

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
ZULILY, INC.		01/23/2014	CORPORATION: DELAWARE

RECEIVING PARTY DATA	
Name:	CITIBANK, N.A.
Street Address:	1001 Page Mill Road, Building 4
City:	Palo Alto
State/Country:	CALIFORNIA
Postal Code:	94304
Entity Type:	National Banking Association: UNITED STATES

PROPERTY NUMBERS Total: 20		
Property Type	Number	Word Mark
Registration Number:	4400922	AVA LOVES OLLI
Registration Number:	4396984	HIPPO HULA
Registration Number:	4359018	ORANGE POPPY KIDS
Registration Number:	4389207	OWL & HOOT
Registration Number:	4389211	SWEET JEWEELEA
Registration Number:	3868643	ZULILY
Registration Number:	4349566	ZULILY
Registration Number:	4357191	ZULILY
Serial Number:	85851482	AIMEE & AMELIA
Serial Number:	85854792	BLOOM & PETAL
Serial Number:	85587473	BLUEBERRY TWIRL
Serial Number:	86014352	CONFETTI KISSES
Serial Number:	86081269	CONNER & KATE
Serial Number:	86076737	FREEDOM DAISY

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Serial Number:	85626372	LILY CAKE
Serial Number:	86076734	PENELOPE POSEY
Serial Number:	85676959	SWEET FABLE
Serial Number:	85626333	TIPTOE & WHISPER
Serial Number:	85954773	ZULILY
Registration Number:	4358063	Z

CORRESPONDENCE DATA

Fax Number: 8586385130
Correspondence will be sent to the e-mail address first; if that is unsuccessful, it will be sent via US Mail.
Phone: 858-677-1400
Email: susan.reynholds@dlapiper.com
Correspondent Name: DLA Piper LLP (US)
Address Line 1: 4365 Executive Drive, Suite 1100
Address Line 4: San Diego, CALIFORNIA 92121

ATTORNEY DOCKET NUMBER:	383412-6
NAME OF SUBMITTER:	Troy Zander
Signature:	/s/ Troy Zander
Date:	01/24/2014

Total Attachments: 34

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SECURITY AGREEMENT

THIS SECURITY AGREEMENT (as it may be amended or modified from time to time, the “**Security Agreement**”) is entered into as of January 23, 2014 by and between ZULILY, INC., a Delaware corporation (the “**Grantor**”), and CITIBANK, N.A., in its capacity as administrative agent (the “**Administrative Agent**”) for the lenders party to the Credit Agreement referred to below.

RECITALS

The Grantor, the Administrative Agent, the other Loan Parties and the Lenders are entering into a Credit Agreement dated as of January 23, 2014 (as it may be amended or modified from time to time, the “**Credit Agreement**”). The Grantor is entering into this Security Agreement in order to induce the Lenders to enter into and extend credit to the Grantor under the Credit Agreement.

ACCORDINGLY, the Grantor and the Administrative Agent, on behalf of the Lenders, hereby agree as follows:

ARTICLE I

DEFINITIONS

1.1 **Terms Defined in Credit Agreement.** All capitalized terms used herein and not otherwise defined shall have the meanings assigned to such terms in the Credit Agreement.

1.2 **Terms Defined in UCC.** Terms defined in the UCC which are not otherwise defined in this Security Agreement are used herein as defined in the UCC.

1.3 **Definitions of Certain Terms Used Herein.** As used in this Security Agreement, in addition to the terms defined in the first paragraph hereof and in the Preliminary Statement, the following terms shall have the following meanings:

“**Account Debtor**” is any Person obligated on an Account.

“**Accounts**” shall have the meaning set forth in Article 9 of the UCC.

“**Article**” means a numbered article of this Security Agreement, unless another document is specifically referenced.

“**Assigned Contracts**” means, collectively, all of the Grantor's rights and remedies under, and all moneys and claims for money due or to become due to the Grantor under those contracts set forth on Exhibit J to the Disclosure Letter, and any other material contracts, and any and all amendments, supplements, extensions, and renewals thereof including all rights and claims of the Grantor now or hereafter existing: (a) under any insurance, indemnities,

warranties, and guarantees provided for or arising out of or in connection with any of the foregoing agreements; (b) for any damages arising out of or for breach or default under or in connection with any of the foregoing contracts; (c) to all other amounts from time to time paid or payable under or in connection with any of the foregoing agreements; or (d) to exercise or enforce any and all covenants, remedies, powers and privileges thereunder.

“**Chattel Paper**” shall have the meaning set forth in Article 9 of the UCC.

“**Closing Date**” means the date of the Credit Agreement.

“**Collateral**” shall have the meaning set forth in Article II.

“**Collateral Access Agreement**” means any landlord waiver or other agreement, in form and substance satisfactory to the Administrative Agent, between the Administrative Agent and any third party (including any bailee, consignee, customs broker, or other similar Person) in possession of any Collateral or any landlord of any real property where any Collateral is located, as such landlord waiver or other agreement may be amended, restated, or otherwise modified from time to time.

“**Collateral Deposit Account**” shall have the meaning set forth in Section 7.1(a).

“**Collateral Report**” means any certificate, report or other document delivered by the Grantor to the Administrative Agent or any Lender with respect to the Collateral pursuant to any Loan Document.

“**Collection Account**” shall have the meaning set forth in Section 7.1(b).

“**Commercial Tort Claims**” shall have the meaning set forth in Article 9 of the UCC, and includes those commercial tort claims of the Grantor set forth on Exhibit K to the Disclosure Letter.

“**Control**” shall have the meaning set forth in Article 8 or, if applicable, in Section 9-104, 9-105, 9-106 or 9-107 of Article 9 of the UCC.

“**Copyrights**” means, with respect to any Person, all of such Person's right, title, and interest in and to the following: (a) all copyrights, rights and interests in copyrights, works protectable by copyright, copyright registrations, and copyright applications; (b) all 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, including, without limitation, damages or payments for past or future infringements for 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.

“**Default**” means any event or condition which constitutes an Event of Default or which upon notice, lapse of time or both would, unless cured or waived, become an Event of Default.

“**Deposit Account Control Agreement**” means an agreement, in form and substance satisfactory to the Administrative Agent, among any Loan Party, a banking institution holding

such Loan Party's funds, and the Administrative Agent with respect to collection and control of all deposits and balances held in a deposit account maintained by such Loan Party with such banking institution.

“Deposit Accounts” shall have the meaning set forth in Article 9 of the UCC.

“Disclosure Letter” shall have the meaning set forth in the Credit Agreement.

“Documents” shall have the meaning set forth in Article 9 of the UCC.

“Equipment” shall have the meaning set forth in Article 9 of the UCC.

“Event of Default” means an event described in Section 5.1.

“Excluded Accounts” shall mean (a) any Deposit Account of the Grantor that is used by such Grantor solely as a payroll account for the employees of Borrower or its Subsidiaries or the funds in which consist solely of funds held by the Grantor in trust for any director, officer or employee of the Grantor or any employee benefit plan maintained by the Grantor or funds representing deferred compensation for the directors and employees of the Grantor, (b) escrow accounts, Deposit Accounts and trust accounts, in each case holding assets that are pledged or otherwise encumbered pursuant to Permitted Encumbrances, (c) accounts that are swept to a zero balance on a daily basis to a Deposit Account that is subject to a Control Agreement, (d) Deposit Accounts and securities accounts held in jurisdictions outside the United States, and (e) Deposit Accounts containing de minimis amounts, provided that the amounts on deposit in such Deposit Accounts under this clause (e) do not at any time exceed \$500,000 in the aggregate.

“Fixtures” shall have the meaning set forth in Article 9 of the UCC.

“General Intangibles” shall have the meaning set forth in Article 9 of the UCC.

“Goods” shall have the meaning set forth in Article 9 of the UCC.

“Instruments” shall have the meaning set forth in Article 9 of the UCC.

“Inventory” shall have the meaning set forth in Article 9 of the UCC.

“Investment Property” shall have the meaning set forth in Article 9 of the UCC.

“IP Filing Office” means the United States Patent and Trademark Office, the United States Copyright Office or any successor or substitute office in the United States in which filings are necessary or, in the opinion of the Administrative Agent, desirable in order to create or perfect Liens on, or evidence the interest of the Administrative Agent and the Lenders in, any Collateral consisting of Intellectual Property.

“Lenders” means the lenders party to the Credit Agreement and their successors and assigns.

“Letter-of-Credit Rights” shall have the meaning set forth in Article 9 of the UCC.

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

“Patents” means, with respect to any Person, all of such Person's right, title, and interest in and to: (a) any and all patents and patent applications; (b) all inventions and improvements described and claimed therein; (c) all reissues, divisions, continuations, renewals, extensions, and continuations-in-part thereof; (d) all income, royalties, damages, claims, and payments now or hereafter due or payable under and with respect thereto, including, without limitation, damages and payments for past and future infringements thereof; (e) all rights to sue for past, present, and future infringements thereof; and (f) all rights corresponding to any of the foregoing throughout the world.

“Permitted Encumbrances” means Liens permitted under the Credit Agreement.

“Pledged Collateral” means, other than Excluded Collateral, all Instruments, Securities and other Investment Property of the Grantor, whether or not physically delivered to the Administrative Agent pursuant to this Security Agreement.

“Receivables” means the Accounts, Chattel Paper, Documents, Investment Property, Instruments and any other rights or claims to receive money which are General Intangibles or which are otherwise included as Collateral.

“Section” means a numbered section of this Security Agreement, unless another document is specifically referenced.

“Security” shall have the meaning set forth in Article 8 of the UCC.

“Stock Rights” means all dividends, instruments or other distributions and any other right or property which the Grantor shall receive or shall become entitled to receive for any reason whatsoever with respect to, in substitution for or in exchange for any Equity Interest constituting Collateral, any right to receive an Equity Interest and any right to receive earnings, in which the Grantor now has or hereafter acquires any right, issued by an issuer of such Equity Interest.

