under such circumstances as Lender may deem necessary or advisable in order that the sale may be lawfully conducted. Without limiting the foregoing, Lender may (i) approach and negotiate with a limited number of potential purchasers, and (ii) restrict the prospective bidders or purchasers to persons who will represent and agree that they are purchasing such Collateral for their own account for investment and not with a view to the distribution or resale thereof. In the event that any such Collateral is sold at private sale, Grantors agree that if such Collateral is sold for a price which Lender in good faith believes to be reasonable under the circumstances then existing, then (a) the sale shall be deemed to be commercially reasonable in all respects, (b) Grantors shall not be entitled to a credit against the Secured Obligations in an amount in excess of the purchase price, and (c) Lender shall not incur any liability or responsibility to Grantors in connection therewith, notwithstanding the possibility that a substantially higher price might have been realized at a public sale. Grantors recognize that a ready market may not exist for such Collateral if it is not regularly traded on a recognized securities exchange, and that a sale by Lender of any such Collateral for an amount substantially less than a pro rata share of the fair market value of the issuer's assets minus liabilities may be commercially reasonable in view of the difficulties that may be encountered in attempting to sell a large amount of such Collateral or Collateral that is privately traded.

Upon the occurrence and during the continuance of an Event of Default, Lender may use any of the IP Collateral in connection with the exercise of its rights and remedies hereunder, including for the sale of goods, completion of work in process, or rendering of services in connection with enforcing any security interest granted to Lender by Grantors. In connection therewith, Lender may grant such license or licenses relating to the IP Collateral for such term or terms, on such conditions and in such manner, as Lender shall, in its sole discretion, deem appropriate. Such license or licenses may be general, special, or otherwise, and may be granted on an exclusive or nonexclusive basis throughout all or part of the United States of America, its territories and possessions, and all foreign countries. In connection with any such license or any sale or other disposition of the IP Collateral (or any part thereof), the applicable Grantors shall supply to Lender, or Lender's designee, such Grantors' knowledge and expertise relating to the manufacture and sale of the products and services bearing the IP Collateral and Grantors' customer lists and other records relating to the IP Collateral and the distribution thereof.



Upon consummation of any sale of Collateral hereunder, Lender shall have the right to assign, transfer and deliver to the purchaser or purchasers thereof the Collateral so sold. Each such purchaser at any such sale shall hold the Collateral so sold absolutely free from any claim or right upon the part of any Grantor or any other Person, and each Grantor hereby waives (to the extent permitted by applicable laws) all rights of redemption, stay and appraisal which it now has or may at any time in the future have under any rule of law or statute now existing or hereafter enacted. If the sale of all or any part of the Collateral is made on credit or for future delivery, Lender shall not be required to apply any portion of the sale price to the Secured Obligations until such amount actually is received by Lender, and any Collateral so sold may be retained by Lender until the sale price is paid in full by the purchaser or purchasers thereof. Lender shall not incur any liability in case any such purchaser or purchasers shall fail to pay for the Collateral so sold, and, in case of any such failure, the Collateral may be sold again.

13. Voting Rights; Dividends; etc. With respect to any Collateral consisting of securities, partnership interests, joint venture interests, investments or the like, including any Pledged Collateral (referred to collectively and individually in this Section 13 and in Section 14 as the "Investment Collateral"), so long as no Default or Event of Default occurs and remains continuing:

13.1 Voting Rights. Grantors shall be entitled to exercise any and all voting and other consensual rights pertaining to the Investment Collateral, or any part thereof, for any purpose not inconsistent with the terms of this Agreement, the Credit Agreement, or the other Loan Documents; provided, however, that Grantors shall not exercise, or shall refrain from exercising, any such right if it would result in a Default or an Event of Default.

13.2 Interest Dividend and Distribution Rights. Except as otherwise provided in any Loan Document, Grantors shall be entitled to receive and to retain and use any and all interest and Restricted Payments paid in respect of the Investment Collateral; provided, however, that, any and all such interest and Restricted Payments received in the form of capital stock or other Equity Interests, certificated securities, warrants, options or rights to acquire any Equity Interests forthwith shall be, and the certificates representing such Equity Interests, if any, forthwith shall be, delivered to Lender to hold as pledged Collateral and shall, if received by any Grantor, be received in trust for the benefit of Lender, be segregated from the other property of such Grantor, and forthwith be delivered to Lender as pledged Collateral in the same form as so received (with any necessary endorsements in suitable form for transfer by delivery or accompanied by executed and undated instruments of transfer or assignment in blank, all in form and substance satisfactory to Lender).

14. Rights During Event of Default. With respect to any Investment Collateral, so long as a Default or Event of Default has occurred and is continuing:

14.1 Voting, Dividend, and Distribution Rights. At the option of Lender, all rights of Grantors to exercise the voting and other consensual rights which they would otherwise be entitled to exercise pursuant to Section 13.1 above, and to receive the interest and Restricted Payments which they would otherwise be authorized to receive and retain pursuant to Section 13.2 above, shall cease, and all such rights thereupon shall become vested in Lender which thereupon shall have the sole right to exercise such voting and other consensual rights and to receive and to hold as pledged Collateral such interest and Restricted Payments.

