

TRADEMARK ASSIGNMENT COVER SHEET

Electronic Version v1.1
Stylesheet Version v1.2

ETAS ID: TM450444

SUBMISSION TYPE:	NEW ASSIGNMENT		
NATURE OF CONVEYANCE:	SECURITY INTEREST		
CONVEYING PARTY DATA			
Name	Formerly	Execution Date	Entity Type
Audio Precision, Inc.		11/09/2017	Corporation: OREGON
RECEIVING PARTY DATA			
Name:	U.S. Bank National Association		
Street Address:	800 Nicollet Mall		
City:	Minneapolis		
State/Country:	MINNESOTA		
Postal Code:	55402		
Entity Type:	National Banking Association: UNITED STATES		
PROPERTY NUMBERS Total: 10			
Property Type	Number	Word Mark	
Registration Number:	3183686	AP	
Registration Number:	3186785	AUDIO PRECISION	
Registration Number:	1639591	AUDIO PRECISION	
Registration Number:	2150033	APWIN	
Registration Number:	1831950	FASTTEST	
Registration Number:	1734487	PORTABLE ONE	
Registration Number:	2152381	SYSTEM ONE	
Registration Number:	2135213	SYSTEM TWO	
Serial Number:	87615801	APX DUO	
Serial Number:	87615791	DUO	
CORRESPONDENCE DATA			
Fax Number:	2063409599		
<i>Correspondence will be sent to the e-mail address first; if that is unsuccessful, it will be sent using a fax number, if provided; if that is unsuccessful, it will be sent via US Mail.</i>			
Phone:	2067777500		
Email:	trademark@millernash.com		
Correspondent Name:	Julianne A. Henley		
Address Line 1:	2801 Alaskan Way, Suite 30		
Address Line 2:	Miller Nash Graham & Dunn		
Address Line 4:	Seattle, WASHINGTON 98121		

CH \$265.00 3183686

NAME OF SUBMITTER:	Julianne A. Henley
SIGNATURE:	/Julianne A. Henley/
DATE SIGNED:	11/10/2017

Total Attachments: 34

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SECURITY AGREEMENT

THIS SECURITY AGREEMENT (as it may be amended or modified and in effect from time to time, this "Security Agreement") is entered into as of November 9, 2017, by and among AUDIO PRECISION, INC., an Oregon corporation (the "Borrower"), and U.S. BANK NATIONAL ASSOCIATION, a national banking association (the "Lender").

RECITALS

The Borrower and the Lender are parties to a Credit Agreement dated as of the date hereof (as it may be amended or modified and in effect from time to time, the "Credit Agreement"). It is a condition precedent to the Lender's willingness to extend credit accommodations pursuant to the Credit Agreement that this Security Agreement is executed and delivered by the Borrower.

ACCORDINGLY, the Borrower and the Lender hereby agree as follows:

ARTICLE I

DEFINITIONS, INCORPORATION BY REFERENCE AND INTERPRETATION

1.1 Definitions. Capitalized terms used in this Security Agreement are (a) if defined in this Security Agreement (whether in this Section 1.1 or in another Section or Article of this Security Agreement), given the meaning provided in this Security Agreement, (b) if not defined in this Security Agreement, but defined in the Credit Agreement, given the meaning provided in the Credit Agreement, (c) if not defined in this Security Agreement or in the Credit Agreement, given the meaning provided in the UCC, and (d) equally applicable to both the singular and plural forms of the defined terms.

"Accounts" has the meaning set forth in Article 9 of the UCC.

"Borrower Collateral Supplement" means each supplement, schedule, exhibit or other writing provided by or on behalf of the Borrower for purpose of identifying or describing an item of Collateral or the location or Liens or other restrictions affecting such item of Collateral.

"Category" means, with respect to any given item of Collateral, the type or category of such item of Collateral under the UCC.

"Chattel Paper" shall have the meaning set forth in Article 9 of the UCC.

"Collateral" means all Accounts, Chattel Paper, Commercial Tort Claims, Letter of Credit Rights, Documents, Equipment, Fixtures, Goods, General Intangibles, Instruments, Inventory, Investment Property, Equity Interests, Deposit Accounts, and Supporting Obligations owned by the Borrower or in which the Borrower has any right or interest, in each case, wherever located and whether now owned or arising or hereafter

acquired or arising, and the proceeds, insurance proceeds and products thereof, together with all books and records, customer lists, credit files, computer files, programs, printouts and other computer materials and records related thereto. Notwithstanding anything to the contrary contained in this definition, Collateral shall not include the Excluded Property of the Borrower; provided, that if and when any Property of the Borrower shall cease to be Excluded Property, such Property shall be deemed at all times from and after the date hereof to constitute Collateral until the date, if ever, such Property again becomes Excluded Property.

“Commercial Tort Claims” means the currently existing commercial tort claims of the Borrower, including each commercial tort claim of the Borrower specifically described on Exhibit C.

“Control” (a) with respect to Investment Property, has the meaning set forth in Article 8 of the UCC applicable to Investment Property, (b) with respect to Collateral other than Investment Property, has the meaning set forth in the applicable provision of Article 9 of the UCC, and (c) when used in reference to the Lender or the Lender’s Control, also means Control under clause (a) or (b) of this definition (as appropriate) documented, evidenced and provided for in form and substance satisfactory to the Lender.