“Supporting Obligations” shall have the meaning set forth in Article 9 of the UCC.

“Trademarks” means, with respect to any Person, all of such Person's right, title, and interest in and to the following: (a) all trademarks (including service marks), trade names, trade dress, and trade styles and the registrations and applications for registration thereof and the goodwill of the business symbolized by the foregoing; (b) all licenses of the foregoing, whether as licensee or licensor; (c) all renewals of the foregoing; (d) all income, royalties, damages, and payments now or hereafter due or payable with respect thereto, including, without limitation, damages, claims, and payments for past and future infringements thereof; (e) all rights to sue for past, present, and future infringements of the foregoing, including the right to settle suits

involving claims and demands for royalties owing; and (f) all rights corresponding to any of the foregoing throughout the world.

“UCC” means the Uniform Commercial Code, as in effect from time to time, of the State of New York or of any other state the laws of which are required as a result thereof to be applied in connection with the attachment, perfection or priority of, or remedies with respect to, Administrative Agent's or any Lender's Lien on any Collateral.

The foregoing definitions shall be equally applicable to both the singular and plural forms of the defined terms.

ARTICLE II

GRANT OF SECURITY INTEREST

The Grantor hereby pledges, assigns and grants to the Administrative Agent, on behalf of and for the ratable benefit of the Lenders, a security interest in all of its right, title and interest in, to and under all personal property and other assets, whether now owned by or owing to, or hereafter acquired by or arising in favor of the Grantor (including under any trade name or derivations thereof), and regardless of where located (all of which will be collectively referred to as the “**Collateral**”), including:

- (i) all Accounts;
- (ii) all Chattel Paper;
- (iii) all Copyrights, Patents and Trademarks;
- (iv) all Documents;
- (v) all Equipment;
- (vi) all Fixtures;
- (vii) all General Intangibles;
- (viii) all Goods;
- (ix) all Instruments;
- (x) all Inventory;
- (xi) all Investment Property;
- (xii) all cash or cash equivalents;
- (xiii) all letters of credit, Letter-of-Credit Rights and Supporting Obligations;

- (xiv) all Deposit Accounts with any bank or other financial institution;
- (xv) all Commercial Tort Claims;
- (xvi) all Assigned Contracts; and

(xvii) all accessions to, substitutions for and replacements, proceeds (including Stock Rights), insurance proceeds and products of the foregoing, together with all books and records, customer lists, credit files, computer files, programs, printouts and other computer materials and records related thereto and any General Intangibles at any time evidencing or relating to any of the foregoing;

to secure the prompt and complete payment and performance of the Obligations.

Notwithstanding the foregoing or anything herein to the contrary, the Collateral shall not include, and the Grantor shall not be deemed to have granted a security interest in (collectively, the “Excluded Collateral”):

(i) any Equity Interests issued by a Foreign Subsidiary or a Foreign Subsidiary Holding Company to the extent that creation of a security interest by the Grantor in such Equity Interests (A) could reasonably be expected to cause the undistributed earnings of such Foreign Subsidiary or Foreign Subsidiary Holding Company as determined for United States federal income tax purposes to be treated as a deemed dividend to such Foreign Subsidiary’s or Foreign Subsidiary Holding Company’s United States parent or (B) could reasonably be expected to cause any adverse tax consequences; it being acknowledged and agreed that the creation of a security interest in Equity Interests possessing up to but not exceeding 66% of the issued and outstanding Equity Interests entitled to vote (within the meaning of Treas. Reg. Section 1.956-2(c)(2)) and 100% of the issued and outstanding Equity Interests not entitled to vote (within the meaning of Treas. Reg. Section 1.956-2(c)(2)) in each Foreign Subsidiary and each Foreign Subsidiary Holding Company, in each case, directly owned by the Grantor, will not result in any such consequences described in clause (A) or (B);

(ii) any right, title or interest in any permit, license or any contractual obligation entered into by the Grantor, any directly held Security (as such term is defined in Article 8 of the UCC) or any instrument now or hereafter owned by the Grantor, or any franchise to which the Grantor is a party or any of its rights or interests thereunder to the extent, but only to the extent, that the grant of a security interest therein would, under the terms of such permit, license, contractual obligation, Security, instrument or franchise, (A) be prohibited or require the consent of any person, subject to Section 4.16 hereof, other than the Grantor or any of its Affiliates which consent has not been obtained as a condition to the creation of such security interest, or which would be breached or give any party the right to terminate it as a result of creation of such security interest, or (B) be prohibited by any applicable laws, but only, in each case, to the extent, and only for so long as, such prohibition is not terminated or rendered unenforceable or otherwise deemed ineffective by the UCC or any other laws (including the Debtor Relief Laws) or principles of equity and, to the extent severable, shall attach immediately to any portion of such permit, license, contractual obligation, Security, instrument or franchise that does not result in any of the consequences specified in clause (A) or (B) of this

paragraph (ii) including, any Proceeds of such permit, license, contractual obligation, Security, instrument or franchise; *provided*, that immediately upon the ineffectiveness, lapse or termination of any such provision, the Collateral shall include, and the Grantor shall be deemed to have granted a security interest in, all such rights and interests as if such provision had never been in effect;

(iii) any property now owned or hereafter acquired by the Grantor that is subject to a purchase money Lien or a capital lease, in each case as permitted by the Credit Agreement, to the extent that the contractual obligation pursuant to which such Lien is granted (or the documentation providing for such purchase money Lien or Capital Lease) prohibits the creation by the Grantor of a Lien on such property or requires the consent of any person other than the Grantor or any of its Affiliates which consent has not been obtained as a condition to the creation of any other Lien on such property;

(iv) Equity Interests in any joint venture with a third party that is not an Affiliate of the Grantor, to the extent such joint venture is permitted by the Credit Agreement and a pledge of such Equity Interests is prohibited by the documents governing such joint venture;

(v) any motor vehicles having an aggregate value of not more than \$250,000;
and

(vi) any Intent-to-Use Application to the extent that, and solely during the period in which, the grant of a security interest therein would impair the registrability, validity or enforcement of such application under applicable federal law; *provided* that at the time any such Intent-to-Use Application matures into an Actual Use Application by the applicable Grantor's receipt of written notification from the IP Filing Office of its acceptance of either an "Amendment to Allege Use" or "Statement Of Use," the Collateral shall include, and the Grantor shall be deemed to have granted a security interest in, such Actual Use Application;

provided, however, "Excluded Collateral" shall not include any Proceeds, products, substitutions or replacements of any Excluded Collateral (unless such Proceeds, products, substitutions or replacements would themselves constitute Excluded Collateral under paragraph (i), (ii), (iii) or (v) above).

ARTICLE III

REPRESENTATIONS AND WARRANTIES

The Grantor represents and warrants to the Administrative Agent and the Lenders that:

3.1 **Title, Perfection and Priority.** The Grantor has good and valid rights in or the power to transfer the Collateral and title to the Collateral with respect to which it has purported to grant a security interest hereunder, free and clear of all Liens except for Liens permitted under Section 4.1(e), and has full power and authority to grant to the Administrative Agent the security interest in the Collateral pursuant hereto. When financing statements have been filed in the appropriate offices against the Grantor in the locations listed on Exhibit H to the Disclosure Letter, the Administrative Agent will have a fully perfected first priority security interest in that

Collateral in which a security interest may be perfected by filing, subject only to Liens permitted under Section 4.1(e).

3.2 **Type and Jurisdiction of Organization, Organizational and Identification Numbers.** The type of entity of the Grantor, its state of organization, the organizational number issued to it by its state of organization and its federal employer identification number are set forth on Exhibit A to the Disclosure Letter.

3.3 **Principal Location.** The Grantor's mailing address, which shall be its address for notices and other communications provided for herein and the location of its place of business (if it has only one) or its chief executive office (if it has more than one place of business), is disclosed in Exhibit A to the Disclosure Letter; the Grantor has no other places of business except those set forth in Exhibit A to the Disclosure Letter.

3.4 **Collateral Locations.** Excluding any in-transit Inventory, all of Grantor's locations where Collateral is located are listed on Exhibit A to the Disclosure Letter. All of said locations are owned by the Grantor except for locations (i) which are leased by the Grantor as lessee and designated in Part VII(b) of Exhibit A to the Disclosure Letter and (ii) at which Inventory is held in a public warehouse or is otherwise held by a bailee or on consignment as designated in Part VII(c) of Exhibit A to the Disclosure Letter.

3.5 **Deposit Accounts.** All of the Grantor's Deposit Accounts are listed on Exhibit B to the Disclosure Letter.

3.6 **Exact Names.** The Grantor's name in which it has executed this Security Agreement is the exact name as it appears in the Grantor's organizational documents, as amended, as filed with the Grantor's jurisdiction of organization. Except as disclosed on Exhibit A to the Disclosure Letter, the Grantor has not, during the past five years, been known by or used any other corporate or fictitious name, or been a party to any merger or consolidation, or been a party to any acquisition.

3.7 **Letter-of-Credit Rights and Chattel Paper.** Exhibit C to the Disclosure Letter lists all Letter-of-Credit Rights and Chattel Paper of the Grantor. All action by the Grantor necessary or desirable to protect and perfect the Administrative Agent's Lien on each item listed on Exhibit C to the Disclosure Letter (including the delivery of all originals and the placement of a legend on all Chattel Paper as required hereunder) has been duly taken. The Administrative Agent will have a fully perfected first priority security interest in the Collateral listed on Exhibit C to the Disclosure Letter, subject only to Liens permitted under Section 4.1(e).

3.8 **Accounts and Chattel Paper.**

(a) The names of the obligors, amounts owing, due dates and other information with respect to the Accounts and Chattel Paper are and will be correctly stated in all records of the Grantor relating thereto and in all invoices and Collateral Reports with respect thereto furnished to the Administrative Agent by the Grantor from time to time. As of the time when each Account or each item of Chattel Paper arises, the Grantor shall be deemed to have represented and warranted that such Account or Chattel

Paper, as the case may be, and all records relating thereto, are genuine and in all respects what they purport to be.