14.2 Dividends and Distributions Held in Trust. All Restricted Payments which are received by Grantors contrary to the provisions of this Agreement shall be received in trust for the benefit of Lender, shall be segregated from other funds of Grantors, and forthwith shall be paid over to Lender as pledged Collateral in the same form as so received (with any necessary endorsements).

14.3 Irrevocable Proxy. Each Grantor does hereby revoke all previous proxies with regard to the Investment Collateral and appoints Lender as its proxyholder to attend and vote at any and all meetings of the shareholders or other equity holders of the Persons that issued the Investment Collateral and any adjournments thereof, held on or after the date of the giving of this proxy and prior to the termination of this proxy, and to execute any and all written consents of shareholders or other equity holders of such Persons executed on or after the date of the giving of this proxy and prior to the termination of this proxy, with the same effect as if such Grantor had personally attended the meetings or had personally voted its shares or other interests or had personally signed the written consents; provided, however, that the proxyholder shall have rights hereunder only upon the occurrence and during the continuance of a Default or Event of Default. Each Grantor hereby authorizes Lender to substitute another Person as the proxyholder and, upon the occurrence and during the continuance of any Default or Event of Default, hereby authorizes the proxyholder to file this proxy and any substitution instrument with the secretary or other appropriate official of the appropriate Person. This proxy is coupled with an interest and is irrevocable until such time as no commitment to extend credit to Borrower remains outstanding from Lender and until such time as all Secured Obligations have been paid and performed in full.

15. Attorney-in-Fact. Each Grantor hereby irrevocably nominates and appoints Lender as its attorney-in-fact for the following purposes (a) to do all acts and things which Lender may deem necessary or advisable to perfect and continue perfected the security interests created by this Agreement and to preserve, protect and maintain the Collateral, and, upon the occurrence and during the continuance of an Event of Default, to process and develop the Collateral; (b) upon the occurrence and during the continuance of an Event of Default, to do any and every act which any Grantor is obligated to do under this Agreement, at the expense of Grantors and without any obligation to do so; (c) to prepare, sign, file and/or record, for any Grantor, in the name of the appropriate Grantor, any financing statement, application for registration, or like paper, and to take any other action deemed by Lender necessary or desirable in order to perfect or maintain perfected the security interests granted hereby; (d) to execute any and all papers and instruments and do all other things necessary or desirable to preserve and protect the Collateral and to protect Lender's security interests therein; and (e) upon the occurrence and during the continuance of an Event of Default, to endorse and transfer the Pledged Collateral to any transferee or designee; provided, however, that Lender shall be under no obligation whatsoever to take any of the foregoing actions, and if Lender so acts, it shall have no liability or responsibility for any such action taken with respect thereto. The foregoing power of attorney is coupled with an interest and is irrevocable.

16. Costs and Expenses. Each Grantor agrees to pay to Lender all costs and expenses (including, without limitation, attorneys' fees and disbursements) incurred by Lender in the enforcement or attempted enforcement of this Agreement (including in connection with any workout, restructuring, bankruptcy, insolvency or other similar proceeding), whether or not an action is filed in connection therewith, and in connection with any waiver, supplementation, extension, renewal or amendment of any term or provision hereof. All advances, charges, costs and expenses, including attorneys' fees and disbursements, incurred or paid by Lender in exercising any right, privilege, power or remedy conferred by this Agreement (including, without limitation, the right to perform any Secured Obligation of any Grantor under the Loan Documents), or in the enforcement or attempted enforcement thereof (including in connection with any workout, restructuring, bankruptcy, insolvency or other similar proceeding), shall be secured hereby and shall become a part of the Secured Obligations and shall be paid to Lender by each Grantor, immediately upon demand, together with interest thereon at the rate(s) provided for under the Credit Agreement.

17. Statute of Limitations and Other Laws. Until the Secured Obligations shall have been paid and performed in full and no commitment to extend credit to Borrower remains outstanding from Lender, the power of sale and all other rights, privileges, powers and remedies granted to Lender

hereunder shall continue to exist and may be exercised by Lender at any time and from time to time in accordance with the terms of the Loan Documents irrespective of the fact that any of the Secured Obligations may have become barred by any statute of limitations. Each Grantor expressly waives the benefit of any and all statutes of limitation, and any and all laws providing for exemption of property from execution or for valuation and appraisal upon foreclosure, to the maximum extent permitted by applicable law.

18. Other Agreements. Nothing herein shall in any way modify or limit the effect of terms or conditions set forth in any other security or other agreement executed by any Grantor or in connection with the Secured Obligations, but each and every term and condition hereof shall be in addition thereto.