“Control Agreement” means, with respect to a Deposit Account or any Investment Property, an agreement in form and substance satisfactory to the Lender providing the Lender with Control over such Deposit Account or over such Investment Property.

“Controlling Ownership Interest” means the possession, directly or indirectly, of the power to direct or cause the direction of the management, investments or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise.

“Copyrights” means, with respect to any Person, all of such Person’s right, title, and interest in and to (a) all copyrights, rights and interests in copyrights, works protectable by copyright, copyright registrations, and copyright applications, (b) all extensions 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.

“Credit Agreement” has the meaning given in the Recitals to this Security Agreement.

“Deposit Account” has the meaning set forth in Article 9 of the UCC.

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

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

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

“Equity Interest Collateral” means all Equity Interests and Equity Interest Rights now or hereafter owned or held by the Borrower.

“Equity Interest Rights” means, with respect to any Equity Interest owned or held by a Person, (a) any securities, dividends or other distributions and any other right or property which such holder or owner thereof shall receive or shall become entitled to receive for any reason whatsoever with respect to, in substitution for or in exchange for such Equity Interest, and (b) any voting or consent rights arising out of or in connection with such Equity Interests (whether or not exercisable only upon the occurrence of some contingency).

“Event of Default” has the meaning given in Article V hereof.

“Excluded Property” means (a) contractual rights to the extent and for so long as the grant of a security interest therein pursuant hereto would violate the terms of the agreement under which such contractual rights arise or exist to the extent such prohibition is enforceable under applicable law, (b) rights under governmental licenses and authorizations to the extent and for so long as the grant of a security interest therein is prohibited by and enforceable under applicable law, (c) any intent-to-use Trademark or service mark application prior to the filing of a statement of use or amendment to allege use, (d) Equipment and other assets (together with all proceeds thereof) that are acquired with Purchase Money Indebtedness (and refinancings thereof) or that are subject to Capitalized Leases for so long as the grant of a Lien thereon would violate the terms of any applicable agreement evidencing such Purchase Money Indebtedness (and refinancings thereof) or such Capitalized Leases, and (e) the Equity Interests of the Borrower in a Foreign Subsidiary of the Borrower to the extent that such pledge would result in a deemed dividend to the Borrower.

“Filing Office” means (a) with respect to Intellectual Property (i) the United States Patent and Trademark Office (with respect to Patents and Trademarks), (ii) the United States Copyright Office (with respect to Copyrights), and (iii) each other filing office of any state of the United States or any foreign jurisdiction reasonably necessary or advisable to protect the subject Intellectual Property and permit its full use in each jurisdiction where its use is intended (including, to the extent such filing is permitted or advisable under the UCC, the office described in the following clause (b)), (b) with respect to Collateral other than Fixtures, the Secretary of State’s office (or analogous governmental office) in the jurisdiction specified by the UCC for the filing of a financing statement with respect to such non-Fixture Collateral, and (c) with respect to Fixtures, each of (i) the Secretary of State’s office (or analogous governmental office) in the jurisdiction specified by the UCC for the filing of a financing statement with respect to such Fixtures, and (ii) the real property records in the jurisdiction where the Fixture is located.

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

“General Intangibles” has the meaning set forth in Article 9 of the UCC and, in any event, includes payment intangibles, contract rights, rights to payment, rights arising under common law, statutes, or regulations, choses or things in action, goodwill (including the goodwill associated with any Trademark), Patents, Trademarks, Copyrights, URLs and domain names, industrial designs, other industrial or Intellectual Property or rights therein or applications therefor, whether under license or otherwise, programs, programming materials, blueprints, drawings, purchase orders, customer lists, monies due or recoverable from pension funds, route lists, rights to payment and other rights under any royalty or licensing agreements, including Licenses, infringement claims, computer programs, information contained on computer disks or tapes, software, literature, reports, catalogs, pension plan refunds, pension plan refund claims, insurance premium rebates, tax refunds, and tax refund claims and interests in a partnership or limited liability company which do not constitute a security under Article 8 of the UCC.

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

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

“Intellectual Property” means all Patents, Trademarks, Copyrights and any other intellectual property.

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

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

“Issuer” means the issuer of Equity Interest Collateral or other Investment Property.

“Letter of Credit Right” has 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 each case as licensor) in and to its Intellectual Property, (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.

“Material” means, when used with respect to an item of Collateral, that (a) such item of Collateral is material to the value, operation, present or prospective conduct of the business or prospects of the Borrower owning such item of Collateral, or (b) such item of Collateral has a value equal to or greater than the Threshold Value applicable to such Category of Collateral.

“Material Adverse Effect” means a material adverse effect on (a) the business, Property, liabilities (actual and contingent), operations or condition (financial or otherwise), results of operations, present or prospective conduct of its business, or

prospects of the Borrower and its Subsidiaries taken as a whole, (b) the ability of the Borrower to perform its obligations under this Security Agreement or any other Secured Obligation Document to which it is a party, or (c) the validity or enforceability of this Security Agreement or any of the other Secured Obligation Documents or the rights or remedies of the Lender under this Security Agreement or any of the other Secured Obligation Documents.