(b) With respect to Accounts: all Accounts represent bona fide sales of Inventory or rendering of services to Account Debtors in the ordinary course of the Grantor's business and are not evidenced by a judgment, Instrument or Chattel Paper; there are no setoffs, claims or disputes existing or asserted with respect thereto, which individually or in the aggregate would have a Material Adverse Effect, and the Grantor has not made any agreement with any Account Debtor for any extension of time for the payment thereof, any compromise or settlement for less than the full amount thereof, any release of any Account Debtor from liability therefor, or any deduction therefrom except a discount or allowance allowed by the Grantor in the ordinary course of its business; to Grantor's knowledge, there are no facts, events or occurrences which materially impair the validity or enforceability thereof or could reasonably be expected to materially reduce the amount payable thereunder as shown on the Grantor's books and records and any invoices, statements and Collateral Reports with respect thereto, in each case which individually or in the aggregate would have a Material Adverse Effect; the Grantor has not received any written notice of proceedings or actions which are threatened or pending against any Account Debtor which might result in a material adverse change in such Account Debtor's financial condition; and the Grantor has no knowledge that any Account Debtor has become insolvent or is generally unable to pay its debts as they become due, where such insolvency or inability to pay its debts could reasonably be expected to have a Material Adverse Effect.

3.9 **Inventory.** With respect to any Inventory: (a) such Inventory (other than Inventory in transit) is located at one of the Grantor's locations set forth on Exhibit A to the Disclosure Letter, (b) no Inventory (other than Inventory in transit) is now, or shall at any time or times hereafter be stored at any other location except as permitted by Section 4.1(g), (c) the Grantor has good, indefeasible and merchantable title to such Inventory and such Inventory is not subject to any Lien or security interest or document whatsoever except for the security interest granted to the Administrative Agent hereunder, for the benefit of the Administrative Agent and Lenders, and Permitted Encumbrances, (d) such Inventory is of good and merchantable quality, free from any defects, (e) such Inventory has been produced in accordance with the Federal Fair Labor Standards Act of 1938, as amended, and all rules, regulations and orders thereunder, and (f) except as disclosed on Exhibit A to the Disclosure Letter, the completion of manufacture, sale or other disposition of such Inventory by the Administrative Agent following an Event of Default shall not require the consent of any Person and shall not constitute a breach or default under any material contract or agreement to which the Grantor is a party or to which such property is subject.

3.10 **Intellectual Property.** The Grantor does not have any interest in, or title to, any Patent, Trademark or Copyright except as set forth in Exhibit D to the Disclosure Letter. This Security Agreement is effective to create a valid and continuing Lien and, upon filing of appropriate financing statements in the offices listed on Exhibit H and this Security Agreement with the United States Copyright Office and the United States Patent and Trademark Office, fully perfected first priority security interests in favor of the Administrative Agent on the Grantor's Patents, Trademarks and Copyrights, such perfected security interests are enforceable

as such as against any and all creditors of and purchasers from the Grantor; and all action necessary or desirable to protect and perfect the Administrative Agent's Lien on the Grantor's Patents, Trademarks or Copyrights shall have been duly taken.

3.11 **Filing Requirements.** None of the Equipment is covered by any certificate of title, except for motor vehicles constituting Excluded Collateral. None of the Collateral is of a type for which security interests or liens may be perfected by filing under any federal statute except for (a) the vehicles described in Part II of Exhibit E to the Disclosure Letter and (b) Patents, Trademarks and Copyrights held by the Grantor and described in Exhibit D to the Disclosure Letter. The legal description, county and street address of each property on which any Fixtures are located is set forth in Exhibit F to the Disclosure Letter together with the name and address of the record owner of each such property.

3.12 **No Financing Statements, Security Agreements.** No financing statement or security agreement describing all or any portion of the Collateral which has not lapsed or been terminated naming the Grantor as debtor has been filed or is of record in the Grantor's jurisdiction of incorporation except for financing statements or security agreements (a) naming the Administrative Agent on behalf of the Lenders as the secured party and (b) in respect to other Permitted Encumbrances.

3.13 **Pledged Collateral.**

(a) Exhibit G to the Disclosure Letter sets forth a complete and accurate list of all of the Pledged Collateral. The Grantor is the direct, sole beneficial owner and sole holder of record of the Pledged Collateral listed on Exhibit G to the Disclosure Letter as being owned by it, free and clear of any Liens, except for the security interest granted to the Administrative Agent for the benefit of the Lenders hereunder and Permitted Encumbrances. The Grantor further represents and warrants that (i) all Pledged Collateral constituting an Equity Interest has been (to the extent such concepts are relevant with respect to such Pledged Collateral) duly authorized, validly issued, are fully paid and non-assessable, (ii) with respect to any certificates delivered to the Administrative Agent representing an Equity Interest, either such certificates are Securities as defined in Article 8 of the UCC as a result of actions by the issuer or otherwise, or, if such certificates are not Securities, the Grantor has so informed the Administrative Agent so that the Administrative Agent may take steps to perfect its security interest therein as a General Intangible, (iii) all Pledged Collateral held by a securities intermediary is covered by a control agreement among the Grantor, the securities intermediary and the Administrative Agent pursuant to which the Administrative Agent has Control, provided that Grantor may maintain Pledged Collateral with securities intermediaries without a control agreement so long as the aggregate value of all such Pledged Collateral maintained with securities intermediaries without a control agreement does not exceed \$500,000 at any time and (iv) all Pledged Collateral which represents Indebtedness owed to the Grantor has been duly authorized, authenticated or issued and delivered by the issuer of such Indebtedness, is the legal, valid and binding obligation of such issuer and such issuer is not in default thereunder.

(b) In addition, (i) none of the Pledged Collateral has been issued or transferred in violation of the securities registration, securities disclosure or similar laws of any jurisdiction to which such issuance or transfer may be subject, (ii) no options, warrants, calls or commitments of any character whatsoever (A) exist relating to the Pledged Collateral or (B) obligate the issuer of any Equity Interest included in the Pledged Collateral to issue additional Equity Interests, and (iii) no consent, approval, authorization, or other action by, and no giving of notice, filing with, any governmental authority or any other Person is required for the pledge by the Grantor of the Pledged Collateral pursuant to this Security Agreement or for the execution, delivery and performance of this Security Agreement by the Grantor, or for the exercise by the Administrative Agent of the voting or other rights provided for in this Security Agreement or for the remedies in respect of the Pledged Collateral pursuant to this Security Agreement, except as may be required in connection with such disposition by laws affecting the offering and sale of securities generally.

(c) Except as set forth in Exhibit G to the Disclosure Letter, the Grantor owns one hundred percent (100%) of the issued and outstanding Equity Interests which constitute Pledged Collateral and none of the Pledged Collateral which represents Indebtedness owed to the Grantor is subordinated in right of payment to other Indebtedness or subject to the terms of an indenture.

ARTICLE IV

COVENANTS

From the date of this Security Agreement, and thereafter until this Security Agreement is terminated, the Grantor agrees that:

4.1 General.

(a) **Collateral Records.** The Grantor will maintain complete and accurate books and records with respect to the Collateral and furnish to the Administrative Agent with sufficient copies for each of the Lenders, such reports relating to the Collateral as the Administrative Agent shall from time to time request.

(b) **Authorization to File Financing Statements; Ratification.** The Grantor hereby authorizes the Administrative Agent to file, and if requested will deliver to the Administrative Agent, all financing statements and other documents and take such other actions as may from time to time be requested by the Administrative Agent in order to maintain a first perfected security interest in and, if applicable, Control of, the Collateral. Any financing statement filed by the Administrative Agent may be filed in any filing office in any UCC jurisdiction and may (i) indicate the Collateral (1) as all assets of the Grantor or words of similar effect, regardless of whether any particular asset comprised in the Collateral falls within the scope of Article 9 of the UCC of such jurisdiction, or (2) by any other description which reasonably approximates the description contained in this Security Agreement, and (ii) contain any other information required by part 5 of Article 9 of the UCC for the sufficiency or filing office acceptance of any financing

statement or amendment, including (A) whether the Grantor is an organization, the type of organization and any organization identification number issued to the Grantor, and (B) in the case of a financing statement filed as a fixture filing or indicating Collateral as as-extracted collateral or timber to be cut, a sufficient description of real property to which the Collateral relates. The Grantor also agrees to furnish any such information described in the foregoing sentence to the Administrative Agent promptly upon request. The Grantor also ratifies its authorization for the Administrative Agent to have filed in any UCC jurisdiction any initial financing statements or amendments thereto if filed prior to the date hereof.

(c) **Further Assurances.** The Grantor will, if so requested by the Administrative Agent, furnish to the Administrative Agent, from time to time as the Administrative Agent reasonably requests, statements and schedules further identifying and describing the Collateral and such other reports and information in connection with the Collateral as the Administrative Agent may reasonably request, all in such detail as the Administrative Agent may specify. The Grantor also agrees to take any and all actions necessary to defend title to the Collateral against all persons and to defend the security interest of the Administrative Agent in the Collateral and the priority thereof against any Lien not expressly permitted hereunder; provided that, so long as no Default or Event of Default exists, Guarantor can elect, in its good faith business judgment, not to defend an action involving Collateral having a fair market value, individually or in the aggregate, less than \$1,000,000.

(d) **Disposition of Collateral.** The Grantor will not sell, lease or otherwise dispose of the Collateral except for dispositions specifically permitted pursuant to the Credit Agreement.

(e) **Liens.** The Grantor will not create, incur, or suffer to exist any Lien on the Collateral except (i) the security interest created by this Security Agreement, and (ii) other Permitted Encumbrances.

