

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
WellBiz Brands, Inc.		10/23/2013	CORPORATION: DELAWARE
Fitness Together Franchise Corporation		10/23/2013	CORPORATION: ARIZONA
FTHC Operating Company		10/23/2013	CORPORATION: ARIZONA
Elements Therapeutic Massage, Inc.		10/23/2013	CORPORATION: DELAWARE

RECEIVING PARTY DATA

Name:	BNY Alcentra Group Holdings, Inc.
Street Address:	200 Park Avenue
Internal Address:	7th Floor
City:	New York
State/Country:	NEW YORK
Postal Code:	10166
Entity Type:	CORPORATION: DELAWARE

PROPERTY NUMBERS Total: 16

Property Type	Number	Word Mark
Serial Number:	85861500	THE ELEMENTS WAY
Serial Number:	85896305	MASSAGE MADNESS
Registration Number:	3407418	ELEMENTS THERAPEUTIC MASSAGE
Serial Number:	86082391	ELEMENTS MESSAGE
Serial Number:	86082406	
Serial Number:	86082413	LET YOURSELF GO
Registration Number:	3144204	ELEMENTS SPA AND SHOP
Registration Number:	3761266	ELEMENTS THERAPEUTIC MASSAGE
Registration Number:	3760865	
Serial Number:	85896329	MUSCLE MADNESS

TRADEMARK

Registration Number:	4146178	PACK
Registration Number:	3804781	NUTRITION TOGETHER
Registration Number:	3761267	FT FITNESS TOGETHER 1 CLIENT 1 TRAINER 1
Registration Number:	3760855	FT FITNESS TOGETHER
Registration Number:	2478909	1 CLIENT 1 TRAINER 1 GOAL
Registration Number:	2373930	FITNESS TOGETHER

CORRESPONDENCE DATA

Fax Number: 9198216800
Correspondence will be sent to the e-mail address first; if that is unsuccessful, it will be sent via US Mail.
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Email: gcollins@smithlaw.com
Correspondent Name: Grace S. Collins
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Address Line 2: Suite 2300
Address Line 4: Raleigh, NORTH CAROLINA 27601

ATTORNEY DOCKET NUMBER:	12571.14
NAME OF SUBMITTER:	Grace S. Collins
Signature:	/s/ Grace S. Collins
Date:	10/24/2013

Total Attachments: 37

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SECURITY AGREEMENT

dated as of October 23, 2013

by

**WELLBIZ BRANDS, INC.
FITNESS TOGETHER FRANCHISE CORPORATION
FTHC OPERATING COMPANY
ELEMENTS THERAPEUTIC MASSAGE, INC.**

and the Affiliates thereof from time to time party hereto,

as Grantors,

in favor of

BNY ALCENTRA GROUP HOLDINGS, INC.,

as Collateral Agent

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SECURITY AGREEMENT (this “**Agreement**”), dated as of October 23, 2013, by and among WELLBIZ BRANDS, INC., a Delaware corporation (“**WellBiz**”) FITNESS TOGETHER FRANCHISE CORPORATION, an Arizona corporation (“**Fitness Together**”), FTHC OPERATING COMPANY, an Arizona corporation (“**FTHC**”) and ELEMENTS THERAPEUTIC MASSAGE, INC., a Delaware corporation (“**Elements**” and, together with WellBiz, Fitness Together, FTHC and any Person that becomes an Additional Grantor (as defined below) and party to this Agreement, together with the Borrowers, collectively, the “**Grantors**” and each individually a “**Grantor**”), in favor of BNY Alcentra Group Holdings, Inc., a Delaware corporation, as collateral agent (in such capacity and together with its successors and assigns, the “**Collateral Agent**”) for the ratable benefit of itself and the Lenders from time to time party to the Note Purchase Agreement dated as of the date hereof (as amended, restated, supplemented, modified, extended, renewed or replaced from time to time, the “**Purchase Agreement**”) by and among the Borrowers, the Collateral Agent, BNY Alcentra Group Holdings, Inc. (“**Alcentra**”), the other Lenders from time to time party thereto (together with Alcentra, each a “**Lender**” and, collectively, the “**Lenders**”), and the Collateral Agent.

STATEMENT OF PURPOSE

Pursuant to the terms of the Purchase Agreement, the Lenders have agreed to purchase the Notes from the Borrowers upon the terms and subject to the conditions set forth therein.

It is a condition precedent to the obligation of the Lenders to purchase the Notes under the Purchase Agreement that the Grantors shall have executed and delivered this Agreement to the Collateral Agent for the ratable benefit of the Lenders and the Collateral Agent.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties hereto, and to induce the Collateral Agent to enter into the Purchase Agreement, the Grantors hereby agree with the Collateral Agent, for the ratable benefit of the Lenders and the Collateral Agent, as follows:

ARTICLE 1

DEFINED TERMS

SECTION 1.1. Terms Defined in the Uniform Commercial Code.

(a) The following terms when used in this Agreement shall have the meanings assigned to them in the UCC (as defined below) as in effect from time to time: “Account”, “Account Debtor”, “Authenticate”, “Certificated Security”, “Chattel Paper”; “Commercial Tort Claim”, “Deposit Account”, “Documents”, “Electronic Chattel Paper”, “Equipment”, “Fixture”, “General Intangible”, “Goods”, “Instrument”, “Inventory”, “Investment Company Security”, “Investment Property”, “Letter of Credit Rights”, “Proceeds”, “Record”, “Registered Organization”, “Security”, “Securities Entitlement”, “Securities Intermediary”, “Securities Account”, “Supporting Obligation”, “Tangible Chattel Paper”, and “Uncertificated Security”.

(b) Terms defined in the UCC and not otherwise defined herein or in the Purchase Agreement shall have the meaning assigned in the UCC as in effect from time to time.

SECTION 1.2. Definitions. The following terms when used in this Agreement shall have the meanings assigned to them below:

“**Account Release**” means the time at which the Lien release described in Section 7.15(c) becomes effective.

“**Additional Grantor**” means any Borrower and each Subsidiary of any Borrower which hereafter becomes a Grantor pursuant to Section 7.14 (as required pursuant to Section 9.13 of the Purchase Agreement).

“**Agreement**” has the meaning set forth in the Preamble hereof.

“**Borrowers**” has the meaning set forth in the Preamble hereof.

“**Collateral**” has the meaning assigned thereto in Section 2.1.

“**Collateral Account**” means any collateral account established by the Collateral Agent as provided in Section 5.2.

“**Collateral Agent**” has the meaning set forth in the Preamble hereof.

“**Control**” means the manner in which “control” is achieved under the UCC with respect to any Collateral for which the UCC specifies a method of achieving “control”.

“**Controlled Depository**” has the meaning assigned thereto in Section 4.6.

“**Controlled Intermediary**” has the meaning assigned thereto in Section 4.6.

“**Copyrights**” means collectively, all of the following of any Grantor: (a) all copyrights, rights and interests in copyrights, works protectable by copyright, copyright registrations and copyright applications anywhere in the world, (b) all reissues, extensions, continuations (in whole or in part) and renewals of any of the foregoing, (c) all income, royalties, damages and payments now or hereafter due and/or payable under any of the foregoing or with respect to any of the foregoing, including, without limitation, damages or payments for past, present or future infringements of any of the foregoing, (d) the right to sue for past, present and future infringements of any of the foregoing and (e) all rights corresponding to any of the foregoing throughout the world.

“**Copyright Licenses**” means any written agreement naming any Grantor as licensor or licensee, granting any right under any Copyright, including, without limitation, the grant of rights to manufacture, distribute, exploit and sell materials derived from any Copyright.

“**Effective Endorsement and Assignment**” means, with respect to any specific type of Collateral, all such endorsements, assignments and other instruments of transfer reasonably requested by the Collateral Agent to perfect or evidence the perfection of the Security Interest granted in such Collateral, in each case, in form and substance satisfactory to the Collateral Agent.

“**Excess Collateral**” has the meaning assigned thereto in Section 4.6.

“**Excluded Collateral**” has the meaning assigned thereto in Section 2.1.

“**Excluded Deposit Account**” means, collectively, (i) Deposit Accounts established solely for the purpose of funding payroll and other compensation and benefits to employees, the combined balance of which does not exceed \$25,000 at any time and (ii) Deposit Accounts of FTCH so long as such accounts hold funds that are exclusively customer funds (other than unsegregated cash management funds in an

amount not to exceed \$25,000) representing obligations of FTHC arising from redeemable gift cards, gift certificates or similar tangible or electronic records of a specific monetary value evidencing FTHC's agreement to provide goods, services, credit, money, or anything of value and are not used for general working capital or operating needs of any of the Grantors.

“**Foreign Subsidiary**” has the meaning assigned thereto in Section 2.1.

“**Government Contract**” means a contract between any Grantor and an agency, department or instrumentality of the United States or any state, municipal or local Governmental Authority located in the United States or all obligations of any such Governmental Authority arising under any Account now or hereafter owing by any such Governmental Authority, as account debtor, to any Grantor.

“**Grantors**” has the meaning set forth in the Preamble of this Agreement.

“**Intellectual Property**” means collectively, all of the following of any Grantor: (a) all systems software, applications software and internet rights, including, without limitation, screen displays and formats, internet domain names, web sites (including web links), program structures, sequence and organization, all documentation for such software, including, without limitation, user manuals, flowcharts, programmer's notes, functional specifications, and operations manuals, all formulas, processes, ideas and know-how embodied in any of the foregoing, and all program materials, flowcharts, notes and outlines created in connection with any of the foregoing, whether or not patentable or copyrightable, (b) concepts, discoveries, improvements and ideas, (c) any useful information relating to the items described in clause (a) or (b), including know-how, technology, engineering drawings, reports, design information, trade secrets, practices, laboratory notebooks, specifications, test procedures, maintenance manuals, research, development, manufacturing, marketing, merchandising, selling, purchasing and accounting, (d) Patents and Patent Licenses, Copyrights and Copyright Licenses, Trademarks and Trademark Licenses, and (e) other licenses to use any of the items described in the foregoing clauses (a), (b), (c) and (d) or any other similar items of such Grantor necessary for the conduct of its business.