“Material Agreement” means (a) a Material Indebtedness Agreement, and (b) any other document, instrument or agreement governing the ownership, pledge, use, license (whether as licensee or licensor) or disposition of any Material Collateral.

“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, 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.

“Purchase Money Indebtedness” means Indebtedness of the Borrower meeting each and all of the following criteria (a) such Indebtedness was incurred for the purpose of acquiring a particular item of Property by the Borrower, (b) such Indebtedness does not exceed the cost of acquiring such Property by the Borrower, (c) the related Lien does not exceed 100% of the fair market value of the Property so acquired, (d) the related Lien does not extend to any Property of the Borrower not acquired with such Indebtedness, and (e) the Indebtedness is not incurred more than 30 days prior to the acquisition of the Property by the Borrower to be acquired with such Indebtedness.

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

“Receivables Obligor” means, with respect to a given Receivable, the Person obligated to make payment thereon.

“Secured Obligation Document” means (a) this Security Agreement, (b) the Credit Agreement, (c) the other Loan Documents, and (d) each other document, instrument or agreement governing or relating to the Secured Obligations.

“Secured Obligations” means the Obligations as defined in the Credit Agreement.

“Securities Account” has the meaning set forth in Article 8 of the UCC.

“Securities Laws” means, with respect to the applicable jurisdiction, all laws, rules and regulations of such jurisdiction, in each case as amended from time to time, pertaining to the registration, sale or solicitation for sale of Securities, including, without

limitation, the Securities Act of 1933 and all applicable state Blue Sky and other state securities laws.

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

“Security Agreement” has the meaning given in the Preamble to this Security Agreement.

“Supporting Obligation” has the meaning set forth in Article 9 of the UCC.

“Threshold Value” means (a) \$10,000 for any individual item of Collateral, (b) \$50,000 in the aggregate for any given Category of Collateral, and (c) \$100,000 in the aggregate for all Collateral.

“Trademarks” means, with respect to any Person, all of such Person’s right, title, and interest in and to (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 in the Oregon or any other state the laws of which are required to be applied in connection with the issue of perfection of security interests.

1.2 Incorporation by Reference. This Security Agreement references several provisions of the Credit Agreement to define the substantive rights and obligations of the Borrower with respect to this Security Agreement and each such provision is hereby incorporated into this Security Agreement by reference as if fully set forth herein.

ARTICLE II

GRANT OF SECURITY INTEREST

The Borrower hereby pledges, assigns and grants to the Lender a security interest in all of the Borrower’s right, title and interest, whether now owned or existing or hereafter acquired or arising, in and to the Collateral of the Borrower to secure the prompt payment and performance of the Secured Obligations.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants that as of the date of this Security Agreement and on any date on which representations and warranties are made or remade under the Credit Agreement to the Lender, that:

3.1 Title. The Borrower has good and valid title to each item of its Collateral.

3.2 Liens. The Borrower's Collateral is subject to no Lien other than Permitted Liens.

3.3 Financing Statements. The Borrower's Collateral is not covered by any financing statement naming the Borrower as debtor in any proper jurisdiction that has not lapsed or been terminated other than (a) financing statements in favor of the Lender, and (b) financing statements perfecting Permitted Liens.

3.4 No Other Names; Jurisdiction of Organization; Identification Numbers. Except as disclosed by the Borrower in writing to the Lender (a) the Borrower's name, as it appears on Exhibit A hereto is its correct legal name, exactly matches its name as appears on its presently filed and effective Constituent Documents, and has not been changed in the last five years, (b) the Borrower's jurisdiction of organization (or, if not a registered organization, location as otherwise determined by the UCC), as it appears on Exhibit A hereto is its correct jurisdiction of organization/location for purposes of the UCC, and has not been changed in the last five years, (c) the Borrower has not merged with or consolidated into any other Person within the last five years, and (d) the Borrower has not conducted business under any legal name other than its legal name as shown on Exhibit A within the last five years.

3.5 Collateral Location; Inventory, Equipment and Fixtures. The Inventory (other than Inventory in transit), Equipment and Fixtures of the Borrower are located at the locations specified on Exhibit B hereto. Each such location (as detailed on such Exhibit) is either (a) a location owned by the Borrower, or (b) a location leased by the Borrower or a public warehouse or consignee that either (i) is subject to a landlord or bailee waiver acceptable in form and substance to the Lender, (ii) contains Inventory, Equipment and/or Fixture Collateral, or (iii) for which a landlord/bailee waiver has been waived in writing by the Lender.

3.6 Inventory Production and Sale. The Borrower's Inventory (a) is not subject to any licensing, patent, royalty, trademark, trade name or copyright agreements or obligations that would require the consent of any third party (other than such consent as has been obtained and remains in full force and effect) or the payment to any third party of any monies upon the sale or disposition of such Inventory (except such payments as disclosed to and expressly permitted by the Lender in writing), and (b) has been produced in accordance with the Federal Fair Labor Standards Act of 1938, as amended, and all rules, regulations and orders thereunder. The completion, manufacture, sale or

other disposition of such Inventory will not require the consent of any Person (other than such consent as has been obtained and remains in full force and effect) and will not constitute a breach or default under any contract or agreement to which the Borrower is a party or to which such Inventory is subject.