19. Waivers and Consents. Each Grantor acknowledges that the Liens created or granted herein will or may secure obligations of Persons other than such Grantor and, in full recognition of that fact, each Grantor consents and agrees that Lender may, at any time and from time to time, without notice or demand, and without affecting the enforceability or security hereof: (a) supplement, modify, amend, extend, renew, accelerate or otherwise change the time for payment or the terms of the Secured Obligations or any part thereof, including any increase or decrease of the rate(s) of interest thereon; (b) supplement, modify, amend or waive, or enter into or give any agreement, approval or consent with respect to, the Secured Obligations or any part thereof, or any of the Loan Documents or any additional security or guaranties, or any condition, covenant, default, remedy, right, representation or term thereof or thereunder; (c) accept new or additional instruments, documents or agreements in exchange for or relative to any of the Loan Documents or the Secured Obligations or any part thereof; (d) accept partial payments on the Secured Obligations; (e) receive and hold additional security or guaranties for the Secured Obligations or any part thereof; (f) release, reconvey, terminate, waive, abandon, fail to perfect, subordinate, exchange, substitute, transfer and/or enforce any security or guaranties, and apply any security and direct the order or manner of sale thereof as Lender in its sole and absolute discretion may determine; (g) release any Person from any personal liability with respect to the Secured Obligations or any part thereof; (h) settle, release on terms satisfactory to Lender or by operation of applicable laws or otherwise liquidate or enforce any Secured Obligations and any security or guaranty in any manner, consent to the transfer of any security and bid and purchase at any sale; and/or (i) consent to the merger, change or any other restructuring or termination of the corporate or other existence of any Grantor or any other Person, and correspondingly restructure the Secured Obligations, and any such merger, change, restructuring or termination shall not affect the liability of any Grantor or the continuing existence of any Lien hereunder, under any other Loan Document to which any Grantor is a party or the enforceability hereof or thereof with respect to all or any part of the Secured Obligations.

Upon the occurrence and during the continuance of any Event of Default, Lender may enforce this Agreement independently as to each Grantor and independently of any other remedy or security Lender at any time may have or hold in connection with the Secured Obligations, and it shall not be necessary for Lender to marshal assets in favor of Borrower, any other Grantor or any other Person or to proceed upon or against and/or exhaust any other security or remedy before proceeding to enforce this Agreement. Each Grantor expressly waives any right to require Lender to marshal assets in favor of Borrower, any other Grantor or any other Person or to proceed against any other Loan Party or any Collateral provided by any other Loan Party, and agrees that Lender may proceed against the Loan Parties and/or the Collateral in such order as it shall determine in its sole and absolute discretion. Lender may file a separate action or actions against any Grantor, whether or not action is brought or prosecuted with respect to any other security or against any other Grantor, Borrower or any other Person, or whether or not any other Person is joined in any such action or actions. Each Grantor agrees that Lender and any other Loan Party and any affiliate of any other Loan Party may deal with each other in connection with the Secured Obligations or otherwise, or alter any contracts or agreements now or hereafter existing

between any of them, in any manner whatsoever, all without in any way altering or affecting the validity of, or the lien or security interest granted or created by, this Agreement. Lender's rights hereunder shall be reinstated and revived, and the enforceability of this Agreement shall continue, with respect to any amount at any time paid on account of the Secured Obligations which thereafter shall be required to be restored or returned by Lender upon the bankruptcy, insolvency or reorganization of any Loan Party or otherwise (and whether by litigation, settlement, demand or otherwise), all as though such amount had not been paid. Each Grantor agrees that the Liens created or granted herein and the enforceability of this Agreement at all times shall remain effective to secure the full amount of all the Secured Obligations even though the Secured Obligations, including any part thereof or any other security or guaranty therefor, may be or hereafter may become invalid or otherwise unenforceable as against any other Loan Party and whether or not any other Loan Party shall have any personal liability with respect thereto. Each Grantor expressly waives any and all defenses now or hereafter arising or asserted by reason of (a) any disability or other defense of any other Loan Party with respect to the Secured Obligations, (b) the unenforceability or invalidity of any security or guaranty for the Secured Obligations or the lack of perfection or continuing perfection or failure or subordination of priority of any security for the Secured Obligations, (c) the cessation for any cause whatsoever of the liability of any other Loan Party (other than by reason of the full payment and performance of all Secured Obligations), (d) any failure of Lender to marshal assets in favor of Borrower, any other Grantor or any other Person, (e) except as otherwise provided in this Agreement, any failure of Lender to give notice of sale or other disposition of Collateral to any Grantor or any other Person or any defect in any notice that may be given in connection with any sale or disposition of Collateral, (f) any failure of Lender to comply with applicable laws in connection with the sale or other disposition of any Collateral or other security for any Secured Obligation, including, without limitation, any failure of Lender to conduct a commercially reasonable sale or other disposition of any Collateral or other security for any Secured Obligation, (g) any act or omission of Lender or others that directly or indirectly results in or aids the discharge or release of Borrower or any other Grantor or the Secured Obligations or any other security or guaranty therefor by operation of law or otherwise, (h) any law which provides that the obligation of a surety or guarantor must neither be larger in amount nor in other respects more burdensome than that of the principal or which reduces a surety's or guarantor's obligation in proportion to the principal obligation, (i) any failure of Lender to file or enforce a claim in any bankruptcy or other proceeding with respect to any Person, (j) the election by Lender, in any bankruptcy proceeding of any Person, of the application or non-application of Section 1111(b)(2) of the United States Bankruptcy Code, (k) any extension of credit or the grant of any Lien under Section 364 of the United States Bankruptcy Code, (l) any use of cash collateral under Section 363 of the United States Bankruptcy Code, (m) any agreement or stipulation with respect to the provision of adequate protection in any bankruptcy proceeding of any Person, (n) the avoidance of any Lien in favor of Lender for any reason, (o) any bankruptcy, insolvency, reorganization, arrangement, readjustment of debt, liquidation or dissolution proceeding commenced by or against any Person, including any discharge of, or bar or stay against collecting, all or any of the Secured Obligations (or any interest thereon) in or as a result of any such proceeding, (p) to the extent permitted, the benefits of any form of one-action rule under any applicable law, or (q) any action taken by Lender that is authorized by this Section 19 or any other provision of any Loan Document. Until no part of any commitment to extend credit to Borrower remains outstanding and all of the Secured Obligations have been paid and performed in full, no Grantor shall have any right of subrogation, contribution, reimbursement or indemnity, and each Grantor expressly waives any right to enforce any remedy that Lender now has or hereafter may have against any other Person and waives the benefit of, or any right to participate in, any Collateral now or hereafter held by Lender, and, without in limiting the foregoing, waives any and all rights of subrogation, reimbursement, indemnification, and contribution and any other benefits, protections and other defenses which such Grantor may have, now or at any time hereafter, by reason of California Civil Code Sections 2787 to 2855, inclusive, 2899 and 3433 and all successor sections. Each Grantor waives all rights and defenses arising out of an election of remedies by Lender, even though that election of remedies, such as a nonjudicial foreclosure with respect to security for the Secured Obligations has destroyed such Grantor's