(f) **Other Financing Statements.** The Grantor will not authorize the filing of any financing statement naming it as debtor covering all or any portion of the Collateral, except for financing statements (i) naming the Administrative Agent on behalf of the Lenders as the secured party, and (ii) in respect to other Permitted Encumbrances. The Grantor acknowledges that it is not authorized to file any financing statement or amendment or termination statement with respect to any financing statement without the prior written consent of the Administrative Agent, subject to the Grantor's rights under Section 9-509(d)(2) of the UCC.

(g) **Locations.** Except upon ten (10) Business Days' prior written notice to the Administrative Agent and, if applicable, delivery to the Administrative Agent of a written supplement to Exhibit A of the Disclosure Letter showing any additional location at which Collateral consisting of Inventory or Equipment with a book value in excess of \$150,000 individually or \$300,000 in the aggregate for all Grantors shall be kept, the Grantor will not: (i) maintain any Collateral at any location other than those locations listed on Exhibit A to the Disclosure Letter, (ii) otherwise change, or add to, such

locations without the Administrative Agent's prior written consent as required by the Credit Agreement (and if the Administrative Agent gives such consent, the Grantor will concurrently therewith obtain a Collateral Access Agreement for each such location to the extent required by the Credit Agreement), or (iii) change its principal place of business or chief executive office from the location identified on Exhibit A to the Disclosure Letter, other than as permitted by the Credit Agreement.

4.2 **Receivables.**

(a) **Certain Agreements on Receivables.** The Grantor will not make or agree to make any discount, credit, rebate or other reduction in the original amount owing on a Receivable or accept in satisfaction of a Receivable less than the original amount thereof, except in the ordinary course of business, so long as no Default or Event of Default exists.

(b) **Collection of Receivables.** Except as otherwise provided in this Security Agreement, the Grantor will collect and enforce, at the Grantor's sole expense, all amounts due or hereafter due to the Grantor under the Receivables.

(c) **Electronic Chattel Paper.** The Grantor shall take all commercially reasonable steps necessary to grant the Administrative Agent Control of all electronic chattel paper in accordance with the UCC and all “**transferable records**” as defined in each of the Uniform Electronic Transactions Act and the Electronic Signatures in Global and National Commerce Act.

4.3 **Inventory and Equipment.**

(a) **Maintenance of Goods.** The Grantor will do all things reasonably necessary to maintain, preserve, protect and keep the Inventory in good repair and working and saleable condition, except for damaged or defective goods arising in the ordinary course of the Grantor's business.

(b) **Equipment.** The Grantor shall not permit any Equipment to become a fixture with respect to real property or to become an accession with respect to other personal property with respect to which real or personal property the Administrative Agent does not have a Lien. The Grantor will not, without the Administrative Agent's prior written consent, alter or remove any identifying symbol or number on any of the Grantor's Equipment constituting Collateral.

4.4 **Delivery of Instruments, Securities, Chattel Paper and Documents.** The Grantor will (a) deliver to the Administrative Agent immediately upon execution of this Security Agreement the originals of all Chattel Paper, Securities and Instruments constituting Collateral (if any then exist), (b) hold in trust for the Administrative Agent upon receipt and immediately thereafter deliver to the Administrative Agent any Chattel Paper, Securities and Instruments constituting Collateral, (c) upon the Administrative Agent's request, deliver to the Administrative Agent (and thereafter hold in trust for the Administrative Agent upon receipt and immediately deliver to the Administrative Agent) any Document evidencing or constituting Collateral and (d) promptly upon the Administrative Agent's request, deliver to the Administrative Agent a duly

executed amendment to this Security Agreement, in the form of Exhibit I hereto (the “**Amendment**”), pursuant to which the Grantor will pledge such additional Collateral. The Grantor hereby authorizes the Administrative Agent to attach each Amendment to this Security Agreement and agrees that all additional Collateral set forth in such Amendments shall be considered to be part of the Collateral.

4.5 **Uncertificated Pledged Collateral.** The Grantor will permit the Administrative Agent from time to time to cause the appropriate issuers (and, if held with a securities intermediary, such securities intermediary) of uncertificated securities or other types of Pledged Collateral not represented by certificates to mark their books and records with the numbers and face amounts of all such uncertificated securities or other types of Pledged Collateral not represented by certificates and all rollovers and replacements therefor to reflect the Lien of the Administrative Agent granted pursuant to this Security Agreement. The Grantor will take any actions necessary to cause (a) the issuers of uncertificated securities which are Pledged Collateral and (b) any securities intermediary which is the holder of any Pledged Collateral, to cause the Administrative Agent to have and retain Control over such Pledged Collateral. Without limiting the foregoing, the Grantor will, with respect to Pledged Collateral held with a securities intermediary, cause such securities intermediary to enter into a control agreement with the Administrative Agent, in form and substance satisfactory to the Administrative Agent, giving the Administrative Agent Control.

4.6 **Pledged Collateral.**

(a) **Changes in Capital Structure of Issuers.** The Grantor will not (i) permit or suffer any issuer of an Equity Interest constituting Pledged Collateral to dissolve, merge, liquidate, retire any of its Equity Interests or other Instruments or Securities evidencing ownership, reduce its capital, sell or encumber all or substantially all of its assets (except for Permitted Encumbrances and sales of assets permitted pursuant to Section 4.1(d)) or merge or consolidate with any other entity except as permitted by the Credit Agreement, or (ii) vote any Pledged Collateral in favor of any of the foregoing.

(b) **Registration of Pledged Collateral.** The Grantor will permit any registerable Pledged Collateral to be registered in the name of the Administrative Agent or its nominee at any time at the option of the Required Lenders.

(c) **Exercise of Rights in Pledged Collateral.**

(i) Without in any way limiting the foregoing and subject to clause (ii) below, the Grantor shall have the right to exercise all voting rights or other rights relating to the Pledged Collateral for all purposes not inconsistent with this Security Agreement, the Credit Agreement or any other Loan Document; *provided however, that* no vote or other right shall be exercised or action taken which would have the effect of impairing the rights of the Administrative Agent in respect of the Pledged Collateral.

(ii) The Grantor will permit the Administrative Agent or its nominee at any time after the occurrence and during the continuation of an Event of Default,

without notice, to exercise all voting rights or other rights relating to the Pledged Collateral, including, without limitation, exchange, subscription or any other rights, privileges, or options pertaining to any Equity Interest or Investment Property constituting Pledged Collateral as if it were the absolute owner thereof.

(iii) The Grantor shall be entitled to collect and receive for its own use all cash dividends and interest paid in respect of the Pledged Collateral to the extent not in violation of the Credit Agreement other than any of the following distributions and payments (collectively referred to as the “**Excluded Payments**”): (A) dividends and interest paid or payable other than in cash in respect of any Pledged Collateral, and instruments and other property received, receivable or otherwise distributed in respect of, or in exchange for, any Pledged Collateral; (B) dividends and other distributions paid or payable in cash in respect of any Pledged Collateral in connection with a partial or total liquidation or dissolution or in connection with a reduction of capital, capital surplus or paid-in capital of an issuer; and (C) cash paid, payable or otherwise distributed, in respect of principal of, or in redemption of, or in exchange for, any Pledged Collateral; *provided however, that* until actually paid, all rights to such distributions shall remain subject to the Lien created by this Security Agreement; and

(iv) All Excluded Payments and all other distributions in respect of any Pledged Collateral, whenever paid or made, shall be delivered to the Administrative Agent to hold as Pledged Collateral and shall, if received by the Grantor, be received in trust for the benefit of the Administrative Agent, be segregated from the other property or funds of the Grantor, and be forthwith delivered to the Administrative Agent as Pledged Collateral in the same form as so received (with any necessary endorsement).

4.7 **Intellectual Property.**

(a) The Grantor will use its best efforts to secure all consents and approvals necessary or appropriate for the assignment to or benefit of the Administrative Agent of any License held by the Grantor and to enforce the security interests granted hereunder.

(b) The Grantor shall notify the Administrative Agent promptly if it knows that any application or registration relating to any Patent, Trademark or Copyright material to the conduct of its business or operations (whether now or hereafter existing) may become abandoned or dedicated, or of any adverse determination or development (including 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) regarding the Grantor's ownership of any Patent, Trademark or Copyright material to the conduct of its business or operations, its right to register the same, or to keep and maintain the same.

(c) Within forty-five (45) days after the end of each fiscal quarter, the Grantor shall notify the Administrative Agent in writing of any applications for the registration of

any Patent, Trademark or Copyright with the United States Patent and Trademark Office, the United States Copyright Office or any similar office or agency, whether directly or through any agent, employee, licensee or designee, that were filed during such fiscal quarter, and, upon request of the Administrative Agent, the Grantor shall execute and deliver any and all security agreements as the Administrative Agent may request to evidence the Administrative Agent's first priority security interest on such Patent, Trademark or Copyright, and the General Intangibles of the Grantor relating thereto or represented thereby.

(d) The Grantor shall take all commercially reasonable actions necessary or requested by the Administrative Agent to maintain and pursue each application, to obtain the relevant registration and to maintain the registration of each of the Patents, Trademarks and Copyrights material to the conduct of its business or operations (whether now or hereafter existing), including the filing of applications for renewal, affidavits of use, affidavits of noncontestability and opposition and interference and cancellation proceedings.

(e) The Grantor shall, unless it shall reasonably determine that such Patent, Trademark or Copyright is in no way material to the conduct of its business or operations, promptly sue for infringement, misappropriation or dilution and to recover any and all damages for such infringement, misappropriation or dilution, and shall take such other actions as the Administrative Agent shall deem appropriate under the circumstances to protect such Patent, Trademark or Copyright. In the event that the Grantor institutes suit because any of the Patents, Trademarks or Copyrights constituting Collateral is infringed upon, or misappropriated or diluted by a third party, the Grantor shall comply with Section 4.8.