3.7 Titled Equipment. The Borrower has identified to the Lender in a Borrower Collateral Supplement (a) all items of its Equipment (if any) covered by a certificate of title, (b) the jurisdiction under which such certificate of title is issued, and (c) the state where such Equipment is located.

3.8 Receivable Validity and Genuineness. All of the Borrower's Collateral constituting Receivables constitutes the valid, genuine and legally enforceable obligation of the Receivables Obligor identified in the Borrower's books and records as being liable thereon. The Borrower has not agreed to any modification, amendment, subordination, cancellation or termination of any Receivable except in the ordinary course of business.

3.9 Federal, Restricted and Other Specialty Collateral. None of the Borrower's Collateral includes any of the following except to the extent separately identified on a Borrower Collateral Supplement provided to the Lender (a) Collateral (other than Intellectual Property) of a type (e.g. railroad, aircraft or maritime) requiring filing under any federal statute to evidence or protect the Lender's security interest in such Collateral, (b) Collateral subject to the Federal Assignment of Claims Act of 1940, as amended, or (c) Collateral subject to the Packers and Stockyards Act of 1921, the Perishable Agricultural Commodities Act of 1930, the Food Security Act of 1985 or any other law, rule or regulation of any Governmental Authority providing for priority (payment, security or otherwise) other than by the filing of a financing statement in the appropriate Filing Office (other than Intellectual Property requiring filings with the United States Patent and Trademark Office or the United States Copyright Office).

3.10 Fixtures. The Borrower has identified on Exhibit B (a) each item of its Collateral that is or may become a Fixture, (b) the name and address of the record owner of each property where any such Fixture is or may be located, and (c) the legal description, county and street address of the property on which any such Fixture is located.

3.11 Intellectual Property.

(a) Each item of the Borrower's Material Intellectual Property, which includes without limitation the Intellectual Property listed on Exhibit D, is valid, subsisting and unexpired (where registered) and enforceable.

(b) The Borrower has good, marketable and exclusive title to, and the valid and enforceable power and right to sell, license, transfer, distribute, use and otherwise exploit, its Material Intellectual Property.

(c) The Borrower owns directly or is entitled to use, by license or otherwise, all Intellectual Property necessary for the conduct of the Borrower's business.

(d) The Borrower has made and filed all registrations, applications for registration or applications for issuance of its Material Intellectual Property as are necessary or advisable to protect its rights in and to such Material Intellectual Property and the same are recorded in or in the process of being recorded in the name of the Borrower except where the failure to do so cannot reasonably be expected to have a Material Adverse Effect.

(e) To the Borrower's knowledge, no item of its Material Intellectual Property has been abandoned or adjudged invalid or unenforceable, in whole or in part.

(f) No Person other than the Borrower has any right or interest of any kind or nature in or to the Borrower's Material Intellectual Property, including any right to sell, license, lease, transfer, distribute, use or otherwise exploit its Material Intellectual Property or any portion thereof outside of the ordinary course of the Borrower's business or as permitted by this Security Agreement.

(g) To the Borrower's knowledge, no Person has violated, infringed upon or breached or is currently violating, infringing upon or breaching any rights of the Borrower to its Material Intellectual Property or any duty or obligation owing to the Borrower with respect thereto except where such violations, infringements or breaches, individually or in the aggregate, could not be reasonably expected to have a Material Adverse Effect.

(h) The Borrower is not a party to, bound by or subject to any consent, order, agreement or notice challenging the validity, enforceability, ownership or use of any of its Material Intellectual Property.

(i) The Borrower uses adequate standards of quality in the manufacture, distribution, and sale of all products sold and in the provision of all services rendered under or in connection with its Material Trademarks and has taken all commercially reasonable action necessary to ensure that all licensees of its Material Trademarks use such adequate standards of quality, except where failure to do so could not be reasonably expected to have a Material Adverse Effect.

(j) The execution and delivery of this Security Agreement, the grant of the security interest contemplated hereby and the performance by the Borrower of its duties and obligations under this Security Agreement will not result in the termination or material impairment of any of any Material Intellectual Property of the Borrower.

3.12 Equity Interest Collateral and other Investment Property.

(a) The Borrower is the direct and beneficial owner of all of its Equity Interest Collateral and other Investment Property free and clear of all Liens other than Permitted Liens.

(b) The Equity Interest Collateral issued to the Borrower (to the extent such concepts are applicable) is duly and validly issued, fully paid and non-assessable.

(c) All certificates, instruments and other indicators or items demonstrating ownership, delivery or Control with respect to the Borrower's Equity Interest Collateral and other Investment Property have either been (i) physically delivered to the Lender in suitable form for transfer, accompanied by such duly executed instruments of transfer or assignments in blank as the Lender shall require, in each case, acceptable in form and substance to the Lender, (ii) deposited in or credited to a Securities Account subject to the Control of the Lender, or (iii) subject to such other custody or Control arrangements as the Lender has approved in writing.