“**Issuer**” means any issuer of any Investment Property or Partnership/LLC Interests (including, without limitation, any “issuer” as defined in the UCC).

“**Lenders**” has the meaning set forth in the Preamble hereof.

“**Partnership/LLC Interests**” means, with respect to any Grantor, the entire partnership interest, membership interest or limited liability company interest, as applicable, of such Grantor in each partnership, limited partnership or limited liability company owned thereby, including, without limitation, such Grantor's capital account, its interest as a partner or member, as applicable, in the net cash flow, net profit and net loss, and items of income, gain, loss, deduction and credit of any such partnership, limited partnership or limited liability company, as applicable, such Grantor's interest in all distributions made or to be made by any such partnership, limited partnership or limited liability company, as applicable, to such Grantor and all of the other economic rights, titles and interests of such Grantor as a partner or member, as applicable, of any such partnership, limited partnership or limited liability company, as applicable, whether set forth in the partnership agreement or membership agreement, as applicable, of such partnership, limited partnership or limited liability company, as applicable, by separate agreement or otherwise.

“**Patents**” means collectively, all of the following of any Grantor: (a) all patents, rights and interests in patents, patentable inventions and patent applications anywhere in the world, (b) all reissues, extensions, continuations (in whole or in part) and renewals of any of the foregoing, (c) all income,

royalties, damages or payments now or hereafter due and/or payable under any of the foregoing or with respect to any of the foregoing, including, without limitation, damages or payments for past, present or future infringements of any of the foregoing, (d) the right to sue for past, present and future infringements of any of the foregoing and (e) all rights corresponding to any of the foregoing throughout the world.

“**Patent License**” means all agreements now or hereafter in existence, whether written, implied or oral, providing for the grant by or to any Grantor of any right to manufacture, use or sell any invention covered in whole or in part by a Patent.

“**Purchase Agreement**” has the same meaning set forth in the Preamble hereof.

“**Security Interests**” means the security interests granted pursuant to Article 2, as well as all other security interests created or assigned as additional security for the Obligations in accordance with the provisions of the Purchase Agreement.

“**Trademarks**” means collectively, all of the following of any Grantor: (a) all trademarks, rights and interests in trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos, other business identifiers, prints and labels on which any of the foregoing have appeared or appear, whether registered or unregistered, all registrations and recordings thereof, and all applications in connection therewith (other than Excluded Collateral) anywhere in the world, (b) all reissues, extensions, continuations (in whole or in part) and renewals of any of the foregoing, (c) all income, royalties, damages and payments now or hereafter due and/or payable under any of the foregoing or with respect to any of the foregoing, including, without limitation, damages or payments for past, present or future infringements of any of the foregoing, (d) the right to sue for past, present and future infringements of any of the foregoing and (e) all rights corresponding to any of the foregoing (including the goodwill) throughout the world.

“**Trademark License**” means any agreement now or hereafter in existence, whether written or oral, providing for the grant by or to any Grantor of any right to use any Trademark.

“**UCC**” means the Uniform Commercial Code as in effect in the State of New York from time to time; provided, that if by reason of mandatory provisions of law, the perfection or the effect of perfection or non-perfection of the security interest in any Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than New York, “**UCC**” means the Uniform Commercial Code as in effect in such other jurisdiction for purposes of the provisions hereof relating to such perfection or effect of perfection or non-perfection.

“**Vehicles**” means all cars, trucks, trailers, construction and earth moving equipment and other vehicles covered by a certificate of title under the laws of any state, all tires and all other appurtenances to any of the foregoing.

SECTION 1.3. Other Definitional Provisions. Terms defined in the Purchase Agreement and not otherwise defined herein shall have the meaning assigned thereto in the Purchase Agreement. With reference to this Agreement, unless otherwise specified herein: (a) the definitions of terms herein shall apply equally to the singular and plural forms of the terms defined, (b) whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms, (c) the words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation”, (d) the word “will” shall be construed to have the same meaning and effect as the word “shall”, (e) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document, as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set

forth herein), (f) any reference herein to any Person shall be construed to include such Person's permitted successors and assigns, (g) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (h) unless otherwise indicated, all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement, (i) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights, (j) the term "documents" includes any and all instruments, documents, agreements, certificates, notices, reports, financial statements and other writings, however evidenced, whether in physical or electronic form, (k) in the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including;" the words "to" and "until" each mean "to but excluding;" and the word "through" means "to and including", (l) Article and Section headings herein are included for convenience of reference only and shall not affect the interpretation of this Agreement and (m) where the context requires, terms relating to the Collateral or any part thereof, when used in relation to a Grantor, shall refer to such Grantor's Collateral or the relevant part thereof.

ARTICLE 2

SECURITY INTEREST

SECTION 2.1. Grant of Security Interest. Each Grantor hereby grants, pledges and collaterally assigns to the Collateral Agent, for the ratable benefit of the Collateral Agent and the Lenders, a security interest in all of such Grantor's right, title and interest in the following property, now owned or at any time hereafter acquired by such Grantor or in which such Grantor now has or at any time in the future may acquire any right, title or interest, and wherever located or deemed located (collectively, the "**Collateral**"), as collateral security for the prompt and complete payment and performance when due (whether at the stated maturity, by acceleration or otherwise) of the Obligations:

- (a) all Accounts;
- (b) all cash and currency;
- (c) all Chattel Paper;
- (d) all Commercial Tort Claims identified on Schedule 3.8;
- (e) all Deposit Accounts, including any Collateral Account;
- (f) all Documents;
- (g) all Equipment;
- (h) all Fixtures;
- (i) all General Intangibles;
- (j) all Goods;
- (k) all Instruments;
- (l) all Intellectual Property;

- (m) all Inventory;
- (n) all Investment Property;
- (o) all Letter of Credit Rights;
- (p) all Vehicles;
- (q) all other personal property not otherwise described above;
- (r) all books and records pertaining to the Collateral; and
- (s) to the extent not otherwise included, all Proceeds and products of any and all of the foregoing and all collateral security and Supporting Obligations given by any Person with respect to any of the foregoing;

provided, that the following property (collectively, the “**Excluded Collateral**”) shall not constitute Collateral, and the Security Interests granted herein shall not extend to: (i) any voting Capital Stock or other voting equity interests issued by any Subsidiary of any Grantor organized under laws other than the laws of any political subdivision of the United States (such Subsidiary, a “**Foreign Subsidiary**”) in excess of 65% of all issued and outstanding shares of all classes of voting Capital Stock or other voting equity interests of such Foreign Subsidiary, (ii) any rights under any lease, contract or agreement (including, without limitation, any license of Intellectual Property) to the extent that (and only for so long as) the granting of a security interest therein is specifically prohibited in writing by, or would constitute an event of default under or would grant a party a termination right under, any agreement governing such right unless such prohibition is not enforceable or is otherwise ineffective under any applicable Requirement of Law (including, without limitation, Sections 9-406, 9-407, 9-408 or 9-409 of the UCC), (iii) any rights under any federal or state governmental license or permit to the extent that (and only for so long as) the granting of a security interest therein is specifically prohibited by any applicable Requirement of Law, (iv) any “intent to use” Trademark applications for which a statement of use has not been filed (but only until such statement is filed) and (v) any Excluded Deposit Accounts. Notwithstanding any of the foregoing, such proviso shall not affect, limit, restrict or impair the grant by any Grantor of a Security Interest in (x) any Account or any money or other amounts due and payable to such Grantor or to become due and payable to such Grantor under any such lease, contract or agreement constituting Excluded Collateral or (y) any other Proceeds of Excluded Collateral, unless such Proceeds are themselves of a type described in clauses (i) through (v) above. For the avoidance of doubt, the mere grant of a security interest herein shall not be deemed to be an assignment of Intellectual Property rights owned by the Grantors.

SECTION 2.2. Grantor Remains Liable. Anything herein to the contrary notwithstanding: (a) each Grantor shall remain liable to perform all of its duties and obligations under the contracts and agreements included in the Collateral to the same extent as if this Agreement had not been executed, (b) the exercise by the Collateral Agent of any of the rights hereunder shall not release any Grantor from any of its duties or obligations under the contracts and agreements included in the Collateral, (c) the Collateral Agent shall not have any obligation or liability under the contracts and agreements included in the Collateral by reason of this Agreement, nor shall the Collateral Agent be obligated to perform any of the obligations or duties of any Grantor thereunder or to take any action to collect or enforce any claim for payment assigned hereunder, and (d) the Collateral Agent shall not have any liability in contract or tort for any Grantor’s acts or omissions.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES

Each Grantor hereby represents and warrants to the Collateral Agent that:

SECTION 3.1. Existence. Each Grantor is duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation or formation, has the requisite power and authority to own, lease and operate its properties and to conduct the business in which it is currently, or is currently proposed to be, engaged and is duly qualified as a foreign entity, licensed and in good standing under the laws of each jurisdiction where its ownership, lease or operation of property or the conduct of its business requires such qualification, except to the extent that the failure to so qualify would not reasonably be expected to have a Material Adverse Effect.

SECTION 3.2. Authorization of Agreement; No Conflict. Each Grantor has the right, power and authority and has taken all necessary corporate and other action to authorize the execution, delivery and performance of, this Agreement. This Agreement has been duly executed and delivered by the duly authorized officers of each Grantor and this Agreement constitutes the legal, valid and binding obligation of the Grantors enforceable in accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar state or federal debtor relief laws from time to time in effect which affect the enforcement of creditors' rights in general and the availability of equitable remedies. The execution, delivery and performance by each Grantor of this Agreement will not, by the passage of time, the giving of notice or otherwise, violate (a) any material provision of such Grantor's Charter Documents, (b) any material Contractual Obligation or (c) any Requirement of Law applicable to such Grantor and will not result in the creation or imposition of any Lien (or obligation to create a Lien), other than the Security Interests, upon or with respect to any property, asset or business of such Grantor, except in the case referred to in clause (b), to the extent that such contravention or violation would not reasonably be expected to have a Material Adverse Effect.