4.8 **Commercial Tort Claims.** In the event that a Grantor shall at any time after the date hereof have any Commercial Tort Claims that could reasonably be expected to result in awarded damages in excess of \$1,000,000, the Grantor shall promptly, and in any event within ten (10) Business Days after the same is acquired by it, notify the Administrative Agent thereof and, unless the Administrative Agent otherwise consents, the Grantor shall enter into an amendment to this Security Agreement, in the form of Exhibit I hereto, granting to Administrative Agent a first priority security interest in such Commercial Tort Claim.

4.9 **Letter-of-Credit Rights.** If the Grantor is or becomes the beneficiary of a letter of credit, the Grantor shall promptly, and in any event within ten (10) Business Days after becoming a beneficiary, notify the Administrative Agent thereof and cause the issuer and/or confirmation bank to (i) consent to the assignment of any Letter-of-Credit Rights to the Administrative Agent and (ii) agree to direct all payments thereunder to a Deposit Account at the Administrative Agent or subject to a Deposit Account Control Agreement for application to the Obligations, in accordance with the Credit Agreement, all in form and substance reasonably satisfactory to the Administrative Agent.

4.10 **Federal, State or Municipal Claims.** The Grantor will promptly notify the Administrative Agent of any Collateral which constitutes a claim against the United States

government or any state or local government or any instrumentality or agency thereof, the assignment of which claim is restricted by federal, state or municipal law.

4.11 **No Interference**. The Grantor agrees that it will not interfere with any right, power and remedy of the Administrative Agent provided for in this Security Agreement or now or hereafter existing at law or in equity or by statute or otherwise, or the exercise or beginning of the exercise by the Administrative Agent of any one or more of such rights, powers or remedies.

4.12 **Insurance**.

(a) All insurance policies required hereunder and under the Credit Agreement shall name the Administrative Agent (for the benefit of the Administrative Agent and the Lenders) as an additional insured or as loss payee, as applicable, and shall contain loss payable clauses or mortgagee clauses, through endorsements in form and substance satisfactory to the Administrative Agent, which provide that: (i) all proceeds thereunder with respect to any Collateral shall be payable to the Administrative Agent; (ii) no such insurance shall be affected by any act or neglect of the insured or owner of the property described in such policy; and (iii) such policy and loss payable or mortgagee clauses may be canceled, amended, or terminated only upon at least thirty (30) days prior written notice given to the Administrative Agent.

(b) All premiums on such insurance shall be paid when due by the Grantor, and copies of the policies delivered to the Administrative Agent. If the Grantor fails to obtain any insurance as required by this Section, the Administrative Agent may obtain such insurance at the Borrower's expense. By purchasing such insurance, the Administrative Agent shall not be deemed to have waived any Default arising from the Grantor's failure to maintain such insurance or pay any premiums therefor.

4.13 **Collateral Access Agreements**. The Grantor shall use commercially reasonable efforts to obtain a Collateral Access Agreement from the lessor of each leased property, mortgagee of owned property or bailee or consignee with respect to any warehouse, processor or converter facility or other location where Collateral having a value in excess of \$1,000,000, individually or in the aggregate, is stored or located, which agreement or letter shall provide access rights, contain a waiver or subordination of all Liens or claims that the landlord, mortgagee, bailee or consignee may assert against the Collateral at that location, and shall otherwise be reasonably satisfactory in form and substance to the Administrative Agent. After the Closing Date, no real property or warehouse space shall be leased by the Grantor and no Inventory owned by the Grantor shall be shipped to a processor or converter under arrangements established after the Closing Date, unless and until a satisfactory Collateral Access Agreement shall first have been obtained with respect to such location to the extent that Collateral having a value in excess of \$1,000,000, individually or in the aggregate, will be stored at such location. The Grantor shall timely and fully pay and perform its obligations under all leases and other agreements with respect to each leased location or third party warehouse where any Collateral having a value in excess of \$1,000,000 individually or in the aggregate is or may be located.

4.14 **Deposit Account Control Agreements**. The Grantor will provide to the Administrative Agent promptly upon the Administrative Agent's request, a Deposit Account

Control Agreement duly executed on behalf of each financial institution holding a deposit account of the Grantor as set forth in this Security Agreement; provided that this Section 4.14 shall not apply to any Excluded Account.

4.15 **Change of Name or Location; Change of Fiscal Year; Change to Deposit Accounts.** The Grantor shall not (a) change its name as it appears in official filings in the state of its incorporation or organization, (b) change its chief executive office, principal place of business, mailing address, corporate offices or warehouses or locations at which Collateral is held or stored, or the location of its records concerning the Collateral as set forth in this Security Agreement, (c) change the type of entity that it is, (d) change its organization identification number, if any, issued by its state of incorporation or other organization, (e) change its state of incorporation or organization, or (f) open any new Deposit Accounts other than Excluded Accounts, in each case, unless (x) the Administrative Agent shall have received at least thirty (30) days prior written notice of such change and, if applicable, received a written supplement to Exhibit A or Exhibit B, as applicable, of the Disclosure Letter setting forth such change and (y) the Administrative Agent shall have acknowledged in writing that either (1) such change will not adversely affect the validity, perfection or priority of the Administrative Agent's security interest in the Collateral, or (2) any reasonable action requested by the Administrative Agent in connection therewith has been completed or taken (including any action to continue the perfection of any Liens in favor of the Administrative Agent, on behalf of Lenders, in any Collateral), *provided that*, any new location shall be in the continental U.S. The Grantor shall not change its fiscal year which currently ends on the Sunday closest to December 31st of such fiscal year, without 10 Business Days' prior notice to Administrative Agent.

4.16 **Assigned Contracts.** After the occurrence of a Default or Event of Default, and upon Administrative Agent's request, the Grantor will secure all consents and approvals necessary or appropriate for the assignment to or for the benefit of the Administrative Agent of any Assigned Contract held by the Grantor and to enforce the security interests granted hereunder. The Grantor shall fully perform all of its material obligations under each of the Assigned Contracts, and shall enforce all of its rights and remedies thereunder, in each case, as it deems appropriate in its business judgment; *provided however, that* the Grantor shall not take any action or fail to take any action with respect to its Assigned Contracts which would cause the termination of an Assigned Contract. Without limiting the generality of the foregoing, the Grantor shall take all action reasonably necessary or appropriate to permit, and shall not take any action which would have any materially adverse effect upon, the full enforcement of all indemnification rights under its Assigned Contracts. The Grantor shall notify the Administrative Agent and the Lenders in writing, promptly after the Grantor becomes aware thereof, of any event or fact which could give rise to a material claim by it for indemnification under any of its Assigned Contracts, and shall diligently pursue such right and report to the Administrative Agent on all further developments with respect thereto. If the Grantor shall fail after the Administrative Agent's demand to pursue diligently any right under its Assigned Contracts, or if an Event of Default then exists, the Administrative Agent may, and at the direction of the Required Lenders shall, directly enforce such right in its own or the Grantor's name and may enter into such settlements or other agreements with respect thereto as the Administrative Agent or the Required Lenders, as applicable, shall determine. In any suit, proceeding or action brought by the Administrative Agent for the benefit of the Lenders under any Assigned Contract for any sum owing thereunder or to enforce any provision thereof, the Grantor shall indemnify and hold the

Administrative Agent and Lenders harmless from and against all expense, loss or damage suffered by reason of any defense, setoff, counterclaims, recoupment, or reduction of liability whatsoever of the obligor thereunder arising out of a breach by the Grantor of any obligation thereunder or arising out of any other agreement, indebtedness or liability at any time owing from the Grantor to or in favor of such obligor or its successors. All such obligations of the Grantor shall be and remain enforceable only against the Grantor and shall not be enforceable against the Administrative Agent or the Lenders. Notwithstanding any provision hereof to the contrary, the Grantor shall at all times remain liable to observe and perform all of its material duties and obligations under its Assigned Contracts, and the Administrative Agent's or any Lender's exercise of any of their respective rights with respect to the Collateral shall not release the Grantor from any of such material duties and obligations. Neither the Administrative Agent nor any Lender shall be obligated to perform or fulfill any of the Grantor's duties or obligations under its Assigned Contracts or to make any payment thereunder, or to make any inquiry as to the nature or sufficiency of any payment or property received by it thereunder or the sufficiency of performance by any party thereunder, or to present or file any claim, or to take any action to collect or enforce any performance, any payment of any amounts, or any delivery of any property.

ARTICLE V

EVENTS OF DEFAULT AND REMEDIES

5.1 **Events of Default.** The occurrence of any one or more of the following events shall constitute an Event of Default hereunder:

(a) The occurrence of any “**Event of Default**” under, and as defined in, the Credit Agreement.

(b) Any Equity Interest which is included within the Collateral shall at any time constitute a Security or the issuer of any such Equity Interest shall take any action to have such interests treated as a Security unless (i) all certificates or other documents constituting such Security have been delivered to the Administrative Agent and such Security is properly defined as such under Article 8 of the UCC of the applicable jurisdiction, whether as a result of actions by the issuer thereof or otherwise, or (ii) the Administrative Agent has entered into a control agreement with the issuer of such Security or with a securities intermediary relating to such Security and such Security is defined as such under Article 8 of the UCC of the applicable jurisdiction, whether as a result of actions by the issuer thereof or otherwise.