(d) Each Equity Interest owned by the Borrower that represents an ownership interest in a partnership or limited liability company is either a Security as defined in the UCC or, if not, the Borrower has so informed the Lender.

ARTICLE IV

COVENANTS

The Borrower, from the date of this Security Agreement until the termination of this Security Agreement in accordance with its terms, hereby agrees and covenants as follows:

4.1 Change in Name; Jurisdiction of Organization and Other Corporate Changes. The Borrower will not change its name, jurisdiction of organization, organization type or corporate existence, taxpayer identification or organizational number or notice address unless the Borrower shall have provided the Lender with 30 days' prior written notice thereof and the Borrower (at the Borrower's sole cost and expense) takes such steps (and on such timetables) as are necessary or advisable in the reasonable judgment of the Lender to maintain the validity, perfection and priority of the Lender's security interest in the Collateral.

4.2 Collateral Location: Equipment, Inventory and Fixtures. The Borrower will not permit any of its Equipment, Inventory (other than Inventory in transit in the ordinary course of its business) or Fixtures to be located at any location other than the locations described in Section 3.5 of this Security Agreement unless the Borrower shall have provided the Lender with 30 days' prior written notice of such location change and the Borrower (at the Borrower's sole cost and expense) shall take such steps (and on such timetables) as are necessary or advisable in the reasonable judgment of the Lender to (a) maintain the validity, perfection and priority of the Lender's security interest in the affected Collateral, and (b) ensure ongoing timely access by the Lender to such affected Collateral (such as landlord waivers and other collateral access arrangements).

4.3 Delivery and Custody of Equity Interest Collateral and other Investment Property.

(a) Promptly after the creation or issuance thereof (whether originally or as dividends, stock splits, proceeds or otherwise), the Borrower will deliver (within the meaning of Section 8-301 of the UCC) to the Lender and cause the Lender to have

Control over all of the Borrower's Equity Interest Collateral and other Investment Property by causing all applicable certificates and evidences of such Collateral to be either (i) physically delivered to the Lender, in suitable form for transfer, accompanied by such duly executed instruments of transfer or assignments in blank as the Lender shall require, in each case, acceptable in form and substance to the Lender, (ii) deposited in or credited to a Securities Account subject to the Control of the Lender, or (iii) subject to such other custody or Control arrangements as the Lender has approved in writing. The Borrower will in no event permit any of its Equity Interest Collateral or other Investment Property (whether original or as dividends, stock splits, proceeds or otherwise) to be credited or delivered to or held by or in any Person or Securities Account other than as provided by this Section 4.3(a).

(b) The Borrower will conspicuously mark its books and records with respect to its Equity Interest Collateral and other Investment Property to indicate the Lender's Lien thereon.

4.4 Delivery and Custody of Instruments, Chattel Paper and Documents.

(a) Promptly after the creation or issuance thereof (whether originally or as proceeds or otherwise), the Borrower will deliver to the Lender (or, if required by the Lender, to a custodian designated by the Lender) all of its Instruments, Chattel Paper and Documents evidencing or constituting Collateral, together with such duly executed and undated allonges or equivalent items of transfer as the Lender shall reasonably require.

(b) The Borrower will cause all of its Instruments and Chattel Paper to include a conspicuous legend indicating the Lender's Lien thereon.

(c) Promptly after the creation or issuance thereof (whether originally or as proceeds or otherwise), the Borrower will cause the Lender to have Control over all of its electronic Chattel Paper constituting Collateral.

4.5 Control of Letter of Credit Rights. Upon the Lender's request therefor, the Borrower will cause each issuer and nominated person for any letter of credit in favor of the Borrower as a beneficiary with a face value in excess of the Threshold Amount applicable thereto to consent to the assignment of proceeds of and rights with respect to such letter of credit to the Lender sufficient to give the Lender Control over the Letter of Credit Rights with respect to such letter of credit.

4.6 Borrower Enforcement and Lender Rights to Accounts, Chattel Paper and Other Receivables.

(a) The Borrower will promptly and diligently enforce all of its rights and remedies with respect to all of its Accounts, Chattel Paper and other Receivables.

(b) The Borrower will not amend, modify, terminate, waive, grant any extension of the time for the payment of, release any person liable for the payment of, settle for less than the full amount thereof or allow any credit or discount whatsoever

with respect to its Accounts, Chattel Paper and other Receivables other than in the ordinary course of business and where such action or inaction could not be reasonably expected to have a Material Adverse Effect.

(c) The Borrower will promptly notify the Lender of any Account, Chattel Paper or other Receivable constituting Collateral of a type described in Section 3.9 hereof and will provide such cooperation as the Lender may reasonably require (whether notices, registrations, assignments, subordinations or otherwise) to establish or defend the Lender's rights and Lien priority with respect to such Collateral (which shall be of first priority, subject only to Permitted Liens in their permitted priority) or to realize against such Collateral.

(d) Upon the occurrence of an Event of Default, the Lender may at any time contact any Receivables Obligor for purposes of verifying the Accounts, Chattel Paper and other Receivables of such Receivables Obligor made in favor of the Borrower. The Borrower will provide such cooperation in connection with the Lender's verification rights as the Lender shall reasonably request.