SECTION 3.3. Consents. No approval, consent, compliance, exemption, authorization or other action by, or notice to, or filing with, any Governmental Authority or any other Person is necessary or required in connection with the execution, delivery or performance by, or enforcement against any Grantor or any Issuer of this Agreement, except (a) as may be required by laws affecting the offering and sale of securities generally, (b) filings with the United States Copyright Office and/or the United States Patent and Trademark Office, (c) filings under the UCC and/or other applicable law, and (d) as may be required with respect to Vehicles represented by a certificate of title.

SECTION 3.4. Perfected Liens. Each financing statement provided to Borrowers (or their counsel) for review and naming any Grantor as a debtor is in appropriate form for filing in the appropriate filing offices of the states specified on Schedule 3.6. The Security Interests granted pursuant to this Agreement (a) constitute valid security interests in all of the Collateral in favor of the Collateral Agent, for the ratable benefit of itself and the Lenders, as collateral security for the Obligations, and (b): (1) when UCC financing statements containing an adequate description of the Collateral shall have been filed in the offices specified in Schedule 3.6, such Security Interests will constitute perfected security interests in all right, title and interest of such Grantor in the Collateral to the extent that a security interest therein may be perfected by filing pursuant to the UCC, prior to all other Liens and rights of others therein except for Permitted Liens; (2) when any Patent, Trademark and/or Copyright security agreement has been filed with the United States Patent and Trademark Office or the United States Copyright Office, as the case may be, such Security Interests will constitute perfected security interests in all right, title and interest of such Grantor in the Intellectual Property therein described, prior to all other Liens and rights of others therein except for Permitted Liens; and (3) when any control agreement has been executed and delivered

to the Collateral Agent, such Security Interests will constitute perfected security interests in all right, title and interest of the Grantors in the Deposit Accounts (other than Excluded Deposit Accounts) and Securities Accounts, as applicable, subject thereto, prior to all other Liens and rights of others therein and subject to no adverse claims except for Permitted Liens.

SECTION 3.5. Title, No Other Liens. Except for the Security Interests, each Grantor owns each item of the Collateral free and clear of any and all Liens or claims other than Permitted Liens. No financing statement under the UCC of any state which names a Grantor as debtor or other public notice with respect to all or any part of the Collateral is on file or of record in any public office, except such as have been filed in favor of the Collateral Agent, for the ratable benefit of itself and the Lenders, pursuant to this Agreement or in connection with Permitted Liens. No Collateral is in the possession or Control of any Person asserting any claim thereto or security interest therein, except that (a) the Collateral Agent or its designee may have possession or Control of Collateral as contemplated hereby, (b) a depository bank may have Control of a Deposit Account owned by a Grantor at such depository bank and a Securities Intermediary may have Control over a Securities Account owned by a Grantor at such Securities Intermediary, unless such Deposit Account or Securities Account is required to be subject to the terms of a Deposit Account control agreement or a Securities Account control agreement, as applicable, in favor of the Collateral Agent pursuant to Section 4.6(a), and (c) a bailee, consignee or other Person may have possession of the Collateral as contemplated by, and so long as the Grantor has complied with, the applicable provisions of Section 4.6(c).

SECTION 3.6. State of Organization; Location of Inventory, Equipment and Fixtures; other Information.

- (a) The exact legal name of each Grantor is set forth on Schedule 3.6.
- (b) Each Grantor is a Registered Organization organized under the laws of the state identified on Schedule 3.6 under such Grantor's name. The taxpayer identification number and Registered Organization number of each Grantor is set forth on Schedule 3.6 under such Grantor's name.
- (c) All Collateral consisting of Inventory, Equipment and Fixtures (whether now owned of hereafter acquired) is located at the locations specified on Schedule 3.6, unless otherwise permitted hereunder.
- (d) The mailing address, chief place of business, chief executive office and office where each Grantor keeps its books and records relating to the Accounts, Documents, General Intangibles, Instruments and Investment Property in which it has any interest is located at the locations specified on Schedule 3.6 under such Grantor's name. No Grantor has any other places of business except those separately set forth on Schedule 3.6 under such Grantor's name. No Grantor does business nor has any Grantor done business during the past five years under any trade name or fictitious business name except as disclosed on Schedule 3.6 under such Grantor's name. Except as disclosed on Schedule 3.6, such Grantor has not acquired assets from any Person, other than assets acquired in the ordinary course of the Grantor's business, during the past five years.

SECTION 3.7. Accounts. Prior to the Account Release: Each existing Account constitutes, and each hereafter arising Account will constitute, the legally valid and binding obligation of the applicable Account Debtor. The amount represented by each Grantor to the Collateral Agent as owing by each Account Debtor is the correct amount actually and unconditionally owing, except for ordinary course cash discounts, rebates, refunds and allowances where applicable. No Account Debtor has any defense, set-off, claim or counterclaim against any Grantor that can be asserted against the Collateral Agent, whether in any proceeding to enforce the Collateral Agent's rights in the Collateral or otherwise

except defenses, setoffs, claims or counterclaims that are not, in the aggregate, material to the value of the Accounts. None of the Accounts is, nor will any hereafter arising Account be, evidenced by a promissory note or other Instrument (other than a check) that has not been pledged to the Collateral Agent in accordance with the terms hereof.

SECTION 3.8. Other Collateral. Other than as set forth on Schedule 3.8, no Grantor holds (a) any Chattel Paper in the ordinary course of its business, (b) any Commercial Tort Claims or (c) any Instruments or is named a payee of any promissory note or other evidence of indebtedness.

SECTION 3.9. Deposit Accounts. All Deposit Accounts (including, without limitation, cash management accounts that are Deposit Accounts), Securities Accounts and lockboxes including the: (a) owner of the account, (b) name and address of financial institution or securities broker with whom such accounts are maintained, (c) account numbers and (d) purpose or use of such account owned by each Grantor are listed on Schedule 3.9.

SECTION 3.10. Intellectual Property.

(a) All Copyright registrations, Copyright applications, issued Patents, Patent applications, Trademark registrations and Trademark applications owned by each Grantor in its own name are listed on Schedule 3.10.

(b) Except as set forth in Schedule 3.10, none of the Intellectual Property owned by any Grantor is the subject of any written licensing or franchise agreement pursuant to which any Grantor is the licensor or franchisor, except as would not reasonably be expected to have a Material Adverse Effect.

SECTION 3.11. Inventory. Collateral consisting of Inventory is of good and merchantable quality, free from any material defects. To the knowledge of each Grantor, except as set forth on Schedule 3.11, none of such Inventory is subject to any licensing, Patent, Trademark, trade name or Copyright with any Person that restricts any Grantor's ability to manufacture and/or sell such Inventory.

SECTION 3.12. Investment Property; Partnership/LLC Interests.

(a) As of the date hereof, all Investment Property (including, without limitation, Securities Accounts and cash management accounts that are Investment Property) and all Partnership/LLC Interests owned by any Grantor are listed on Schedule 3.12.

(b) All Investment Property and all Partnership/LLC Interests issued by any Issuer to any Grantor (i) have been duly and validly issued and, if applicable, are fully paid and nonassessable, (ii) are beneficially owned as of record by such Grantor and (iii) constitute all the issued and outstanding shares of all classes of the capital stock of such Issuer issued to such Grantor.

(c) None of the Partnership/LLC Interests (i) are traded on a Securities exchange or in Securities markets, (ii) are Investment Company Securities or (iii) are held in a Securities Account.

SECTION 3.13. FTHC Deposit Accounts. All Deposit Accounts, Securities Accounts and lockboxes of FTHC contain customer funds (other than unsegregated cash management funds) representing obligations of FTHC arising from redeemable gift cards, gift certificates or similar tangible or electronic records of a specific monetary value evidencing FTHC's agreement to provide goods, services, credit, money, or anything of value

ARTICLE 4

COVENANTS

Each Grantor covenants and agrees that:

SECTION 4.1. Maintenance of Perfected Security Interest; Further Information.

(a) Each Grantor shall maintain the Security Interest created by this Agreement as a first priority perfected Security Interest (subject only to Permitted Liens) and shall defend such Security Interest against the claims and demands of all Persons whomsoever (other than Permitted Liens); provided, that no Grantor will be required to defend title (i) to intellectual property that has been abandoned or reasonably determined in good faith by the applicable Guarantor to be no longer used or useful in the conduct of such Grantor's business and (ii) in instances which the Collateral Agent has determined in consultation with, and by notice to, the applicable Grantor that the burden or costs of defending title to such asset is excessive in view of the benefits to be obtained by the Collateral Agent.

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

SECTION 4.2. Maintenance of Insurance.

(a) The Grantor will maintain insurance on its Property in accordance with Section 8.6 of the Purchase Agreement.

(b) All insurance referred to in subsection (a) above shall (i) name the Collateral Agent as Lender's loss payee (to the extent covering risk of loss or damage to tangible property) and as an additional insured as its interests may appear (to the extent covering any other risk), (ii) provide that no cancellation, material reduction in amount or material change in coverage thereof shall be effective until at least thirty (30) days after receipt by the Collateral Agent of written notice thereof (or such earlier date as may be acceptable to the Collateral Agent in its sole discretion) and (iii) be reasonably satisfactory in all other respects to the Collateral Agent.