rights of subrogation and reimbursement against the principal by the operation of Section 580d of the California Code of Civil Procedure or otherwise. Each Grantor expressly waives all setoffs and counterclaims and all presentments, demands for payment or performance, notices of nonpayment or nonperformance, protests, notices of protest, notices of dishonor and all other notices or demands of any kind or nature whatsoever with respect to the Secured Obligations, and all notices of acceptance of this Agreement or of the existence, creation or incurring of new or additional Secured Obligations.

20. Condition of Borrower and its Subsidiaries and Other Loan Parties. Each Grantor represents and warrants to Lender that such Grantor has established adequate means of obtaining from Borrower and its Subsidiaries and the other Loan Parties, on a continuing basis, financial and other information pertaining to the businesses, operations and condition (financial and otherwise) of Borrower and its Subsidiaries, the other Loan Parties, and their properties, and such Grantor now is and hereafter will be completely familiar with the businesses, operations and condition (financial and otherwise) of Borrower and its Subsidiaries, the other Loan Parties, and their properties. Each Grantor hereby expressly waives and relinquishes any duty on the part of Lender (should any such duty exist) to disclose to such Grantor any matter, fact or thing related to the businesses, operations or condition (financial or otherwise) of Borrower or its Subsidiaries, any other Loan Party, or their properties, whether now known or hereafter known by Lender during the life of this Agreement. With respect to any of the Secured Obligations, Lender need not inquire into the powers of Borrower or any of its Subsidiaries, any other Loan Party, or the officers or employees acting or purporting to act on their behalf, and all Secured Obligations made or created in good faith reliance upon the professed exercise of such powers shall be secured hereby.

21. Liens on Real Property. In the event the Secured Obligations are at any time secured by real property, each Grantor hereby waives all rights and defenses that such Grantor may have because any Secured Obligation is secured by real property. This means, among other things: (i) the Lender may collect from such Grantor without first foreclosing on any real or personal property collateral pledged by the other Loan Parties; and (ii) if the Lender forecloses on any real property collateral pledged by the other Loan Parties: (A) the amount of the Secured Obligations may be reduced only by the price for which that collateral is sold at the foreclosure sale, even if the collateral is worth more than the sale price, and (B) the Lender may collect from such Grantor even if the Lender, by foreclosing on the real property collateral, has destroyed any right such Grantor may have to collect from the Borrower or any other Grantor. This is an unconditional and irrevocable waiver of any rights and defenses each Grantor may have because any of the Secured Obligations is secured by real property. These rights and defenses include, but are not limited to, any rights or defenses based upon § 580a, 580b, 580d, or 726 of the California Code of Civil Procedure.

22. Waiver of Rights of Subrogation. Notwithstanding anything to the contrary elsewhere contained herein or in any other Loan Document to which any Grantor is a party, until such time as the Secured Obligations shall have been paid and performed in full and the commitments of Lender to extend credit to Borrower have been terminated, each Grantor hereby waives with respect to the other Loan Parties and their successors and assigns (including any surety) and any other Person, any and all rights at law or in equity to subrogation, to reimbursement, to exoneration, to indemnity, to contribution, to setoff or to any other rights that could accrue to a surety against a principal, to a guarantor against a maker or obligor, to an accommodation party against the party accommodated, or to a holder or transferee against a maker and which such Grantor may have or hereafter acquire against any other Loan Party or any other Person in connection with or as a result of such Grantor's execution, delivery and/or performance of this Agreement or any other Loan Document to which such Grantor is a party, or which such Grantor may have, now or at any time hereafter, by reason of California Civil Code Sections 2787 to 2855 inclusive, and all successor sections. Each Grantor agrees that it shall not have or assert any such rights against any other Loan Party or their successors and assigns or any other Person (including any surety) which is directly or indirectly a creditor of any other Loan Party or any surety for any other Loan

Party, either directly or as an attempted setoff to any action commenced against such Grantor by any other Loan Party (as borrower or in any other capacity) or any other Person. Each Grantor hereby acknowledges and agrees that this waiver is intended to benefit the other Loan Parties and Lender and shall not limit or otherwise affect such Grantor's liability hereunder, under any other Loan Document to which such Grantor is a party, or the enforceability hereof or thereof.