4.7 Liens; Notices of Unpermitted Liens. The Borrower will not permit or suffer any Liens on any of its Collateral other than Permitted Liens and will promptly notify the Lender of any unpermitted Liens.

4.8 Financing Statements; Notices of Unpermitted Financing Statements. The Borrower will not permit or suffer to exist any financing statement naming it as debtor covering all or any portion of its Collateral other than (a) financing statements naming only the Lender as the secured party, and (b) financing statements perfecting Permitted Liens in their permitted priority. The Borrower will promptly notify the Lender of any unpermitted financing statement filed against any of its Collateral.

4.9 Books and Records. The Borrower will maintain its books and records as required by the Credit Agreement and, in all events, will conspicuously mark its books and records to reflect the Lien of the Lender with respect to the Borrower's Collateral.

4.10 Intellectual Property.

(a) General Borrower Registration and Protective Duties. The Borrower will do or cause each of the following to be done with respect to its Material Intellectual Property: (i) make and maintain all filings and registrations with each jurisdiction and Filing Office necessary or advisable to preserve and protect its Material Intellectual Property, (ii) initiate, maintain and defend all suits, proceedings and actions necessary or advisable to protect its Material Intellectual Property and to prevent and eliminate the infringement, misappropriation or dilution thereof, (iii) execute and deliver such agreements, instruments, documents, powers of attorney and papers to or for the benefit of the Lender as the Lender may reasonably require to provide for, evidence or confirm the Lender's security interest in and/or (as, if and when required by the Lender) collateral assignment of its Material Intellectual Property and in the goodwill, General Intangibles and Goods to which such Material Intellectual Property relates, and (iv) do all

such other things and actions as the Lender may reasonably request to protect or assure the priority of the Lender's security interest and rights with respect to such Material Intellectual Property over those of any other Lien holder, collateral assignee or purchaser.

(b) Borrower Notice Duties. The Borrower will provide prompt notice to the Lender of the occurrence of any one or more of the following with respect to its Material Intellectual Property: (i) the issuance or filing of any application for the registration of any of its Material Intellectual Property, (ii) any application or registration relating to any of its Material Intellectual Property being abandoned or dedicated, or (iii) any lawsuit, adverse claim, infringement, misappropriation or dilution with respect to any of its Material Intellectual Property.

(c) Additional Borrower Information Duties. The Borrower will provide the Lender with the Borrower Collateral Supplements as the Lender may from time to time reasonably request concerning (i) lists or identification of the Borrower's Intellectual Property, (ii) licensees of the Borrower's Intellectual Property, (iii) the existence or status of any filing or registration with respect to its Material Intellectual Property, and (iv) the existence or status of any suit, proceeding or claim with respect to its Material Intellectual Property whether with respect to infringement, abandonment, improper use or otherwise.

(d) Additional Duties Regarding Trademarks. The Borrower will do or cause each and all of the following to be done with respect to its Material Trademarks (i) use each Material Trademark on each and every trademark class of goods applicable to its current line as reflected in its current catalogs, brochures and price lists in order to maintain such Material Trademark in full force free from any claim of abandonment or nonuse, (ii) maintain the quality of products and services offered under such Material Trademark, (iii) employ such Material Trademark with appropriate notice of registration, (iv) not adopt or use any mark that is confusingly similar to or a colorable imitation of such Material Trademark unless the Lender has obtained a perfected security interest in such mark pursuant to this Security Agreement, (v) not (and not permit any licensee or sublicensee thereof to) do any act or knowingly omit to do any act whereby any such Material Trademark may become invalidated, and (vi) maintain such supervision and monitoring of the activities of licensees of its Material Trademarks to ensure that the manufacturing and other activities of such licensees do not risk abandonment, loss or dilution of such Material Trademarks.

4.11 Voting, Distributions and Delivery Obligations Regarding Equity Interest Collateral and Other Investment Property.

(a) Borrower Pre-Event of Default Voting Rights. Prior to the occurrence of an Event of Default, the Borrower will be permitted to exercise or refrain from exercising any and all voting and other consensual rights relating to its Equity Interest Collateral and other Investment Property; provided, however, that the Borrower shall not exercise or refrain from exercising such voting and other consensual rights in a manner that could be reasonably expected to have a Material Adverse Effect.

(b) Borrower Pre-Event of Default Distribution Rights. Prior to the occurrence of an Event of Default, the Borrower may receive, retain and use any and all principal, interest, dividends and other distributions paid in respect of its Equity Interest Collateral and other Investment Property subject to (i) any applicable provisions of the Credit Agreement, and (ii) Section 4.11(c) below.