SECTION 4.3. Changes in Locations; Changes in Name or Structure. No Grantor will, except upon thirty (30) days' prior written notice to the Collateral Agent and delivery to the Collateral Agent of (a) all additional financing statements and other instruments and documents reasonably requested by the Collateral Agent to maintain the validity, perfection and priority of the Security Interests and (b) if applicable, a written supplement to the Schedules to this Agreement:

(i) permit any Deposit Account (other than Excluded Deposit Accounts) to be held by or at a depository bank other than the depository bank that held such Deposit Account as of the date hereof as set forth on Schedule 3.9;

(ii) permit any Investment Property to be held by a Securities Intermediary other than the Securities Intermediary that held such Investment Property as of the date hereof as set forth on Schedule 3.12;

(iii) change its jurisdiction of organization or the location of its chief executive office from that identified on Schedule 3.6; or

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

SECTION 4.4. Required Notifications. Each Grantor shall promptly notify the Collateral Agent, in writing, of: (a) any Lien (other than the Security Interests or Permitted Liens) on any of the Collateral which would adversely affect the ability of the Collateral Agent to exercise any of its remedies hereunder, (b) the occurrence of any event which would reasonably be expected to have a Material Adverse Effect on the aggregate value of the Collateral or on the Security Interests, (c) any Collateral which, to the knowledge of such Grantor, constitutes a Government Contract, and (d) the acquisition or ownership by such Grantor of any (i) Commercial Tort Claim, (ii) Deposit Account (other than Excluded Deposit Accounts), or (iii) Investment Property after the date hereof. Any such notification pursuant to clause (d) above shall include a written supplement to the Schedules to this Agreement reflecting such acquisition or ownership.

SECTION 4.5. Delivery Covenants. Each Grantor will deliver and pledge to the Collateral Agent all (a) Certificated Securities and Partnership/LLC Interests evidenced by a certificate and (b) negotiable Documents, Instruments and Tangible Chattel Paper evidencing an obligation of \$10,000 or more owned or held by such Grantor, in each case, together with an Effective Endorsement and Assignment and all Supporting Obligations, as applicable, unless such delivery and pledge has been waived in writing by the Collateral Agent.

SECTION 4.6. Control Covenants.

(a) At the request of the Collateral Agent, each Grantor shall instruct (and otherwise use its commercially reasonable efforts to cause) (i) each depository bank holding a Deposit Account (other than Excluded Deposit Accounts) owned by such Grantor and (ii) each Securities Intermediary holding any Investment Property owned by such Grantor, to execute and deliver a control agreement, sufficient to provide the Collateral Agent with Control of such Deposit Account or Investment Property and otherwise in form and substance reasonably satisfactory to the Collateral Agent (any such depository bank executing and delivering any such control agreement, a “**Controlled Depository**”, and any such Securities Intermediary executing and delivering any such control agreement, a “**Controlled Intermediary**”). In the event any such depository bank or Securities Intermediary refuses to execute and deliver such control agreement, the Collateral Agent, in its sole discretion, may require the applicable Deposit Account and Investment Property to be transferred to a Controlled Depository or Controlled Intermediary, as applicable.

(b) Upon the request of the Collateral Agent, each Grantor will take such actions and deliver all such agreements as are reasonably requested by the Collateral Agent to provide the Collateral Agent with Control of all Letter of Credit Rights and Electronic Chattel Paper with a fair market value in excess of \$25,000 owned or held by such Grantor, including, without limitation, with respect to any such Electronic Chattel Paper, by having the Collateral Agent identified as the assignee of the Record(s) pertaining to the single authoritative copy thereof.

(c) If any Collateral (other than Collateral specifically subject to the provisions of Section 4.6(a) or Section 4.6(b)) exceeding in value \$25,000 in the aggregate (such Collateral exceeding such amount, the “**Excess Collateral**”) is at any time in the possession or control of any consignee, warehouseman, bailee (other than a carrier transporting Inventory to a purchaser in the ordinary course of business), processor, or any other third party, the applicable Grantor shall notify in writing such Person of the Security Interests created hereby, shall use its commercially reasonable efforts to obtain such Person’s written agreement in writing to hold all such Collateral for the Collateral Agent’s account subject to the

Collateral Agent's instructions, and shall cause such Person to issue and deliver to the Collateral Agent warehouse receipts, bills of lading or any similar documents relating to such Collateral to the Collateral Agent together with an Effective Endorsement and Assignment; provided that if such Grantor is not able to obtain such agreement and cause the delivery of such items, the Collateral Agent may require such Excess Collateral to be moved to another location specified thereby.

SECTION 4.7. Filing Covenants. Pursuant to Section 9-509 of the UCC and any other applicable Requirement of Law, each Grantor authorizes the Collateral Agent to file or record financing statements and other filing or recording documents or instruments with respect to the Collateral without the signature of such Grantor in such form and in such offices as the Collateral Agent determines is appropriate to perfect the Security Interests of the Collateral Agent under this Agreement. Such financing statements may describe the Collateral in the same manner as described herein or may contain an indication or description of Collateral that describes such property in any other manner as the Collateral Agent may determine, in its sole discretion, is necessary, advisable or prudent to ensure the perfection of the Security Interest in the Collateral granted herein, including, without limitation, describing such property as "all assets" or "all personal property." Further, a photographic or other reproduction of this Agreement shall be sufficient as a financing statement or other filing or recording document or instrument for filing or recording in any jurisdiction. Each Grantor hereby authorizes, ratifies and confirms all financing statements and other filing or recording documents or instruments filed by the Collateral Agent prior to the date of this Agreement if and to the extent copies thereof have been provided to such Grantor prior to the date of this Agreement.

SECTION 4.8. Accounts.

(a) Other than in the ordinary course of business consistent with its past practice, no Grantor will (i) grant any extension of the time of payment of any Account, (ii) compromise or settle any Account for less than the full amount thereof, (iii) release, wholly or partially, any Account Debtor, (iv) allow any credit or discount whatsoever on any Account or (v) amend, supplement or modify any Account in any manner that would reasonably be likely to adversely affect the value thereof.

(b) Each Grantor will deliver to the Collateral Agent a copy of each material demand, notice or document received by it that questions or calls into doubt the validity or enforceability of any material Account.

SECTION 4.9. Intellectual Property.

(a) Except as would not reasonably be expected to have a Material Adverse Effect, each Grantor (either itself or through licensees) (i) will continue to use each registered Trademark (owned by such Grantor) and Trademark for which an application (owned by such Grantor) is pending, to the extent reasonably necessary to maintain such Trademark in full force free from any claim of abandonment for non-use, (ii) will maintain products and services offered under such Trademark at a level substantially consistent with the quality of such products and services as of the date hereof, (iii) will not (and will not permit any licensee or sublicensee thereof to) do any act or knowingly omit to do any act whereby such Trademark would reasonably be expected to become invalidated or impaired in any way, (iv) will not do any act, or knowingly omit to do any act, whereby any issued Patent owned by such Grantor would reasonably be expected to become forfeited, abandoned or dedicated to the public, (v) will not (and will not permit any licensee or sublicensee thereof to) do any act or knowingly omit to do any act whereby any registered Copyright owned by such Grantor or Copyright for which an application is pending (owned by such Grantor) would reasonably be expected to become invalidated or otherwise impaired and (vi) will not (either itself or through licensees) do any act whereby any material portion of the Copyrights may fall into the public domain.

(b) Each Grantor will notify the Collateral Agent promptly if it knows, or has reason to know, that any application or registration relating to any material Intellectual Property owned by such Grantor may become forfeited, abandoned or dedicated to the public, or of any adverse determination or development (including, without limitation, the institution of, or any such determination or development in, any proceeding in the United States Patent and Trademark Office, the United States Copyright Office or any court or tribunal in any country) regarding such Grantor's ownership of, or the validity of, any material Intellectual Property owned by such Grantor or such Grantor's right to register the same or to own and maintain the same.

(c) Whenever a Grantor, either by itself or through any agent, employee, licensee or designee, shall file an application for the registration of any Intellectual Property with the United States Patent and Trademark Office, the United States Copyright Office or any similar office or agency in any other country or any political subdivision thereof, such Grantor shall report such filing to the Collateral Agent within five (5) Business Days. Upon request of the Collateral Agent, the Grantor shall execute and deliver, and have recorded, any and all agreements, instruments, documents, and papers as the Collateral Agent may reasonably request to evidence the Collateral Agent's and the Lenders' security interest in any material Copyright, Patent or Trademark and the goodwill and General Intangibles of such Grantor relating thereto or represented thereby.

(d) Each Grantor will take all reasonable and necessary steps, at such Grantor's sole cost and expense, including, without limitation, in any proceeding before the United States Patent and Trademark Office, the United States Copyright Office or any similar office or agency in any other country or any political subdivision thereof, to maintain and pursue each application (and to obtain the relevant registration) and to maintain each registration of any material Intellectual Property owned by it, including, without limitation, filing of applications for renewal, affidavits of use and affidavits of incontestability.

(e) In the event that any material Intellectual Property owned by any Grantor is infringed, misappropriated or diluted by a third party, the applicable Grantor shall (i) at such Grantor's sole cost and expense, take such actions as such Grantor shall reasonably deem commercially appropriate under the circumstances to protect such Intellectual Property and (ii) if such Intellectual Property is of material economic value, promptly notify the Collateral Agent after it learns of such infringement, misappropriation or dilution.

(f) Notwithstanding anything to the contrary contained in this Section 4.9, nothing herein contained shall prohibit any Grantor from causing or permitting expiration, abandonment or invalidation of any Intellectual Property or failing to renew, abandoning or permitting to expire any applications or registrations for any Intellectual Property if, in such Grantor's reasonable good faith judgment, such Intellectual Property, applications or registrations (as applicable) are no longer used or useful in the conduct of such Grantor's business.

SECTION 4.10. Investment Property; Partnership/LLC Interests.

(a) Without the prior written consent of the Collateral Agent, no Grantor will (i) vote to enable, or take any other action to permit, any applicable Issuer to issue any Investment Property or Partnership/LLC Interests, except for such additional Investment Property or Partnership/LLC Interests that will be subject to the Security Interest granted herein in favor of the Collateral Agent, or (ii) enter into any agreement or undertaking restricting the right or ability of such Grantor, the Collateral Agent or any Lender to sell, assign or transfer any Investment Property or Partnership/LLC Interests or Proceeds thereof. The Grantors will defend the right, title and interest of the Collateral Agent in and to any Investment Property and Partnership/LLC Interests against the claims and demands of all Persons whomsoever.