23. Waiver of Discharge. Without limiting the generality of the foregoing, each Grantor hereby waives discharge by waiving all defenses based on suretyship or impairment of collateral.

24. Understandings with Respect to Waivers and Consents. Each Grantor warrants and agrees that each waiver and consent set forth herein is made after consultation with legal counsel and with full knowledge of its significance and consequences, with the understanding that events giving rise to any defense or right waived may diminish, destroy or otherwise adversely affect rights which such Grantor otherwise may have against Borrower, Lender or others, or against Collateral, and that, under the circumstances, the waivers and consents herein given are reasonable and not contrary to public policy or law. If any of the waivers or consents herein are determined to be contrary to any applicable law or public policy, such waivers and consents shall be effective to the maximum extent permitted by law.

25. Continuing Effect. This Agreement shall remain in full force and effect and continue to be effective should any petition be filed by or against any Grantor for liquidation or reorganization, should any Grantor become insolvent or make an assignment for the benefit of creditors or should a receiver or trustee be appointed for all or any significant part of any Grantor's assets, and shall continue to be effective or be reinstated, as the case may be, if at any time payment and performance of the Secured Obligations, or any part thereof, is, pursuant to applicable law, rescinded or reduced in amount, or must otherwise be restored or returned by Lender, whether as a "voidable preference," "fraudulent conveyance," or otherwise (and whether by litigation, settlement, demand or otherwise), all as though such payment or performance had not been made. In the event that any payment or any part thereof is rescinded, reduced, restored or returned, the Secured Obligations shall be reinstated and deemed reduced only by such amount paid and not so rescinded, reduced, restored or returned.

26. Covenant Not to Issue Certificated Securities. Each Grantor represents and warrants to Secured Party that all of its Equity Interests in the Issuers are uncertificated, and covenants to Secured Party that, without the consent of Secured Party, it will not cause the Issuers to issue any Equity Interests in the form of "Certificated Securities" (as contemplated by Article 8 of the CCC) or seek to convert all or any part of its existing Equity Interests in the Issuers into "Certificated Securities" (as contemplated by Article 8 of the CCC). The foregoing representations, warranties and covenants shall survive the execution and delivery of this Agreement for so long as this Agreement continues.

27. Covenant Not to Dilute Interests of Lender in Pledged Securities. Each Grantor represents, warrants and covenants to Lender that it will not at any time cause or permit any Issuer to issue any additional Equity Interests, or any warrants, options or other rights to acquire any additional Equity Interests, if the effect thereof would be to dilute in any way the interests of Lender in any Pledged Securities or in any Issuer.

28. Additional Grantors. From time to time following the Closing Date, additional Subsidiaries of Borrower may become parties hereto, as additional Grantors, by executing and delivering to Lender an Instrument of Joinder substantially in the form of Exhibit A hereto, accompanied by such documentation as Lender may require in connection therewith, wherein such additional Grantors agree to become a party hereto and to be bound hereby. Upon delivery of such Instrument of Joinder to and acceptance thereof by Lender, notice of which acceptance is hereby waived by Grantors, each such additional Grantor shall be as fully a party hereto as if such Grantor were an original signatory

hereof. Each Grantor expressly agrees that its obligations and the Liens upon its property granted herein shall not be affected or diminished by the addition or release of additional Grantors hereunder, nor by any election of Lender not to cause any Subsidiary of Borrower to become an additional Grantor hereunder. This Agreement shall be fully effective as to any Grantor who is or becomes a party hereto regardless of whether any other Person becomes or fails to become or ceases to be a Grantor hereunder.

29. Release of Grantors. This Agreement and all obligations of Grantors hereunder shall be released when all Secured Obligations have been indefeasibly paid and performed in full and when no portion of any commitment of Lender to extend credit to Borrower remains outstanding. Upon such satisfaction, Lender shall return any pledged Collateral to Grantors, or to the Person or Persons legally entitled thereto, and shall endorse, execute, deliver, record and file all instruments and documents, and do all other acts and things, reasonably required for the return of the Collateral to Grantors, or to the Person or Persons legally entitled thereto, and to evidence or document the release of Lender's interests arising under this Agreement, all as reasonably requested by, and at the sole expense of, Grantors.

30. Counterparts; Electronic Transmission. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which, taken together, shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Agreement by facsimile or other electronic transmission shall be effective as delivery of a manually executed counterpart of this Agreement.