(c) Turnover of Certain Items Pre-Event of Default. Notwithstanding Section 4.11(b) above, the Borrower will promptly turn over to the Lender each and all principal, interest, dividends or other distributions on or in respect of the Borrower's Equity Interest Collateral and other Investment Property of the types described in clauses (i) through (iii) below in the form received, together with any necessary endorsements, and, until so delivered, will hold such items in trust for the benefit of the Lender and segregated from the Borrower's own property:

(i) those paid or made other than in cash;

(ii) those paid or made (whether in cash or otherwise) in respect of the partial or total liquidation or dissolution of the Issuer or in connection with a reduction of capital, capital surplus or paid-in-surplus; and

(iii) those paid or made (whether in cash or otherwise) in respect of the principal of, or in redemption of, or in exchange for any of its Equity Interest Collateral or other Investment Property.

(d) Changes in Issuer Capital Structure. Except as permitted in the Credit Agreement, the Borrower will not (i) permit any Issuer in whom the Borrower owns a Controlling Ownership Interest to dissolve, liquidate or retire any of such Issuer's Equity Interests, reduce its capital or consolidate with any other entity, or (ii) vote any of its Equity Interest Collateral in favor of any of the foregoing.

(e) Issuance of Additional Securities. The Borrower (i) will not permit or suffer any Issuer in whom the Borrower owns a Controlling Ownership Interest to issue any Equity Interests in addition to or in substitution for the Equity Interests issued by such Issuer other than (1) to the Borrower, and (2) as otherwise permitted by the Credit Agreement, and (ii) will pledge hereunder, promptly upon its acquisition (directly or indirectly) thereof, any and all additional Equity Interest Collateral issued to the Borrower.

(f) Cooperation with the Lender after an Event of Default. The Borrower, at its sole cost and expense, will provide such cooperation as the Lender determines necessary or advisable to provide the Lender with the full benefit of the remedies relating to its Equity Interest Collateral and other Investment Property under Article VI of this Security Agreement.

4.12 Commercial Tort Claims. The Borrower will identify each of its Material Commercial Tort Claims to the Lender and, upon the Lender's request, will execute and deliver in favor of the Lender such supplemental security agreements, financing

statements or other documents as the Lender may request to evidence the Lender's security interest in such Material Commercial Tort Claims (provided, that the foregoing requirements will not apply to any claims arising in the ordinary course of business in respect of health and workers' compensation claims where the Borrower's insurance carrier has made a payment in respect thereof and has subsequently pursued an action to recover such amount, a portion of which may be remitted to the Borrower).

4.13 Protection of Security Interest. The Borrower will take any and all actions necessary to defend title to its Collateral against all Persons and to defend the security interest of the Lender in such Collateral and the priority thereof against all Liens other than Permitted Liens that do not exceed their permitted priority and scope.

4.14 Further Assurances; Additional Information; Cooperation with Remedies. The Borrower, at its sole cost and expense, will (a) execute and deliver such further documents or instruments (including, without limitation, financing statements (whether continuations or originals), Control Agreements, landlord waivers, bailee agreements, intellectual property security agreements or otherwise), (b) provide such further assistance and do such further things, and (c) provide such additional or updated information as, in each case, the Lender may reasonably require to obtain the full benefits of this Security Agreement, including, without limitation, all remedies described in Article VI of this Security Agreement.

ARTICLE V

EVENTS OF DEFAULT

5.1 Events of Default. The occurrence of any one or more of the following will constitute an Event of Default under this Security Agreement:

(a) Any representation or warranty made or deemed made by or on behalf of the Borrower under this Security Agreement or in any Borrower Collateral Supplement, certificate, document or financial or other statement furnished by or on behalf of the Borrower under or in connection with this Security Agreement shall prove to have been incorrect, false or misleading in any material respect on or as of the date made or deemed made.

(b) The breach by the Borrower of any provision of Article IV of this Security Agreement.

(c) The failure of the Borrower to pay any cost, expense, indemnity or other amount due under this Security Agreement as and when due, or, if no due date is specified, within one day of demand therefor.

(d) The breach by the Borrower of any of the other terms or provisions of this Security Agreement which is not remedied to the satisfaction of the Lender within 30 days of the occurrence of such breach.

(e) The occurrence of any "Event of Default" (or term of similar import) under the Credit Agreement or any other Secured Obligation Document.

ARTICLE VI

REMEDIES

6.1 Remedies Available. Upon the occurrence of an Event of Default, the Lender may exercise any or all of the following rights and remedies:

(a) Those rights and remedies provided for in this Security Agreement, the Credit Agreement, or any other Secured Obligation Document (provided, that, this Section 6.1 does not limit the Lender's ability to exercise its rights under this Security Agreement that are not designated as available only after an Event of Default);

(b) Those rights and remedies available to a secured party under the UCC;

(c) Those rights and remedies available to the Lender under other applicable law or in equity; and

(d) Dispose of any or all of the Collateral of the Borrower at a public auction or private sale.

The Lender may exercise such rights and remedies simultaneously or consecutively, all of which shall be cumulative. The choice of one or more rights or remedies will not be construed as a waiver or election barring the exercise of other rights and remedies or the further exercise of previously or partially exercised rights and remedies. The remedies described in this Article VI are each available only after the occurrence and during the continuance of an Event of Default.