(b) If any Grantor shall become entitled to receive or shall receive (i) any Certificated Securities (including, without limitation, any certificate representing a stock dividend or a distribution in connection with any reclassification, increase or reduction of capital or any certificate issued in connection with any reorganization), option or rights in respect of the ownership interests of any Issuer, whether in addition to, in substitution of, as a conversion of, or in exchange for, any Investment Property, or otherwise in respect thereof, or (ii) any sums paid upon or in respect of any Investment Property upon the liquidation or dissolution of any Issuer (other than a liquidation of a Loan Party into another Loan Party that is a Grantor hereunder), such Grantor shall accept the same as the agent of the Collateral Agent and the Lenders, hold the same in trust for the Collateral Agent and the Lenders, segregated from other funds of the Grantor, and promptly deliver the same to the Collateral Agent in accordance with the terms hereof.

SECTION 4.11. Equipment. Except as permitted by the Purchase Agreement, the Grantor will maintain each material item of Equipment in good working order and condition (reasonable wear and tear and obsolescence excepted), and generally in accordance with any manufacturer's manual, and will as quickly as commercially practicable provide all maintenance, service and repairs necessary for such purpose and will promptly furnish to the Collateral Agent a statement respecting any material loss or damage to any of the material Equipment.

SECTION 4.12. Further Assurances. Upon the request of the Collateral Agent and at the sole expense of the Grantors, each Grantor will promptly and duly execute and deliver, and have recorded, such further instruments and documents and take such further actions as the Collateral Agent may reasonably request for the purpose of obtaining or preserving the full benefits of this Agreement and of the rights and powers herein granted, including, without limitation, (i) the assignment of any material Contractual Obligation (other than any Intellectual Property rights that constitute Contractual Obligations prior to the occurrence of an Event of Default), (ii) with respect to Government Contracts, assignment agreements and notices of assignment, in form and substance reasonably satisfactory to the Collateral Agent, duly executed by any Grantors party to such Government Contract in compliance with any applicable laws, and (iii) all applications, certificates, instruments, registration statements, and all other documents and papers the Collateral Agent may reasonably request and as may be required by law in connection with the obtaining of any consent, approval, registration, qualification, or authorization of any Person deemed necessary or appropriate for the effective exercise of any rights under this Agreement.

ARTICLE 5

REMEDIAL PROVISIONS

SECTION 5.1. General Remedies. If an Event of Default shall occur and be continuing, the Collateral Agent, subject to the approval of the Required Lenders, may exercise, in addition to all other rights and remedies granted to them in this Agreement and in any other instrument or agreement securing, evidencing or relating to the Obligations, all rights and remedies of a secured party under the UCC or any other applicable law. Without limiting the generality of the foregoing, the Collateral Agent, without demand of performance or other demand, presentment, protest, advertisement or notice of any kind (except any notice required by law referred to below) to or upon any Grantor or any other Person (all and each of which demands, defenses, advertisements and notices are hereby waived), may in such circumstances, subject to the approval of the Required Lenders, forthwith collect, receive, appropriate and realize upon the Collateral, or any part thereof, and/or may, subject to the approval of the Required Lenders, forthwith sell, lease, assign, give option or options to purchase, or otherwise dispose of and deliver the Collateral or any part thereof (or contract to do any of the foregoing), in one or more parcels at public or private sale or sales, at any exchange, broker's board or office of the Collateral Agent or any Lender or elsewhere upon such terms and conditions as it may deem advisable and at such prices as it

may deem best, for cash or on credit or for future delivery without assumption of any credit risk. The Collateral Agent may disclaim any warranties in connection with any sale or other disposition of the Collateral, including, without limitation, any warranties of title, possession, quiet enjoyment and the like. The Collateral Agent shall have the right upon any such public sale or sales, and, to the extent permitted by law, upon any such private sale or sales, to purchase the whole or any part of the Collateral so sold, free of any right or equity of redemption in any Grantor, which right or equity is hereby waived and released. Each Grantor further agrees, at the Collateral Agent's request during the existence of an Event of Default, to assemble the Collateral and make it available to the Collateral Agent at places which the Collateral Agent shall reasonably select, whether at such Grantor's premises or elsewhere. To the extent permitted by applicable law, each Grantor waives all claims, damages and demands it may acquire against the Collateral Agent or any Lender arising out of the exercise by it of any rights hereunder except to the extent any such claims, damages, or demands result solely from the gross negligence, bad faith or willful misconduct of the Collateral Agent. If any notice of a proposed sale or other disposition of Collateral shall be required by law, such notice shall be deemed reasonable and proper if given at least ten (10) days before such sale or other disposition. Effective upon the occurrence and during the continuance of an Event of Default, the Collateral Agent is hereby granted a non-exclusive license or other right to use, without charge, each Grantor's labels, Patents, Copyrights, rights of use of any name, trade secrets, tradenames, Trademarks and advertising matter, or any property of a similar nature, as it pertains to the Collateral, in advertising for sale and selling any Collateral, and each Grantor's rights under all licenses and all franchise agreements shall inure to the Collateral Agent's benefit.

SECTION 5.2. Specific Remedies.

(a) The Collateral Agent hereby authorizes each Grantor to collect such Grantor's Accounts, under the Collateral Agent's direction and control; provided that, the Collateral Agent may curtail or terminate such authority at any time after the occurrence and during the continuance of an Event of Default.

(b) Upon the occurrence and during the continuance of an Event of Default:

(i) the Collateral Agent may, upon notice to the Grantors, communicate with Account Debtors of any Account subject to a Security Interest and upon the request of the Collateral Agent, each Grantor shall notify (such notice to be in form and substance satisfactory to the Collateral Agent) its Account Debtors and parties to the material Contractual Obligations subject to a Security Interest that such Accounts and material Contractual Obligations have been assigned to the Collateral Agent, for the ratable benefit of the Lenders and the Collateral Agent;

(ii) if requested by the Collateral Agent, each Grantor shall forward to the Collateral Agent, on the last Business Day of each week, deposit slips related to all cash, money, checks or any other similar items of payment received by the Grantor during such week, and copies of such checks or any other similar items of payment, together with a statement showing the application of all payments on the Collateral during such week and a collection report with regard thereto, in form and substance satisfactory to the Collateral Agent;

(iii) whenever any Grantor shall receive any cash, money, checks or any other similar items of payment relating to any Collateral (including any Proceeds of any Collateral), subject to the terms of any Permitted Liens, such Grantor agrees that it will, within one (1) Business Day of such receipt, deposit all such items of payment into the Collateral Account or in a Deposit Account at a Controlled Depository, until such Grantor shall deposit such cash, money, checks or any other similar items of payment in the Collateral Account or in a Deposit Account at a Controlled Depository, such Grantor shall hold such cash, money, checks or any other similar items of payment in trust for the

Collateral Agent and the Lenders and as property of the Collateral Agent and the Lenders, separate from the other funds of such Grantor, and the Collateral Agent shall have the right to transfer or direct the transfer of the balance of each Deposit Account to the Collateral Account. All such Collateral and Proceeds of Collateral received by the Collateral Agent hereunder shall be held by the Collateral Agent in the Collateral Account as collateral security for all the Obligations and shall not constitute payment thereof until applied as provided in Section 5.3;

(iv) the Collateral Agent shall have the right to receive any and all cash dividends, payments or distributions made in respect of any Investment Property or Partnership/LLC Interests or other Proceeds paid in respect of any Investment Property or Partnership/LLC Interests, and any or all of any Investment Property or Partnership/LLC Interests shall be registered in the name of the Collateral Agent or its nominee, and the Collateral Agent or its nominee may thereafter exercise (A) all voting, corporate and other rights pertaining to such Investment Property or Partnership/LLC Interests at any meeting of shareholders, partners or members of the relevant Issuers and (B) any and all rights of conversion, exchange and subscription and any other rights, privileges or options pertaining to such Investment Property or Partnership/LLC Interests as if it were the absolute owner thereof (including, without limitation, the right to exchange at its discretion any and all of the Investment Property or Partnership/LLC Interests upon the merger, consolidation, reorganization, recapitalization or other fundamental change in the corporate, partnership or company structure of any Issuer or upon the exercise by any Grantor or the Collateral Agent of any right, privilege or option pertaining to such Investment Property or Partnership/LLC Interests, and in connection therewith, the right to deposit and deliver any and all of the Investment Property or Partnership/LLC Interests with any committee, depository, transfer agent, registrar or other designated agency upon such terms and conditions as the Collateral Agent may determine), all without liability except to account for property actually received by it; but the Collateral Agent shall have no duty to any Grantor to exercise any such right, privilege or option and the Collateral Agent and the Lenders shall not be responsible for any failure to do so or delay in so doing. In furtherance thereof, each Grantor hereby authorizes and instructs each Issuer with respect to any Collateral consisting of Investment Property or Partnership/LLC Interests to (i) comply with any instruction received by it from the Collateral Agent in writing that (A) states that an Event of Default has occurred and is continuing and (B) is otherwise in accordance with the terms of this Agreement, without any other or further instructions from such Grantor, and each Grantor agrees that each Issuer shall be fully protected in so complying following receipt of such notice and prior to notice that such Event of Default is no longer continuing, and (ii) except as otherwise expressly permitted hereby, pay any dividends, distributions or other payments with respect to any Investment Property or Partnership/LLC Interests directly to the Collateral Agent; and

(v) subject to the approval of the Required Lenders, the Collateral Agent shall be entitled to (but shall not be required to): (A) proceed to perform any and all obligations of the applicable Grantor under any material Contractual Obligation and exercise all rights of such Grantor thereunder as fully as such Grantor itself could, (B) do all other acts which the Collateral Agent may deem necessary or proper to protect its Security Interest granted hereunder, provided such acts are not inconsistent with or in violation of the terms of the Purchase Agreement, of the other Note Documents or any applicable Requirement of Law, and (C) sell, assign or otherwise transfer any material Contractual Obligation in accordance with the Purchase Agreement, the other Note Documents and any applicable Requirement of Law, subject, however, to the prior approval of each other party to such material Contractual Obligation, to the extent required under the material Contractual Obligation.