31. Additional Powers and Authorization: Lender. Notwithstanding anything contained herein to the contrary, Lender may employ agents, trustees, or attorneys-in-fact and may vest any of them with any property (including, without limitation, any Collateral pledged hereunder), title, right or power deemed necessary for the purposes of such appointment. By accepting the benefits of this Agreement, each Affiliate and each Subsidiary of JPMorgan Chase Bank, N.A., acknowledges and agrees that any right, remedy, privilege or power of the Lender under this Agreement shall be exercised solely by JPMorgan Chase Bank, N.A., and any notices, documents or items to be delivered to the Lender under this Agreement shall be delivered to JPMorgan Chase Bank, N.A., for the benefit of the Lender.

32. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS (AND NOT THE LAW OF CONFLICTS) OF THE STATE OF CALIFORNIA, BUT GIVING EFFECT TO FEDERAL LAWS APPLICABLE TO NATIONAL BANKS.

33. Incorporation by Reference. All provisions contained in the Credit Agreement that apply to Loan Documents generally (including, without limitation, Sections 8.09, 8.10, and 8.11 of the Credit Agreement) are fully applicable to this Agreement and are incorporated herein by this reference as though set forth herein in full.

34. Notices Generally. All notices and other communications provided for herein shall be personally delivered or sent by first class mail, postage prepaid, or by overnight courier, or sent by facsimile: (a) with respect to Grantors and the Issuers, to Borrower at the address or fax number designated for Borrower in the Credit Agreement or to such other address as may be designated by such Person in a written notice sent to all other parties in accordance with this Section and (b) with respect to Lender, to Lender at the address or fax number designated in the Credit Agreement or to such other address as may be designated by Lender in a written notice sent to all other parties in accordance with this Section. Each Grantor hereby irrevocably appoints Borrower as its agent for the purpose of receiving notices hereunder, and agrees that such Grantor conclusively shall be deemed to have received notice of sale when notice has been given to Borrower.

35. Consent to Issuers' Agreement. Each Grantor hereby consents to the covenants and agreements of the Issuers set forth in Section 36.

36. Acknowledgement and Agreement of the Issuers.

36.1 Each Issuer acknowledges and consents to Grantors agreements set forth in the foregoing provisions of this Agreement.

36.2 Each Issuer agrees (i) that it will comply with any and all orders originated by Lender with respect to the Pledged Securities, including, without limitation, orders from Lender to make Lender or any purchaser or transferee, the registered holder or registered owner of the Pledged Securities, in each case without further consent by Grantor or any other Person and (ii) waives any right or requirement at any time hereafter to receive a copy of this Agreement in connection with the registration of any Pledged Collateral in the name of the Lender or its nominees or the exercise of voting rights by the Lender or its nominees.

**[THIS SPACE INTENTIONALLY LEFT BLANK -  
SIGNATURE PAGE TO FOLLOW]**



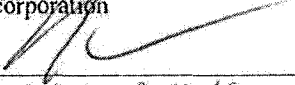
IN WITNESS WHEREOF, each Grantor has executed this Agreement by its duly authorized officer as of the date first written above.

"Grantors"


HEFFERNAN INSURANCE BROKERS,  
a California Corporation

By:   
Name: Davide Sebastiani  
Title: CFO

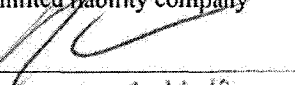
HEFFERNAN INVESTMENT ADVISORS, INC.,  
a California corporation

By:   
Name: F. Michael Heffernan  
Title: CFO


SOCIUS INSURANCE SERVICES, INC.,  
a California corporation

By:   
Name: Davide Sebastiani  
Title: CFO

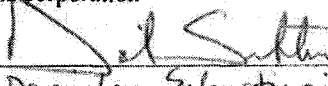
HEFFERNAN SECURITIES LLC,  
a California limited liability company

By:   
Name: F. Michael Heffernan  
Title: CFO

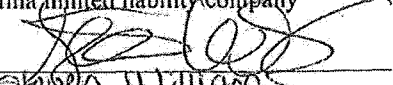
TANGRAM INSURANCE SERVICES, INC.,  
a California corporation

By:   
Name: Davide Sebastiani  
Title: CFO

TREK INSURANCE SOLUTIONS, INC.,  
a California corporation

By:   
Name: Davide Sebastiani  
Title: CFO

ATLIN CAPITAL ADVISERS, LLC,  
a California limited liability company

By:   
Name: Steven Williams  
Title: manager

ACCEPTED AND AGREED  
AS OF THE DATE FIRST  
ABOVE WRITTEN:

"Lender"

JPMORGAN CHASE BANK, N.A.

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

ATLIN CAPITAL ADVISERS, LLC,  
a California limited liability company

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

ACCEPTED AND AGREED  
AS OF THE DATE FIRST  
ABOVE WRITTEN:

"Lender"

JPMORGAN CHASE BANK, N.A.