5.2 **Remedies.**

(a) Upon the occurrence and during the continuation of an Event of Default, the Administrative Agent may exercise any or all of the following rights and remedies:

(i) those rights and remedies provided in this Security Agreement, the Credit Agreement, or any other Loan Document; *provided that*, this Section 5.2(a)

shall not be understood to limit any rights or remedies available to the Administrative Agent and the Lenders prior to an Event of Default;

(ii) those rights and remedies available to a secured party under the UCC (whether or not the UCC applies to the affected Collateral) or under any other applicable law (including, without limitation, any law governing the exercise of a bank's right of setoff or bankers' lien) when a debtor is in default under a security agreement;

(iii) give notice of sole control or any other instruction under any Deposit Account Control Agreement or any other control agreement with any securities intermediary and take any action therein with respect to such Collateral;

(iv) without notice (except as specifically provided in Section 8.1 or elsewhere herein), demand or advertisement of any kind to the Grantor or any other Person, enter the premises of the Grantor where any Collateral is located (through self-help and without judicial process) to collect, receive, assemble, process, appropriate, sell, lease, assign, grant an option or options to purchase or otherwise dispose of, deliver, or realize upon, the Collateral or any part thereof in one or more parcels at public or private sale or sales (which sales may be adjourned or continued from time to time with or without notice and may take place at the Grantor's premises or elsewhere), for cash, on credit or for future delivery without assumption of any credit risk, and upon such other terms as the Administrative Agent may deem commercially reasonable; and

(v) concurrently with written notice to the Grantor, transfer and register in its name or in the name of its nominee the whole or any part of the Pledged Collateral, exchange certificates or instruments representing or evidencing Pledged Collateral for certificates or instruments of smaller or larger denominations, exercise the voting and all other rights as a holder with respect thereto, to collect and receive all cash dividends, interest, principal and other distributions made thereon and to otherwise act with respect to the Pledged Collateral as though the Administrative Agent was the outright owner thereof.

(b) The Administrative Agent, on behalf of the Lenders, shall comply with any applicable state or federal law requirements in connection with a disposition of the Collateral and compliance will not be considered to adversely affect the commercial reasonableness of any sale of the Collateral.

(c) The Administrative 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 for the benefit of the Administrative Agent and the Lenders, the whole or any part of the Collateral so sold, free of any right of equity redemption, which equity redemption the Grantor hereby expressly releases.

(d) Until the Administrative Agent is able to effect a sale, lease, or other disposition of Collateral, the Administrative Agent shall have the right to hold or use

Collateral, or any part thereof, to the extent that it deems appropriate for the purpose of preserving Collateral or its value or for any other purpose deemed appropriate by the Administrative Agent. The Administrative Agent may, if it so elects, seek the appointment of a receiver or keeper to take possession of Collateral and to enforce any of the Administrative Agent's remedies (for the benefit of the Administrative Agent and Lenders), with respect to such appointment without prior notice or hearing as to such appointment.

(e) If, after the Credit Agreement has terminated by its terms and all of the Obligations (other than inchoate indemnity obligations and any other obligations which, by their terms, are to survive the termination of this Security Agreement) have been paid in full, there remain Swap Obligations outstanding, the Required Lenders may exercise the remedies provided in this Section 5.2 upon the occurrence of any event which would allow or require the termination or acceleration of any Swap Obligations pursuant to the terms of the Swap Agreement.

(f) Notwithstanding the foregoing, neither the Administrative Agent nor the Lenders shall be required to (i) make any demand upon, or pursue or exhaust any of its rights or remedies against, the Grantor, any other obligor, guarantor, pledgor or any other Person with respect to the payment of the Obligations or to pursue or exhaust any of its rights or remedies with respect to any Collateral therefor or any direct or indirect guarantee thereof, (ii) marshal the Collateral or any guarantee of the Obligations or to resort to the Collateral or any such guarantee in any particular order, or (iii) effect a public sale of any Collateral.

(g) The Grantor recognizes that the Administrative Agent may be unable to effect a public sale of any or all the Pledged Collateral and may be compelled to resort to one or more private sales thereof in accordance with clause (a) above. The Grantor also acknowledges that any private sale may result in prices and other terms less favorable to the seller than if such sale were a public sale and, notwithstanding such circumstances, agrees that any such private sale shall not be deemed to have been made in a commercially unreasonable manner solely by virtue of such sale being private. The Administrative Agent shall be under no obligation to delay a sale of any of the Pledged Collateral for the period of time necessary to permit the Grantor or the issuer of the Pledged Collateral to register such securities for public sale under the Securities Act of 1933, as amended, or under applicable state securities laws, even if the Grantor and the issuer would agree to do so.

5.3 **Grantor's Obligations Upon Default.** Upon the request of the Administrative Agent after the occurrence and during the continuation of a Default, the Grantor will:

(a) assemble and make available to the Administrative Agent the Collateral and all books and records relating thereto at any place or places specified by the Administrative Agent, whether at the Grantor's premises or elsewhere;

(b) permit the Administrative Agent, by the Administrative Agent's representatives and agents, to enter, occupy and use any premises where all or any part

of the Collateral, or the books and records relating thereto, or both, are located, to take possession of all or any part of the Collateral or the books and records relating thereto, or both, to remove all or any part of the Collateral or the books and records relating thereto, or both, and to conduct sales of the Collateral, without any obligation to pay the Grantor for such use and occupancy;

(c) prepare and file, or cause an issuer of Pledged Collateral to prepare and file, with the Securities and Exchange Commission or any other applicable government agency, registration statements, a prospectus and such other documentation in connection with the Pledged Collateral as the Administrative Agent may request, all in form and substance satisfactory to the Administrative Agent, and furnish to the Administrative Agent, or cause an issuer of Pledged Collateral to furnish to the Administrative Agent, any information regarding the Pledged Collateral in such detail as the Administrative Agent may specify; and

(d) take, or cause an issuer of Pledged Collateral to take, any and all actions necessary to register or qualify the Pledged Collateral to enable the Administrative Agent to consummate a public sale or other disposition of the Pledged Collateral.

5.4 **Grant of Intellectual Property License.** For the purpose of enabling the Administrative Agent to exercise the rights and remedies under this Article V at such time as the Administrative Agent shall be lawfully entitled to exercise such rights and remedies, the Grantor hereby (a) grants to the Administrative Agent, for the benefit of the Administrative Agent and the Lenders, an irrevocable, nonexclusive license (exercisable without payment of royalty or other compensation to the Grantor) to use, license or sublicense any intellectual property rights now owned or hereafter acquired by the Grantor, and wherever the same may be located, and including in such license access to all media in which any of the licensed items may be recorded or stored and to all computer software and programs used for the compilation or printout thereof and (b) irrevocably agrees that the Administrative Agent may sell any of the Grantor's Inventory directly to any person, including without limitation persons who have previously purchased the Grantor's Inventory from the Grantor and in connection with any such sale or other enforcement of the Administrative Agent's rights under this Security Agreement, may sell Inventory which bears any Trademark owned by or licensed to the Grantor and any Inventory that is covered by any Copyright owned by or licensed to the Grantor and the Administrative Agent may finish any work in process and affix any Trademark owned by or licensed to the Grantor and sell such Inventory as provided herein. The Administrative Agent shall enter into a non-disturbance or similar agreement in connection with the licensing of any Intellectual Property or leasing of any real property permitted pursuant to the terms of the Credit Agreement, to the extent that Administrative Agent intends to use any such Intellectual Property or enter any such real property and such non-disturbance or similar agreement is reasonably required by the third party owner of such Intellectual Property or real property; provided that such third party owner is not an Affiliate of Borrower.

ARTICLE VI

[INTENTIONALLY OMITTED.]

ARTICLE VII

[INTENTIONALLY OMITTED.]

ARTICLE VIII

GENERAL PROVISIONS

8.1 **Waivers.** The Grantor hereby waives notice of the time and place of any public sale or the time after which any private sale or other disposition of all or any part of the Collateral may be made. To the extent such notice may not be waived under applicable law, any notice made shall be deemed reasonable if sent to the Grantor, addressed as set forth in Article IX, at least ten (10) days prior to (i) the date of any such public sale or (ii) the time after which any such private sale or other disposition may be made. To the maximum extent permitted by applicable law, the Grantor waives all claims, damages, and demands against the Administrative Agent or any Lender arising out of the repossession, retention or sale of the Collateral, except such as arise solely out of the gross negligence or willful misconduct of the Administrative Agent or such Lender as finally determined by a court of competent jurisdiction. To the extent it may lawfully do so, the Grantor absolutely and irrevocably waives and relinquishes the benefit and advantage of, and covenants not to assert against the Administrative Agent or any Lender, any valuation, stay, appraisal, extension, moratorium, redemption or similar laws and any and all rights or defenses it may have as a surety now or hereafter existing which, but for this provision, might be applicable to the sale of any Collateral made under the judgment, order or decree of any court, or privately under the power of sale conferred by this Security Agreement, or otherwise. Except as otherwise specifically provided herein, the Grantor hereby waives presentment, demand, protest or any notice (to the maximum extent permitted by applicable law) of any kind in connection with this Security Agreement or any Collateral.

8.2 **Limitation on Administrative Agent's and Lenders' Duty with Respect to the Collateral.** The Administrative Agent shall have no obligation to clean-up or otherwise prepare the Collateral for sale. The Administrative Agent and each Lender shall use reasonable care with respect to the Collateral in its possession or under its control. Neither the Administrative Agent nor any Lender shall have any other duty as to any Collateral in its possession or control or in the possession or control of any agent or nominee of the Administrative Agent or such Lender, or any income thereon or as to the preservation of rights against prior parties or any other rights pertaining thereto. To the extent that applicable law imposes duties on the Administrative Agent to exercise remedies in a commercially reasonable manner, the Grantor acknowledges and agrees that it is commercially reasonable for the Administrative Agent (i) to fail to incur expenses deemed significant by the Administrative Agent to prepare Collateral for disposition or otherwise to transform raw material or work in process into finished goods or other finished products for disposition, (ii) to fail to obtain third party consents for access to Collateral to be disposed of, or to obtain or, if not required by other law, to fail to obtain governmental or third party consents for the collection or disposition of Collateral to be collected or disposed of, (iii) to fail to exercise

collection remedies against Account Debtors or other Persons obligated on Collateral or to remove Liens on or any adverse claims against Collateral, (iv) to exercise collection remedies against Account Debtors and other Persons obligated on Collateral directly or through the use of collection agencies and other collection specialists, (v) to advertise dispositions of Collateral through publications or media of general circulation, whether or not the Collateral is of a specialized nature, (vi) to contact other Persons, whether or not in the same business as the Grantor, for expressions of interest in acquiring all or any portion of the Collateral, (vii) to hire one or more professional auctioneers to assist in the disposition of Collateral, whether or not the Collateral is of a specialized nature, (viii) to dispose of Collateral by utilizing internet sites that provide for the auction of assets of the types included in the Collateral or that have the reasonable capacity of doing so, or that match buyers and sellers of assets, (ix) to dispose of assets in wholesale rather than retail markets, (x) to disclaim disposition warranties, such as title, possession or quiet enjoyment, (xi) to purchase insurance or credit enhancements to insure the Administrative Agent against risks of loss, collection or disposition of Collateral or to provide to the Administrative Agent a guaranteed return from the collection or disposition of Collateral, or (xii) to the extent deemed appropriate by the Administrative Agent, to obtain the services of other brokers, investment bankers, consultants and other professionals to assist the Administrative Agent in the collection or disposition of any of the Collateral. The Grantor acknowledges that the purpose of this Section 8.2 is to provide non-exhaustive indications of what actions or omissions by the Administrative Agent would be commercially reasonable in the Administrative Agent's exercise of remedies against the Collateral and that other actions or omissions by the Administrative Agent shall not be deemed commercially unreasonable solely on account of not being indicated in this Section 8.2. Without limitation upon the foregoing, nothing contained in this Section 8.2 shall be construed to grant any rights to the Grantor or to impose any duties on the Administrative Agent that would not have been granted or imposed by this Security Agreement or by applicable law in the absence of this Section 8.2.