(c) Unless an Event of Default shall have occurred and be continuing and the Collateral Agent shall have given notice to the relevant Grantor of the Collateral Agent's intent to exercise its corresponding rights pursuant to Section 5.2(b), each Grantor shall be permitted to receive all cash dividends, payments or other distributions made in respect of any Investment Property and

Partnership/LLC Interests, in each case paid in the normal course of business of the relevant Issuer and consistent with past practice, to the extent permitted in the Purchase Agreement and the other Note Documents, and to exercise all voting and other corporate, company and partnership rights with respect to any Investment Property and Partnership/LLC Interests; provided that, no vote shall be cast or other corporate, company and partnership right exercised or other action taken which, in the Collateral Agent's reasonable judgment, would impair the Collateral in any material respect or which would result in a Default or Event of Default under any provision of the Purchase Agreement, this Agreement or any other Note Document.

SECTION 5.3. Application of Proceeds. At such intervals as may be agreed upon by the Borrowers and the Collateral Agent, or, if an Event of Default shall have occurred and be continuing, at any time at the Collateral Agent's election, the Collateral Agent may, subject to the approval of the Required Lenders, apply all or any part of the Collateral or any Proceeds of the Collateral in payment in whole or in part of the Obligations (after deducting all reasonable and documented out-of-pocket costs and expenses of every kind incurred in connection therewith or incidental to the care or safekeeping of any of the Collateral or in any way relating to the Collateral or the rights of the Collateral Agent hereunder, including, without limitation, reasonable and documented attorneys' fees and out-of-pocket disbursements) in accordance with the Purchase Agreement. Only after (i) the payment by the Collateral Agent of any other amount required by any provision of applicable law, including, without limitation, Section 9-610 and Section 9-615 of the UCC and (ii) the payment in full of the Obligations (other than contingent indemnification Obligations to the extent no claim giving rise thereto has been asserted) and termination of the Purchase Agreement in accordance with its terms, shall the Collateral Agent account for the surplus, if any, to any Grantor, or to whomever may be lawfully entitled to receive the same (if such Person is not a Grantor).

SECTION 5.4. Waiver, Deficiency. Each Grantor hereby waives, to the extent permitted by any applicable Requirement of Law, all rights of redemption, appraisal, valuation, stay, extension or moratorium now or hereafter in force under any applicable Requirement of Law in order to prevent or delay the enforcement of this Agreement or the absolute sale of the Collateral or any portion thereof. Each Grantor shall remain liable for any deficiency if the proceeds of any sale or other disposition of the Collateral are insufficient to pay its Obligations and the reasonable and documented fees and out-of-pocket disbursements of any attorneys employed by the Collateral Agent to collect such deficiency.

ARTICLE 6

COLLATERAL AGENT

SECTION 6.1. Collateral Agent's Appointment as Attorney-In-Fact.

(a) Each Grantor hereby irrevocably constitutes and appoints the Collateral Agent and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of such Grantor and in the name of such Grantor or in its own name, for the purpose of carrying out the terms of this Agreement, to take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Agreement, and, without limiting the generality of the foregoing, each Grantor hereby gives the Collateral Agent the power and right, on behalf of such Grantor, without notice to or assent by such Grantor, to do any or all of the following upon the occurrence and during the continuation of an Event of Default:

(i) in the name of such Grantor or its own name, or otherwise, take possession of and indorse and collect any checks, drafts, notes, acceptances or other instruments for the payment of

moneys due under any Account or material Contractual Obligation subject to a Security Interest or with respect to any other Collateral and file any claim or take any other action or proceeding in any court of law or equity or otherwise deemed appropriate by the Collateral Agent for the purpose of collecting any and all such moneys due under any Account or material Contractual Obligation subject to a Security Interest or with respect to any other Collateral whenever payable;

(ii) in the case of any Intellectual Property, execute and deliver, and have recorded, any and all agreements, instruments, documents and papers as the Collateral Agent may request to evidence the Collateral Agent's security interest in such Intellectual Property and the goodwill and General Intangibles of such Grantor relating thereto or represented thereby;

(iii) pay or discharge taxes and Liens levied or placed on or threatened against the Collateral, effect any repairs or any insurance called for by the terms of this Agreement and pay all or any part of the premiums therefor and the costs thereof;

(iv) execute, in connection with any sale provided for in this Agreement, any endorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral; and

(v) (A) direct any party liable for any payment under any of the Collateral to make payment of any and all moneys due or to become due thereunder directly to the Collateral Agent or as the Collateral Agent shall direct; (B) ask or demand for, collect, and receive payment of and receipt for, any and all moneys, claims and other amounts due or to become due at any time in respect of or arising out of any Collateral; (C) sign and indorse any invoices, freight or express bills, bills of lading, storage or warehouse receipts, drafts against debtors, assignments, verifications, notices and other documents in connection with any of the Collateral; (D) commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect the Collateral or any portion thereof and to enforce any other right in respect of any Collateral; (E) defend any suit, action or proceeding brought against such Grantor with respect to any Collateral; (F) settle, compromise or adjust any such suit, action or proceeding and, in connection therewith, give such discharges or releases as the Collateral Agent may deem appropriate; (G) assign any Copyright, Patent or Trademark (along with the goodwill of the business to which any such Copyright, Patent or Trademark pertains), for such term or terms, on such conditions, and in such manner, as the Collateral Agent shall in its sole discretion determine; and (H) generally, sell, transfer, pledge and make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though the Collateral Agent were the absolute owner thereof for all purposes, and do, at the Collateral Agent's option and such Grantor's expense, at any time, or from time to time, all acts and things which the Collateral Agent deems necessary to protect, preserve or realize upon the Collateral and the Collateral Agent's Security Interests therein and to effect the intent of this Agreement, all as fully and effectively as such Grantor might do.

(b) If any Grantor fails to perform or comply with any of its agreements contained herein, the Collateral Agent, at its option, but without any obligation so to do, may perform or comply, or otherwise cause performance or compliance, with such agreement in accordance with the provisions of Section 6.1(a); provided that promptly after the taking of any such action the Collateral Agent shall use commercially reasonable efforts to notify such Grantor thereof; provided, further, that the failure of the Collateral Agent to so notify such Grantor shall not affect the rights of the Collateral Agent in any manner whatsoever.

(c) The expenses of the Collateral Agent or any Lender (including reasonable and documented attorneys' fees and out-of-pocket expenses) incurred in connection with actions taken pursuant to the terms of this Agreement, together with interest thereon at a rate per annum equal to the

highest rate per annum at which interest would then be payable on any category of past due Obligations under the Purchase Agreement, from the date of payment by the Collateral Agent or such Lender to the date reimbursed by the relevant Grantor, shall be payable by such Grantor to the Collateral Agent or such Lender on demand.

(d) Each Grantor hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue hereof in accordance with Section 6.1(a). All powers, authorizations and agencies contained in this Agreement are coupled with an interest and are irrevocable until this Agreement is terminated and the Security Interests created hereby are released.

SECTION 6.2. Duty of Collateral Agent With Respect to the Collateral. The Collateral Agent's sole duty with respect to the custody, safekeeping and physical preservation of the Collateral in its possession, under Section 9-207 of the UCC or otherwise, shall be to deal with it in the same manner as the Collateral Agent deals with similar property for its own account. Neither the Collateral Agent, any Lender nor any of their respective officers, directors, employees or agents shall be liable for failure to demand, collect or realize upon any of the Collateral or for any delay in doing so or shall be under any obligation to sell or otherwise dispose of any Collateral upon the request of any Grantor or any other Person or to take any other action whatsoever with regard to the Collateral or any part thereof. The powers conferred on the Collateral Agent and the Lenders hereunder are solely to protect the Collateral Agent's and the Lenders' interests in the Collateral and shall not impose any duty upon the Collateral Agent or any Lender to exercise any such powers. The Collateral Agent and the Lenders shall be accountable only for amounts that they actually receive as a result of the exercise of such powers, and neither they nor any of their officers, directors, employees or agents shall be responsible to any Grantor for any act or failure to act hereunder, except for their own gross negligence, bad faith or willful misconduct.

SECTION 6.3. Authority of the Collateral Agent. Each Grantor acknowledges that the rights and responsibilities of the Collateral Agent under this Agreement with respect to any action taken by the Collateral Agent or the exercise or non-exercise by the Collateral Agent of any option, voting right, request, judgment or other right or remedy provided for herein or resulting or arising out of this Agreement shall, as between the Collateral Agent and the Lenders, be governed by the Purchase Agreement and by such other agreements with respect thereto as may exist from time to time among them, but, as between the Collateral Agent and the Grantors, the Collateral Agent shall be conclusively presumed to be acting as agent for the Lenders with full and valid authority so to act or refrain from acting, and no Grantor shall be under any obligation, or entitlement, to make any inquiry respecting such authority.

ARTICLE 7

MISCELLANEOUS

SECTION 7.1. Amendments in Writing. None of the terms or provisions of this Agreement may be waived, amended, supplemented or otherwise modified except in a writing executed by the parties hereto.

SECTION 7.2. Notices. All notices, requests and demands to or upon the Collateral Agent or any Grantor hereunder shall be effected and effective in the manner provided for in Section 12.2 of the Purchase Agreement.

SECTION 7.3. No Waiver by Course of Conduct, Cumulative Remedies. Neither the Collateral Agent nor any Lender shall not by any act (except by a written instrument pursuant to Section

7.1), delay, indulgence, omission or otherwise be deemed to have waived any right or remedy hereunder or to have acquiesced in any Default or Event of Default. No failure to exercise, nor any delay in exercising on the part of the Collateral Agent or any Lender, any right, power or privilege hereunder shall operate as a waiver thereof. No single or partial exercise of any right, power or privilege hereunder shall preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by the Collateral Agent or any Lender of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which the Collateral Agent or such Lender would otherwise have on any future occasion. The rights and remedies herein provided are cumulative, may be exercised singly or concurrently and are not exclusive of any other rights or remedies provided by law.

SECTION 7.4. Enforcement Expenses, Indemnification.