By: Amin Alkhad  
Name: AMIN ALAKHAD  
Title: VP

SCHEDULE 1  
TO  
SECURITY AGREEMENT

Existing and Pending Trademarks

OWNER	COUNTRY	TRADEMARK	APPLICATION/ REGISTRATION NO.	FILING / REGISTRATION DATE
Heffernan Insurance Brokers	USA	Heffernan Group	76190938	01/08/01
Tangram Program Managers and Insurance Services, Inc.	USA	Tangram Program Managers	76547383	09/12/03
Socius Insurance Services, Inc.	USA	Socius	77196008	06/01/07
Trek Insurance Solutions, Inc.	USA	Trek Insurance Solutions	85026768	04/29/10

SCHEDULE 2  
TO  
SECURITY AGREEMENT

Existing and Pending Patents

OWNER	COUNTRY	TRADEMARK	APPLICATION/ REGISTRATION NO.	FILING / REGISTRATION DATE
NONE				

SCHEDULE 3  
TO  
SECURITY AGREEMENT

Existing and Pending Copyrights

OWNER	COUNTRY	TRADEMARK	APPLICATION/ REGISTRATION NO.	FILING / REGISTRATION DATE
NONE				

SCHEDULE 4  
TO  
SECURITY AGREEMENT

Equity Interests

<u>NAME OF ISSUER</u>	<u>NAME OF OWNER</u>	<u>CERTIFICATE NUMBER</u>	<u>NUMBER OF SHARES</u>	<u>PERCENTAGE OF TOTAL EQUITY INTERESTS</u>
Trek Insurance Solutions, Inc.	Heffernan Insurance Broker	-	100	100.0%
Socius Insurance Services Inc.	Heffernan Insurance Broker	-	1,000	100.0%
Tangram Insurance Services Inc.	Heffernan Insurance Broker	-	10,000	100.0%
Heffernan Investment Advisors Inc.	Heffernan Insurance Broker	-	100	100.0%
Heffernan Securities LLC	Heffernan Insurance Broker	-	-	100.0%
Atlin Capital Advisers, LLC	Heffernan Insurance Broker	-	-	72.6%
	Sanford Lowengart III	-	-	22.5%
	Steven S Williams	-	-	4.9%

Pledged Debt

Note Receivable in the amount of \$325,000 dated 9/1/2011 from Tactical Insurance Group  
 Note Receivable in the amount of \$500,000 dated 9/1/2011 from Tactical Insurance Group  
 Note Receivable in the amount of \$2,000,000 dated 11/1/2009 from F. Michael Heffernan III  
 Note Receivable in the amount of \$500,000 dated 2/15/2011 from Patra Corporation  
 Balance due in the amount of \$217,785 from 1315 Alma LLC

SCHEDULE 5  
TO  
SECURITY AGREEMENT

Commercial Tort Claims

NAME OF ISSUER	NAME OF OWNER	CERTIFICATE NUMBER	NUMBER OF SHARES	PERCENTAGE OF TOTAL EQUITY INTERESTS
NONE				



**SCHEDULE 6  
TO  
SECURITY AGREEMENT**

**Licenses and Other Intellectual Properties**

NONE

**SCHEDULE 7  
TO  
SECURITY AGREEMENT**

**Deposit Accounts and Securities Accounts**

<u>Account Name</u>	<u>Account Name</u>	<u>Account Number</u>	<u>Bank Name</u>
Heffernan Insurance Brokers	Deposit Account	704-1-029190	Bancorp
Heffernan Insurance Brokers	Securities Account	4309-8159	Charles Schwab & Co
Heffernan Insurance Brokers	Deposit Account	432640434	City National Bank
Heffernan Insurance Brokers	Deposit Account	1852448192	Comerica Bank
Heffernan Insurance Brokers	Deposit Account	153661747094	US Bank
Heffernan Insurance Brokers	Deposit Account	2000042670043	Wells Fargo Bank, N.A.
Heffernan Insurance Brokers	Deposit Account	2000042669999	Wells Fargo Bank, N.A.
Heffernan Insurance Brokers	Deposit Account	937716959	JP Morgan Chase Bank N.A.
Heffernan Insurance Brokers	Deposit Account	937716975	JP Morgan Chase Bank N.A.
Heffernan Insurance Brokers	Deposit Account	937717007	JP Morgan Chase Bank N.A.
Heffernan Insurance Brokers	Deposit Account	937717023	JP Morgan Chase Bank N.A.
Heffernan Investment Advisors	Securities Account	7303-0401	Charles Schwab & Co
Heffernan Investment Advisors	Deposit Account	937728566	JP Morgan Chase Bank N.A.
Heffernan Securities LLC	Securities Account	1393-2485	Wells Fargo Advisors
Heffernan Securities LLC	Deposit Account	937717452	JP Morgan Chase Bank N.A.
Tangram Insurance Services, Inc.	Deposit Account	1014521	California Bank of Commerce
Tangram Insurance Services, Inc.	Deposit Account	937726750	JP Morgan Chase Bank N.A.
Tangram Insurance Services, Inc.	Deposit Account	937726776	JP Morgan Chase Bank N.A.
Socius Insurance Services, Inc.	Securities Account	8070-6369	Charles Schwab & Co
Socius Insurance Services, Inc.	Deposit Account	937717569	JP Morgan Chase Bank N.A.
Socius Insurance Services, Inc.	Deposit Account	937717585	JP Morgan Chase Bank N.A.
Socius Insurance Services, Inc.	Deposit Account	937717593	JP Morgan Chase Bank N.A.
TREK	Deposit Account	937728426	JP Morgan Chase Bank N.A.
TREK	Deposit Account	937728434	JP Morgan Chase Bank N.A.
Atlin	Deposit Account	937736007	JP Morgan Chase Bank N.A.