8.3 **Compromises and Collection of Collateral.** The Grantor and the Administrative Agent recognize that setoffs, counterclaims, defenses and other claims may be asserted by obligors with respect to certain of the Receivables, that certain of the Receivables may be or become uncollectible in whole or in part and that the expense and probability of success in litigating a disputed Receivable may exceed the amount that reasonably may be expected to be recovered with respect to a Receivable. In view of the foregoing, the Grantor agrees that the Administrative Agent may at any time and from time to time, if an Event of Default has occurred and is continuing, compromise with the obligor on any Receivable, accept in full payment of any Receivable such amount as the Administrative Agent in its sole discretion shall determine or abandon any Receivable, and any such action by the Administrative Agent shall be commercially reasonable so long as the Administrative Agent acts in good faith based on information known to it at the time it takes any such action.

8.4 **Secured Party Performance of Debtor Obligations.** Without having any obligation to do so, the Administrative Agent may perform or pay any obligation which the Grantor has agreed to perform or pay in this Security Agreement and the Grantor shall reimburse the Administrative Agent for any amounts paid by the Administrative Agent pursuant to this Section 8.4. The Grantor's obligation to reimburse the Administrative Agent pursuant to the preceding sentence shall be a Secured Obligation payable on demand.

8.5 **Specific Performance of Certain Covenants.** The Grantor acknowledges and agrees that a breach of any of the covenants contained in Sections 5.3 or 8.7 will cause irreparable injury to the Administrative Agent and the Lenders, that the Administrative Agent and Lenders have no adequate remedy at law in respect of such breaches and therefore agrees, without limiting the right of the Administrative Agent or the Lenders to seek and obtain specific performance of other obligations of the Grantor contained in this Security Agreement, that the covenants of the Grantor contained in the Sections referred to in this Section 8.5 shall be specifically enforceable against the Grantor.

8.6 **Dispositions Not Authorized.** The Grantor is not authorized to sell or otherwise dispose of the Collateral except as set forth in Section 4.1(d) and notwithstanding any course of dealing between the Grantor and the Administrative Agent or other conduct of the Administrative Agent, no authorization to sell or otherwise dispose of the Collateral (except as set forth in Section 4.1(d)) shall be binding upon the Administrative Agent or the Lenders unless such authorization is in writing signed by the Administrative Agent with the consent or at the direction of the Required Lenders.

8.7 **No Waiver; Amendments; Cumulative Remedies.** No delay or omission of the Administrative Agent or any Lender to exercise any right or remedy granted under this Security Agreement shall impair such right or remedy or be construed to be a waiver of any Default or an acquiescence therein, and any single or partial exercise of any such right or remedy shall not preclude any other or further exercise thereof or the exercise of any other right or remedy. No waiver, amendment or other variation of the terms, conditions or provisions of this Security Agreement whatsoever other than an amendment entered into pursuant to Section 4.4 or 4.8 hereof shall be valid unless in writing signed by the Administrative Agent with the concurrence or at the direction of the Lenders required under the Credit Agreement and then only to the extent in such writing specifically set forth. All rights and remedies contained in this Security Agreement or by law afforded shall be cumulative and all shall be available to the Administrative Agent and the Lenders until the Obligations (other than inchoate indemnity obligations and any other obligations which, by their terms, are to survive the termination of this Security Agreement) have been paid in full.

8.8 **Limitation by Law; Severability of Provisions.** All rights, remedies and powers provided in this Security Agreement may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law, and all the provisions of this Security Agreement are intended to be subject to all applicable mandatory provisions of law that may be controlling and to be limited to the extent necessary so that they shall not render this Security Agreement invalid, unenforceable or not entitled to be recorded or registered, in whole or in part. Any provision in any this Security Agreement that is held to be inoperative, unenforceable, or invalid in any jurisdiction shall, as to that jurisdiction, be inoperative, unenforceable, or invalid without affecting the remaining provisions in that jurisdiction or the operation, enforceability, or validity of that provision in any other jurisdiction, and to this end the provisions of this Security Agreement are declared to be severable.

8.9 **Reinstatement.** This Security Agreement shall remain in full force and effect and continue to be effective should any petition be filed by or against the Grantor for liquidation or reorganization, should the Grantor become insolvent or make an assignment for the benefit of

any creditor or creditors or should a receiver or trustee or any other party, in connection with any proceeding under any Debtor Relief Laws or otherwise, be appointed for all or any significant part of the Grantor's assets, and shall continue to be effective or be reinstated, as the case may be, if at any time payment and performance of the Obligations, or any part thereof, is, pursuant to applicable law, rescinded or reduced in amount, or must otherwise be restored or returned by any obligee of the Obligations, whether as a “**voidable preference,**” “**fraudulent conveyance,**” or otherwise, all as though such payment or performance had not been made. In the event that any payment, or any part thereof, is rescinded, reduced, restored or returned, the Obligations shall be reinstated and deemed reduced only by such amount paid and not so rescinded, reduced, restored or returned.

8.10 **Benefit of Agreement.** The terms and provisions of this Security Agreement shall be binding upon and inure to the benefit of the Grantor, the Administrative Agent and the Lenders and their respective successors and assigns (including all persons who become bound as a debtor to this Security Agreement), except that the Grantor shall not have the right to assign its rights or delegate its obligations under this Security Agreement or any interest herein, without the prior written consent of the Administrative Agent. No sales of participations, assignments, transfers, or other dispositions of any agreement governing the Obligations or any portion thereof or interest therein shall in any manner impair the Lien granted to the Administrative Agent, for the benefit of the Administrative Agent and the Lenders, hereunder.

8.11 **Survival of Representations.** All representations and warranties of the Grantor contained in this Security Agreement shall survive the execution and delivery of this Security Agreement.

8.12 **Taxes and Expenses.** Any taxes (including income taxes) payable or ruled payable by Federal or State authority in respect of this Security Agreement shall be paid by the Grantor, together with interest and penalties, if any. The Grantor shall reimburse the Administrative Agent for any and all out-of-pocket expenses and internal charges (including reasonable attorneys', auditors' and accountants' fees and reasonable time charges of attorneys, paralegals, auditors and accountants who may be employees of the Administrative Agent) paid or incurred by the Administrative Agent in connection with the preparation, execution, delivery, administration, collection and enforcement of this Security Agreement and in the audit, analysis, administration, collection, preservation or sale of the Collateral (including the expenses and charges associated with any periodic or special audit of the Collateral). Any and all costs and expenses incurred by the Grantor in the performance of actions required pursuant to the terms hereof shall be borne solely by the Grantor.

8.13 **Headings.** The title of and section headings in this Security Agreement are for convenience of reference only, and shall not govern the interpretation of any of the terms and provisions of this Security Agreement.

8.14 **Termination.** This Security Agreement shall continue in effect (notwithstanding the fact that from time to time there may be no Obligations outstanding) until (i) the Credit Agreement has terminated pursuant to its express terms and (ii) all of the Obligations (other than inchoate indemnity obligations and any other obligations which, by their terms, are to survive the termination of this Security Agreement) have been indefeasibly paid and performed in full (or

with respect to any outstanding Letters of Credit, a cash deposit (or in the sole discretion of the Administrative Agent, a back up standby Letter of Credit satisfactory to the Administrative Agent) has been delivered to the Administrative Agent as required by the Credit Agreement) and no commitments of the Administrative Agent or the Lenders which would give rise to any Obligations are outstanding.

8.15 **Entire Agreement.** This Security Agreement embodies the entire agreement and understanding between the Grantor and the Administrative Agent relating to the Collateral and supersedes all prior agreements and understandings between the Grantor and the Administrative Agent relating to the Collateral.

8.16 **Governing Law; Jurisdiction; Etc.**

(a) This Security Agreement and any claims, controversy, dispute or cause of action (whether in contract or tort or otherwise) based upon, arising out of or relating to this Security Agreement and the transactions contemplated hereby shall be governed by, and construed in accordance with, the laws of the State of New York.