(a) The Grantors, jointly and severally, shall pay all reasonable and documented out-of-pocket expenses incurred by the Collateral Agent and each Lender to the extent any Loan Party would be required to do so pursuant to Section 12.12 of the Purchase Agreement.

(b) The Grantors, jointly and severally, shall indemnify and hold harmless each Indemnified Party to the extent any Loan Party would be required to do so pursuant to Article 11 of the Purchase Agreement (and subject to the limitations set forth therein).

(c) To the fullest extent permitted by applicable law, each Grantor shall not assert, and hereby waives, any claim against any indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Note Document or any agreement or instrument contemplated hereby or the transactions contemplated hereby or thereby.

(d) Notwithstanding the termination of this Agreement, the indemnities to which the Collateral Agent and the Lenders are entitled under the provisions of this Section 7.4 and any other provision of this Agreement and the other Note Documents shall continue in full force and effect and shall protect the Collateral Agent and the Lenders against events arising after termination of this Agreement as well as before.

(e) All amounts due under this Section shall be payable promptly after demand therefor.

SECTION 7.5. Set-Off. Upon the occurrence and during the continuation of an Event of Default, in addition to all other rights and remedies that may then be available to any Lender of the Note, each such Lender is hereby authorized at any time and from time to time, without prior notice to such Grantor (any such notice being expressly waived by each Grantor) to setoff and apply any and all indebtedness at any time owing by such Lender to or for the credit or the account of any Grantor against all amounts which may be owed to such Lender by such Grantor in connection with this Agreement or any other Note Document to the same extent such Lender would be permitted to setoff and apply indebtedness owing by such Lender to or for the credit of any Loan Party pursuant to Section 10.3 of the Purchase Agreement.

SECTION 7.6. Successors and Assigns. This Agreement shall be binding upon the successors and assigns of each Grantor and shall inure to the benefit of each Grantor (and shall bind all Persons who become bound as a Grantor to this Agreement), the Collateral Agent and the Lenders and their respective successors and permitted assigns; provided that no Grantor may assign, transfer or delegate any of its rights or obligations under this Agreement except as provided in the Purchase Agreement.

SECTION 7.7. Signatures; Counterparts. Facsimile transmissions or other electronic transmissions of any executed original document and/or retransmission of any executed facsimile transmission or other electronic transmissions shall be deemed to be the same as the delivery of an executed original. At the request of any party hereto, the other parties hereto shall confirm facsimile transmissions or other electronic transmissions by executing duplicate original documents and delivering the same to the requesting party or parties. This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

SECTION 7.8. Severability. If any one or more of the provisions contained in this Agreement, or the application thereof in any circumstance, is held invalid, illegal or unenforceable in any respect for any reason, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions hereof shall not be in any way impaired, unless the provisions held invalid, illegal or unenforceable shall substantially impair the benefits of the remaining provisions of this Agreement. The parties hereto further agree to replace such invalid, illegal or unenforceable provision of this Agreement with a valid, legal and enforceable provision that will achieve, to the extent possible, the economic, business and other purposes of such invalid, illegal or unenforceable provision.

SECTION 7.9. Section Heading. The Section headings used in this Agreement are for convenience of reference only and are not to affect the construction hereof or be taken into consideration in the interpretation hereof.

SECTION 7.10. Integration. This Agreement, together with the exhibits and schedules hereto and the other Note Documents, is intended by the parties as a final expression of their agreement and intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein and therein. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein or therein. This Agreement, together with the exhibits and schedules hereto, and the other Note Documents supersede all prior agreements and understandings between the parties with respect to such subject matter. In the event of any direct conflict between this Agreement and the Purchase Agreement, the provisions of the Purchase Agreement shall govern, it being agreed that treatment of Collateral matters that is more specific in this Agreement than in the Purchase Agreement shall not be deemed a direct conflict.

SECTION 7.11. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, CONSTRUED IN ACCORDANCE WITH, AND ENFORCED UNDER, THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO THE PRINCIPLES OF CONFLICTS OF LAW OF SUCH STATE THAT WOULD REQUIRE THE APPLICATION OF THE LAW OF ANOTHER JURISDICTION, OTHER THAN SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW.

SECTION 7.12. JURISDICTION, JURY TRIAL WAIVER, ETC.

(a) EACH PARTY TO THIS AGREEMENT HEREBY IRREVOCABLY AGREES THAT ANY LEGAL ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE OTHER NOTE DOCUMENTS OR ANY AGREEMENTS OR TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY MAY BE BROUGHT IN THE SUPREME COURT OF THE STATE OF NEW YORK SITTING IN NEW YORK COUNTY OR THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK, OR ANY APPELLATE COURT FROM ANY THEREOF, AND HEREBY EXPRESSLY SUBMITS TO THE PERSONAL JURISDICTION AND VENUE OF SUCH COURTS FOR THE PURPOSES THEREOF AND EXPRESSLY WAIVES ANY CLAIM OF IMPROPER VENUE AND ANY CLAIM THAT ANY

SUCH COURT IS AN INCONVENIENT FORUM. EACH PARTY HEREBY IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS OF ANY OF THE AFOREMENTIONED COURTS IN ANY SUCH SUIT, ACTION OR PROCEEDING BY THE MAILING OF COPIES THEREOF BY REGISTERED OR CERTIFIED MAIL, POSTAGE PREPAID, TO ITS ADDRESS INDICATED IN SECTION 12.2 OF THE PURCHASE AGREEMENT, SUCH SERVICE TO BECOME EFFECTIVE TEN (10) DAYS AFTER SUCH MAILING.

(b) TO THE EXTENT PERMITTED BY APPLICABLE LAW, EACH PARTY TO THIS AGREEMENT HEREBY WAIVES ITS RIGHT TO A JURY TRIAL WITH RESPECT TO ANY ACTION OR CLAIM ARISING OUT OF ANY DISPUTE IN CONNECTION WITH THIS AGREEMENT, THE OTHER NOTE DOCUMENTS OR ANY OF THE OTHER TRANSACTION DOCUMENTS, ANY RIGHTS OR OBLIGATIONS HEREUNDER OR THEREUNDER OR THE PERFORMANCE OF SUCH RIGHTS AND OBLIGATIONS. EACH GRANTOR (i) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF THE COLLATERAL AGENT HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT THE COLLATERAL AGENT WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVERS AND (ii) ACKNOWLEDGES THAT THE COLLATERAL AGENT HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT, AND THE OTHER TRANSACTION DOCUMENTS TO WHICH IT IS PARTY BY, AMONG OTHER THINGS, THE WAIVERS AND CERTIFICATIONS CONTAINED HEREIN.

SECTION 7.13. Acknowledgements.

(a) Each Grantor hereby acknowledges that:

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

(ii) it has received a copy of the Purchase Agreement and has reviewed and understands the same;

(iii) neither the Collateral Agent nor any Lender has any fiduciary relationship with or duty to the Grantor arising out of or in connection with this Agreement or any of the other Note Documents, and the relationship between the Grantors, on the one hand, and the Collateral Agent and the Lenders, on the other hand, in connection herewith or therewith is solely that of debtor and creditor; and

(iv) no joint venture is created hereby or by the other Note Documents or otherwise exists by virtue of the transactions contemplated hereby or thereby among the Lenders or among the Grantors and the Lenders.

(b) Each Issuer party to this Agreement acknowledges receipt of a copy of this Agreement and agrees to be bound hereby and to comply with the terms hereof insofar as such terms are applicable to it. Each Issuer agrees to provide such notices to the Collateral Agent as may be necessary to give full effect to the provisions of this Agreement.

SECTION 7.14. Additional Grantors. Each Subsidiary of any Borrower that is required to become a party to this Agreement pursuant to Section 9.13 of the Purchase Agreement shall become a Grantor for all purposes of this Agreement upon execution and delivery by such Subsidiary of a joinder agreement (accompanied by a supplement to the Schedules to this Agreement, if appropriate) in form and substance reasonably satisfactory to the Collateral Agent.

SECTION 7.15. Releases.

(a) At such time as the Obligations shall have been paid in full (other than contingent indemnification Obligations to the extent no claim giving rise thereto has been asserted) and the Purchase Agreement shall have terminated in accordance with its terms, the Collateral shall automatically be released from the Liens created hereby, and this Agreement and all obligations (other than those expressly stated to survive such termination) of the Collateral Agent, the Lenders and each Grantor hereunder shall automatically terminate, all without delivery of any instrument or performance of any act by any party, and all rights to the Collateral shall revert to the Grantors. At the request and sole expense of the Grantor following any such termination, the Collateral Agent shall deliver to any Grantor any Collateral held by the Collateral Agent hereunder, and execute and deliver to such Grantor such documents as such Grantor shall reasonably request to evidence such termination.


(b) If any of the Collateral shall be sold, transferred or otherwise disposed of by any Grantor in a transaction permitted by the Purchase Agreement, then the Collateral Agent, at the request and sole expense of such Grantor, shall execute and deliver to such Grantor all releases or other documents reasonably necessary or desirable for the release of the Liens created hereby on such Collateral. In the event that all the Capital Stock of any Grantor shall be sold, transferred or otherwise disposed of in a transaction permitted by the Purchase Agreement, then, at the request of Borrowers and at the expense of such Grantor, such Grantor shall be released from its obligations hereunder; provided that the Borrowers shall have delivered to the Collateral Agent, at least ten (10) Business Days prior to the date of the proposed release, a written request for release identifying the relevant Grantor and the terms of the sale or other disposition in reasonable detail, including the price thereof and any expenses in connection therewith, together with a certification by the Borrowers stating that such transaction is in compliance with the Purchase Agreement and the other Note Documents.

[signature pages to follow]


IN WITNESS WHEREOF, the parties hereto have caused this Security Agreement to be executed under seal by their duly authorized officers, all as of the day and year first written above.