EXHIBIT A  
TO  
SECURITY AGREEMENT

INSTRUMENT OF JOINDER

THIS INSTRUMENT OF JOINDER ("Joinder") is executed as of \_\_\_\_\_, \_\_\_\_\_, by \_\_\_\_\_, a \_\_\_\_\_ ("Joining Party"), and delivered to JPMorgan Chase Bank, N.A., as Lender, pursuant to the Pledge and Security Agreement dated as of December 22, 2011 made by HEFFERNAN INSURANCE BROKERS, a California Corporation (the "Borrower"), HEFFERNAN INVESTMENT ADVISORS, INC., a California corporation, SOCIUS INSURANCE SERVICES, INC., a California corporation, HEFFERNAN SECURITIES LLC, a California limited liability company, TANGRAM INSURANCE SERVICES, INC., a California corporation, TREK INSURANCE SOLUTIONS, INC., a California corporation, ATLIN CAPITAL ADVISERS, LLC, a California limited liability company, and all other Grantors party thereto from time to time, in favor of Lender described therein (as amended, extended, renewed, supplemented or otherwise modified from time to time, the "Security Agreement"). Terms used but not defined in this Joinder shall have the meanings given to those terms in the Security Agreement.

RECITALS

(a) The Security Agreement was made by Grantors in favor of Lender described therein in connection with that certain Credit Agreement dated as of December 22, 2011 (as amended, extended, renewed, supplemented or otherwise modified from time to time, the "Credit Agreement"), by and among Borrower, the other Grantors and JPMorgan Chase Bank, N.A.

(b) Joining Party has become a Subsidiary of a Loan Party, and as such is required pursuant to Section 5.12 of the Credit Agreement to become a Grantor under the terms and conditions of the Security Agreement.

(c) Joining Party expects to realize direct and indirect benefits as a result of the availability to Borrower of the credit facilities under the Credit Agreement.

NOW THEREFORE, Joining Party agrees as follows:

AGREEMENT

(1) By this Joinder, Joining Party becomes a "Grantor" under and pursuant to Section 28 of the Security Agreement. Joining Party agrees that, upon its execution hereof, it will become a Grantor under the Security Agreement with respect to all of its Collateral (as defined in the Security Agreement), including, without limitation, the Collateral described in the Schedules attached hereto and by this reference made a part hereof, and with respect to all Secured Obligations (as defined in the Security Agreement), and will be bound by all terms, conditions, and duties applicable to a Grantor under the Security Agreement.

(2) Concurrently with the execution hereof, Joining Party shall cause to be pledged and delivered to Lender the Pledged Debt and Certificates evidencing the Equity Interests of the Subsidiaries listed on Schedule 1 hereto, or as otherwise required under the Security Agreement. All Certificates and Pledged Debt delivered to Lender shall be in suitable form for transfer by delivery, or shall be accompanied by duly executed instruments of transfer or assignment in blank, all in form and

substance satisfactory to Lender. All Certificates delivered pursuant to this Joinder shall be considered "Pledged Securities" as defined in the Security Agreement.

(3) The effective date of this Joinder is \_\_\_\_\_, \_\_\_\_\_.

"Joining Party"

\_\_\_\_\_

a \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

ACKNOWLEDGED:

JPMORGAN CHASE BANK, N.A.,  
as Lender

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

SCHEDULE 1 TO  
INSTRUMENT OF JOINDER

Pledged Securities

NAME OF ISSUER	NAME OF OWNER	CERTIFICATE NUMBER	NUMBER OF SHARES	PERCENTAGE OF TOTAL EQUITY INTERESTS

Pledged Debt

SCHEDULE 2 TO  
INSTRUMENT OF JOINDER

Existing and Pending Trademarks

OWNER	COUNTRY	TRADEMARK	APPLICATION/ REGISTRATION NO.	FILING / REGISTRATION DATE

SCHEDULE 3 TO  
INSTRUMENT OF JOINDER

Existing and Pending Patents

OWNER	COUNTRY	TITLE OR BRIEF DESCRIPTION	APPLICATION OR PATENT NUMBER	DATE FILED OR ISSUED

SCHEDULE 4 TO  
INSTRUMENT OF JOINDER

Existing and Pending Copyrights

OWNER	TITLE	REGISTRATION NUMBER	DATE REGISTERED

Exhibit A  
Schedule 4



SCHEDULE 5 TO  
INSTRUMENT OF JOINDER

Commercial Tort Claims

SCHEDULE 6 TO  
INSTRUMENT OF JOINDER

Licenses and Other Intellectual Property

SCHEDULE 7 TO  
INSTRUMENT OF JOINDER

Deposit Accounts and Securities Accounts

W02-WEST:1CFL1404149271.2

Exhibit A  
Schedule 7

**RECORDED: 12/27/2011**

**TRADEMARK**  
**REEL: 004687 FRAME: 0643**