(b) **CONSENT TO JURISDICTION.** THE GRANTOR IRREVOCABLY AND UNCONDITIONALLY agrees that it will not commence any action, litigation or proceeding of any kind or description, whether in law or equity, whether in contract or in tort or otherwise, against the Administrative Agent, any Lender or any Related Party of the foregoing in any way relating to this Security Agreement or the transactions relating hereto, in any forum other than THE COURTS OF THE STATE OF NEW YORK SITTING IN NEW YORK COUNTY AND OF THE UNITED STATES DISTRICT COURT OF THE SOUTHERN DISTRICT OF NEW YORK, AND ANY APPELLATE COURT FROM ANY THEREOF, AND GRANTOR IRREVOCABLY AND UNCONDITIONALLY SUBMITS TO THE JURISDICTION OF SUCH COURTS AND AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION, LITIGATION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE COURT OR, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IN SUCH FEDERAL COURT. GRANTOR AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION, LITIGATION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS AGREEMENT OR IN ANY OTHER LOAN DOCUMENT SHALL AFFECT ANY RIGHT THAT THE ADMINISTRATIVE AGENT, ANY LENDER OR ANY RELATED PARTY MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS SECURITY AGREEMENT OR ANY OTHER LOAN DOCUMENT AGAINST THE GRANTOR OR ITS PROPERTIES IN THE COURTS OF ANY JURISDICTION.

(c) **Waiver of Venue.** THE GRANTOR IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS SECURITY AGREEMENT IN ANY

COURT REFERRED TO IN PARAGRAPH (B) OF THIS SECTION. THE GRANTOR IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

(d) **Service of Process.** THE GRANTOR IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN THIS SECURITY AGREEMENT OR THE CREDIT AGREEMENT. NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW.

(e) **WAIVER OF JURY TRIAL.** EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS SECURITY AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

8.17 **Indemnity.** The Grantor hereby agrees to indemnify the Administrative Agent and the Lenders, and their respective successors, assigns, agents and employees, from and against any and all liabilities, damages, penalties, suits, costs, and expenses of any kind and nature (including, without limitation, all expenses of litigation or preparation therefor whether or not the Administrative Agent or any Lender is a party thereto) imposed on, incurred by or asserted against the Administrative Agent or the Lenders, or their respective successors, assigns, agents and employees, in any way relating to or arising out of this Security Agreement, or the manufacture, purchase, acceptance, rejection, ownership, delivery, lease, possession, use, operation, condition, sale, return or other disposition of any Collateral (including, without limitation, latent and other defects, whether or not discoverable by the Administrative Agent or the Lenders or the Grantor, and any claim for Patent, Trademark or Copyright infringement).

8.18 **Counterparts.** This Security Agreement may be executed in any number of counterparts, all of which taken together shall constitute one agreement, and any of the parties hereto may execute this Security Agreement by signing any such counterpart. Delivery of an executed counterpart of a signature page of this Security Agreement by facsimile or other electronic transmission shall be effective as delivery of a manually executed counterpart of this Security Agreement.

8.19 **Lien Absolute.** All rights of the Administrative Agent hereunder, and all obligations of the Grantor hereunder, shall be absolute and unconditional irrespective of:

(a) any lack of validity or enforceability of the Credit Agreement, any other Loan Document or any other agreement or instrument governing or evidencing any Obligations;

(b) any change in the time, manner or place of payment of, or in any other term of, all or any part of the Obligations, or any other amendment or waiver of or any consent to any departure from the Credit Agreement, any other Loan Document or any other agreement or instrument governing or evidencing any Obligations;

(c) any exchange, release or non-perfection of any Collateral, or any release or amendment or waiver of or consent to departure from any guaranty, for all or any of the Obligations;

(d) the insolvency of any Person; or

(e) any other circumstance which might otherwise constitute a defense available to, or a discharge of, the Grantor.

8.20 **Release.** The Grantor consents and agrees that the Administrative Agent may at any time, or from time to time, in its discretion:

(a) renew, extend or change the time of payment, and/or the manner, place or terms of payment of all or any part of the Obligations; and

(b) exchange, release and/or surrender all or any of the Collateral (including the Pledged Collateral), or any part thereof, by whomsoever deposited, which is now or may hereafter be held by the Administrative Agent in connection with all or any of the Obligations; all in such manner and upon such terms as the Administrative Agent may deem proper, and without notice to or further assent from the Grantor, it being hereby agreed that each Grantor shall be and remain bound upon this Security Agreement, irrespective of the value or condition of any of the Collateral, and notwithstanding any such change, exchange, settlement, compromise, surrender, release, renewal or extension, and notwithstanding also that the Obligations may, at any time, exceed the aggregate principal amount thereof set forth in the Credit Agreement, or any other agreement governing any Obligations.

Notwithstanding any of the foregoing, if any Collateral shall be sold, transferred or otherwise disposed of by the Grantor in a transaction permitted by the Credit Agreement, then the Liens created herein and the security interest in such Collateral shall be automatically released and the Administrative Agent, at the request and sole expense of the Grantor, shall promptly execute and deliver to the Grantor all releases and other documents, and take such other action, reasonably necessary to document the release of the Liens created hereby.

ARTICLE IX

NOTICES

9.1 **Sending Notices.** Any notice required or permitted to be given under this Security Agreement shall be sent in accordance with the Credit Agreement.

9.2 **Change in Address for Notices.** Each of the Grantor, the Administrative Agent and the Lenders may change the address for service of notice upon it by a notice in writing to the other party.

ARTICLE X

THE ADMINISTRATIVE AGENT

CITIBANK, N.A. has been appointed Administrative Agent for the Lenders hereunder pursuant to Article IX of the Credit Agreement. It is expressly understood and agreed by the parties to this Security Agreement that any authority conferred upon the Administrative Agent hereunder is subject to the terms of the delegation of authority made by the Lenders to the Administrative Agent pursuant to the Credit Agreement, and that the Administrative Agent has agreed to act (and any successor Administrative Agent shall act) as such hereunder only on the express conditions contained in such Article IX. Any successor Administrative Agent appointed pursuant to Article IX of the Credit Agreement shall be entitled to all the rights, interests and benefits of the Administrative Agent hereunder.

[Signature Page Follows]

IN WITNESS WHEREOF, the Grantor and the Administrative Agent have executed this Security Agreement as of the date first above written.

GRANTOR:

ZULILY, INC.

By: _____
Name: _____
Title: _____

ADMINISTRATIVE AGENT:

CITIBANK, N.A.,

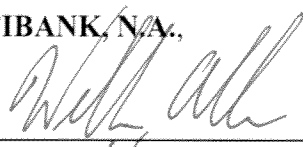
By: 
Name: William Allen
Title: SVP

EXHIBIT D

(See Section 3.10 and 3.11 of Security Agreement)

INTELLECTUAL PROPERTY RIGHTS

PATENTS

None.

PATENT APPLICATIONS

None.

TRADEMARKS

<u>Trademark</u>	<u>Registration Date</u>	<u>Registration Number</u>
AVA LOVES OLLI	09/10/2013	4,400,922
HIPPO HULA	09/03/2013	4,396,984
ORANGE POPPY KIDS	06/25/2013	4,359,018
OWL & HOOT	08/20/2013	4,389,207
SWEET JEWLEA	08/20/2013	4,389,211
Z & Design	06/25/2013	4,358,063
ZULILY	10/26/2010	3,868,643
ZULILY	06/11/2013	4,349,566
ZULILY & Design	06/25/2013	4,357,191

TRADEMARK APPLICATIONS

<u>Trademark Application</u>	<u>Application Filing Date</u>	<u>Application Serial Number</u>
AIMEE & AMELIA	02/15/2013	85/851,482
BLOOM & PETAL	02/20/2013	85/854,792
BLUEBERRY TWIRL	04/03/2012	85/587,473
CONFETTI KISSES	07/18/2013	86/014,352
CONNER & KATE	10/02/2013	86/081,269
FREEDOM DAISY	09/27/2013	86/076,737
LILY CAKE	05/15/2012	85/626,372
PENELOPE POSEY	09/27/2013	86/076,734
SWEET FABLE	07/13/2012	85/676,959
TIPTOE & WHISPER	05/15/2012	85/626,333
ZULILY & Design	06/10/2013	85/954,773

COPYRIGHTS

1. zulily photos, reg. no. VA0001795894, dated 3/15/11
2. Zulily Design, reg. no. VA0001877993, dated 10/23/13

COPYRIGHT APPLICATIONS

None.

INTELLECTUAL PROPERTY LICENSES

<u>Name of Agreement</u>	<u>Date of Agreement</u>	<u>Parties to Agreement (Licensee/Licensor)</u>	<u>Description of IP</u>
Amended Software License and Service Agreement	May 31, 2013	zulily, inc. / StrongMail Systems, Inc.	Software and the intellectual property related thereto
License Agreement	March 29, 2013	zulily UK Ltd. / zulily, inc.	Trademarks, copyrights and trade secrets described therein
Letter from PugetWorks, Inc.	January 9, 2012	zulily, inc. / PugetWorks, Inc.	Technical inventions and software technique work product described therein
Google Advertising Service Agreement and Google AdSense Online Standard Terms and Conditions	April 25, 2012	zulily, inc. / Google Inc. Google Inc. / zulily, inc.	Each party has certain rights to use the other party's name and logo
License Agreement	November 11, 2010, as amended January 20, 2012	zulily, inc. / Splunk	IP associated with Splunk software, API and modules
Select Merchant Payment Instruction Processing Agreement and Safetech Fraud Tools Management Services Addendum to Select Merchant Payment Instrument Processing Agreement	November 25, 2011	zulily, inc. / Paymentech, LLC	Certain rights to use Paymentech's HTML code
Mobile Express Checkout Addendum	August 1, 2011	zulily, inc. / PayPal	Certain rights to use Paypal's payment services and IP related thereto
PayPal User Agreement Amendment	March 22, 2011	zulily, inc. / PayPal	Certain rights to use Paypal's payment services and IP related thereto
Software License Agreement	September 15, 2011, amended December 22, 2011	zulily, inc. / ATLAST Fulfillment	Fulfillment center/warehouse management and shipping system software
Application Development Agreement	April 25, 2011	zulily, inc. / Apparent Logic LLC	iOS app for zulily
Master Services Agreement	December 5, 2009	zulily, inc. and Peer1	Certain rights relating to Company's use of Peer1 web services

The Borrower licenses certain software in the ordinary course of business (including SAP) and grants limited licenses to vendors in connection with sales and promotional activities.