GRANTORS:


WELLBIZ BRANDS, INC

By: 
Name: Daniel M. Colbourne
Its: Executive Vice President,
Chief Financial Officer and
Treasurer

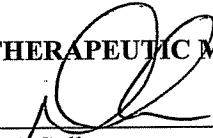
FITNESS TOGETHER FRANCHISE CORPORATION

By: 
Name: Daniel M. Colbourne
Its: Executive Vice President,
Chief Financial Officer and
Treasurer

FTHC OPERATING COMPANY

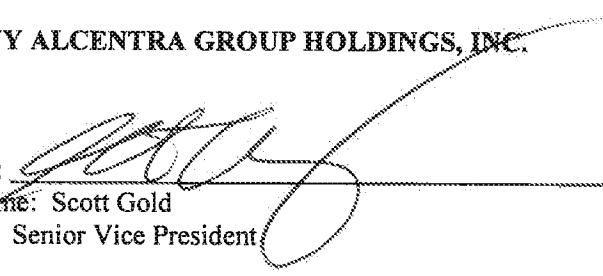
By: 
Name: Daniel M. Colbourne
Its: Executive Vice President,
Chief Financial Officer and
Treasurer

ELEMENTS THERAPEUTIC MASSAGE, INC.

By: 
Name: Daniel M. Colbourne
Its: Executive Vice President,
Chief Financial Officer and
Treasurer

COLLATERAL AGENT:

BNY ALCENTRA GROUP HOLDINGS, INC.

By: 
Name: Scott Gold
Its: Senior Vice President

[Signature page to Security Agreement]

TRADEMARK
REEL: 005138 FRAME: 0776

**SCHEDULES OF THE
SECURITY AGREEMENT**

dated as of October 23, 2013

by

**WELLBIZ BRANDS, INC.
FITNESS TOGETHER FRANCHISE CORPORATION
FTHC OPERATING COMPANY
ELEMENTS THERAPEUTIC MASSAGE, INC.**

and the Affiliates thereof from time to time party hereto,

as Grantors,

in favor of

BNY ALCENTRA GROUP HOLDINGS, INC.,

as Collateral Agent

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Schedule 3.6

Organizational Information

Grantors

WellBiz Brands, Inc., a Delaware corporation (“**WellBiz**”)

Qualified to do business in California and Colorado

Delaware File Number: 4183140; Federal Tax ID Number: 20-5166132

Principal Place of Business & Mailing Address: 9092 S. Ridgeline Blvd., Suite A, Highlands Ranch, Colorado 80129

Other Places of Business, Collateral, Asset Acquisitions: None

Elements Therapeutic Massage, Inc., a Delaware corporation (“**Elements**”)

Qualified to do business in Colorado

Delaware File Number: 4200695; Federal Tax ID Number: 20-5320515

Principal Place of Business & Mailing Address: 9092 S. Ridgeline Blvd., Suite A, Highlands Ranch, Colorado 80129

Other Places of Business, Collateral, Asset Acquisitions: None

0983272 B.C. LTD., a British Columbia corporation (“**Elements Canada**”)

To be qualified to do business in Ontario

Incorporation Number: BC0983272

Principal Place of Business: 9092 S. Ridgeline Blvd., Suite A, Highlands Ranch, Colorado 80129

Mailing Address: Suite 1700, Park Place, 666 Burrard Street, Vancouver, BC V6C 2X8, Canada

Other Places of Business, Collateral, Asset Acquisitions: None

Fitness Together Franchise Corporation, an Arizona corporation (“**Fitness Together**”)

Qualified to do business in: California, Colorado, Florida, Indiana, Maine, Michigan, and Pennsylvania

Arizona File Number: 0767977-5; Federal Tax ID Number: 86-0813730

Principal Place of Business & Mailing Address: 9092 S. Ridgeline Blvd., Suite A, Highlands Ranch, Colorado 80129

Other Places of Business, Collateral, Asset Acquisitions: None

FTHC Operating Company, an Arizona corporation (“**FTHC**”)

Qualified to do business in: Colorado

Arizona File Number: 1560009-0; Federal Tax ID Number: 27-1270772

Principal Place of Business & Mailing Address: 9092 S. Ridgeline Blvd., Suite A, Highlands Ranch, Colorado 80129

Other Places of Business, Collateral, Asset Acquisitions: None

Schedule 3.8

Other Collateral

<u>Entity</u>	<u>Type</u>	<u>Area/Studio</u>	<u>Original Note</u>	<u>Current Balance</u>	<u>Comments</u>
<u>FTFC</u>					
Mark Carrier	Studio	Virginia	37,000.00	2,500.00	Will be paid in full 12/1/2013
Mark Collar	Promissory Note		8,000.00	7,833.34	Przychocki Settlement
Subtotal			45,000.00	10,333.34	
<u>ETMI</u>					
Colleen O'Connor	Master	Kentucky	25,000.00	19,000.00	Payments from new studio sales
Subtotal			25,000.00	19,000.00	
Total			<u>70,000.00</u>	<u>29,333.34</u>	

Schedule 3.9

Deposit Accounts

<u>Grantor</u>	<u>Financial Institution</u>	<u>Account Number</u>	<u>Address of Financial Institution</u>	<u>Account Purpose</u>	<u>Blocked Agreement</u>
WBB	Vectra Bank Colorado, NA	5110011813	1001 17 th Street, Suite 1160 Denver, CO 80202	Business Checking	Yes
FTFC	Vectra Bank Colorado, NA	5110011797	1001 17 th Street, Suite 1160 Denver, CO 80202	Business Checking	Yes
ETMI	Vectra Bank Colorado, NA	5110011805	1001 17 th Street, Suite 1160 Denver, CO 80202	Business Checking	Yes
ETMI	Vectra Bank Colorado, NA	4044911156	1001 17 th Street, Suite 1160 Denver, CO 80202	Coop Marketing Business Checking Account	Yes
ETMI	Vectra Bank Colorado, NA	4044915181	1001 17 th Street, Suite 1160 Denver, CO 80202	Marketing / Production Fund Business Checking Account	No
FTHC Operating Company	Wells Fargo Bank, NA	6633440570	P.O. Box 2908 Phoenix, AZ 85062	National Gift Card Funding	No

Schedule 3.10

Intellectual Property

1. Copyrights: None.
2. Patents: None.
3. Trademarks:

Owner	Trademark	Status	Serial No.	Date Filed	Reg. No.	Reg. Date	Renew Date	Abandon Date
ETMI	THE ELEMENTS WAY	Allowed	85861500	2-27-2013	-	-	-	-
ETMI	THE ELEMENTS WAY (CANADA)	Pending	1646297	10-3-2013	-	-	-	-
ETMI	MESSAGE MADNESS	Allowed	85896305	4-5-2013	-	-	-	-
ETMI	ELEMENTS THERAPEUTIC MASSAGE	Registered	78979793	5-26-2006	3407418	4-1-2008	-	-
ETMI	ELEMENTS MESSAGE & DESIGN	Pending	86082391	10-3-2013	-	-	-	-
ETMI	ELEMENTS MESSAGE & DESIGN (CANADA)	Pending	1646299	10-3-2013	-	-	-	-
ETMI	TEARDROPS DESIGN	Pending	86082406	10-3-2013	-	-	-	-
ETMI	TEARDROP DESIGN (CANADA)	Pending	1646300	10-3-2013	-	-	-	-
ETMI	LET YOURSELF GO	Pending	86082413	10-3-2013	-	-	-	-
ETMI	ELEMENTS THERAPEUTIC MASSAGE	Abandoned	78893724	5-26-2006	-	-	-	5-25-2009
ETMI	ELEMENTS SPA AND SHOP	Registered	78406546	4-22-2004	3144204	9-19-2009	-	-
ETMI	ELEMENTS THERAPEUTIC MASSAGE	Registered	77806394	8-17-2009	3761266	3-16-2010	-	-
ETMI	ELEMENTS THERAPEUTIC MASSAGE	Registered	77793333	7-30-2009	3760865	3-16-2010	-	-
ETMI	ELEMENTS THERAPEUTIC	Allowed	1548494	10-20-2011				

	MASSAGE & DESIGN (CANADA)							
FTFC	MUSCLE MADNESS	Pending	85896329	4-5-2013	-	N/A	-	-
FTFC	PACK	Registered	85428672	9-21-2011	4146178	5-22-2012	-	-
FTFC	NUTRITION TOGETHER	Registered	77816851	8-31-2009	3804781	6-15-2010	-	-
FTFC	1 CLIENT 1 TRAINER 1 GOAL	Registered	77806416	8-17-2009	3761267	3-16-2010	-	-
FTFC	1 CLIENT 1 TRAINER 1 GOAL (CANADA)	Registered	1249369	-	TMA679759	1-18-2007	-	-
FTFC	FITNESS TOGETHER	Registered	77793274	7-30-2009	3760855	3-16-2010	-	-
FTFC	1 CLIENT 1 TRAINER 1 GOAL	Registered	75617063	12-29-1998	2478909	8-21-2001	8-11-2011	-
FTFC	FITNESS TOGETHER	Registered	75610224	12-22-1998	2373930	8-1-2000	1-7-2010	
FTFC	Egassam Massage Therapy: REVERSE YOUR STRESS	Abandoned	78814699	2-14-2006	-	-	-	2-4-2007
FTFC	FITNESS TOGETHER (BRAZIL)	Registered	901669830	5-27-2009	901669830	4-3-2012	-	-

4. License Agreements:

Intercompany intellectual property agreement with Elements Canada to be executed after the Closing.

5. Other Rights: None.

Schedule 3.11

Restrictions on Inventory

None.

Schedule 3.12

Investment Property; Partnership/LLC Interests

1. Certificated Securities:

- a. 1,000 shares of common stock of FTHC, as represented by Certificate No. 1, held by WellBiz and pledged to BlackRock Kelso Capital Corporation, a Delaware corporation ("**BlackRock**");
- b. 5,000 shares of common stock of Fitness Together, as represented by Certificate No. 1, held by WellBiz and pledged to BlackRock; and
- c. 1,000 shares of common stock of Elements, as represented by Certificate No. 1, held by WellBiz and pledged to BlackRock.

2. Uncertificated Securities: None.

3. Securities Accounts (including cash management accounts that are Investment Property):

See Schedule 3.9:

4. Partnerships/LLC Interests: None.