6.2 Collateral Sale. The Lender may sell, lease, assign, dispose of or grant options for the foregoing with respect to any or all of the Collateral of the Borrower as follows:

(a) in one or more parcels at public or private sale, at any of the Lender's offices or elsewhere, for cash, on credit, or for future delivery, and upon such other terms as the Lender may believe commercially reasonable;

(b) the Lender is not obligated to dispose of Collateral regardless of notice of sale having been given, and the Lender may adjourn any public or private sale from time to time by announcement made at the time and place fixed therefor, and such disposition may, without further notice, be made at the time and place to which it was so adjourned;

(c) subject to such preparation or processing as the Lender determines commercially reasonable (but the Lender has no duty to conduct such preparation or processing);

(d) with such disclaimers of warranties (whether of title, possession, quiet enjoyment or otherwise) as the Lender determines commercially reasonable; and

(e) the Lender may comply with any applicable law in connection with any such sale or disposition of the Collateral.

None of the foregoing actions or inactions will be deemed to adversely affect the commercial reasonableness of the sale or disposition of the Collateral and the Borrower waives any right to object to the sale price received in connection with any such sale or disposition on such basis.

6.3 Receivables. The Lender may take any or all of the following additional actions with respect to any and all of the Receivables of the Borrower:

(a) Direct Lender Collection of Receivables; Amounts Received by the Borrower Held in Trust. The Lender may notify any Receivables Obligor of the Lender's interest in the Receivables of such Receivables Obligor and notify such Receivables Obligor to make payment on such Receivables directly to the Lender. The Borrower hereby authorizes such notice and agrees, at the Lender's election, to join in any such notice the Lender determines to deliver. The Lender may, in its own name or in the name of the Borrower, demand, sue for, collect or receive any money or property at any time payable or receivable on account of any Receivable or grant any extension to, make any compromise or settlement with or otherwise agree to waive, modify, amend or change the obligation of any Receivables Obligor or any other Person with respect to such Receivables. If the Borrower receives any payments or other property in respect of Receivables following the occurrence of an Event of Default, all such amounts and property will be held in trust by the Borrower as the property of the Lender and will not be commingled with any funds or property of the Borrower and will be promptly remitted to the Lender for application to the Secured Obligations.

(b) Lockboxes and Blocked Accounts. The Lender may establish such lockboxes and non-interest bearing blocked accounts as it deems necessary or advisable in connection with its rights under this Section 6.3 and may direct any or all Receivables Obligors to send all payments and mail with respect to their respective Receivables to such lockboxes and blocked accounts. Items received into the lockboxes and blocked accounts described above will be handled and processed as follows: (i) all payments and payment items and instruments will be processed and promptly applied to the Secured Obligations, whether or not then due, and, until so applied, will be held as additional Collateral and will not be subject to payment to or withdrawal by the Borrower, (ii) all non-payment items that do not otherwise constitute Collateral will be promptly sent to the Borrower, and (iii) to the extent not contrary to the rights granted above, as otherwise provided for under any lockbox or blocked account agreement between the Lender and the Borrower.

6.4 Equity Interest Collateral and other Investment Property. The Lender may take any or all of the following additional actions with respect to any and all Equity Interest Collateral and other Investment Property of the Borrower:

(a) Voting Rights. The Lender will have the right, in its sole discretion, to terminate all rights of the Borrower to exercise any and all voting and consent rights with respect to any Equity Interest Collateral and any other Investment Property and, from and after such termination, the Lender will have the sole right to exercise or refrain from exercising such voting and consent rights; provided, that the Lender will not be deemed to possess or have control over any voting or consent rights with respect to any such Equity Interest Collateral or other Investment Property unless and until the Lender has given written notice to the Borrower that any further exercise of such voting or consent rights by the Borrower is prohibited and that the Lender and/or its assigns will exercise such voting and consent rights going forward.

(b) Distributions, etc. The Lender will have the right, in its sole discretion, to terminate all rights of the Borrower to receive principal, interest, dividends and other distributions (whether in cash, Securities or otherwise) in respect of any Equity Interest Collateral and any other Investment Property and, from and after such termination, the Lender will have the sole right to receive all principal, interest, dividends and other distributions (whether in cash, Securities or otherwise) on or in respect of such Equity Interest Collateral and other Investment Property.

(c) Exercise of Rights Not Satisfaction. None of the Lender's exercise of its rights and remedies under this Section 6.4 will be or be deemed to constitute retention by the Lender of any Equity Interest Collateral or other Investment Property in satisfaction of the Secured Obligations or any part thereof.

(d) Securities Laws. The Lender's sale or other disposition of any Equity Interest Collateral or other Investment Property may be subject to limitations and restrictions under the applicable Securities Laws. Such restrictions may result in (i) the Lender filing a registration statement (although the Lender is not required to do so) to permit the public sale of such Equity Interest Collateral or other Investment Property, (ii) the Lender negotiating with and agreeing to sell to a single or limited pool of purchasers that will agree, among other things, to acquire such Equity Interest Collateral or other Investment Property for their own account, for investment, and not with a view to the distribution or resale thereof, (iii) prices and other terms less favorable to the seller than if such sale were a public sale without such restrictions, and (iv) additional costs and expenses that will become part of the Secured Obligations. The Borrower acknowledges and accepts such limitations and (1) agrees that the Lender will not incur any liability as a result of a sale made in compliance and/or contemplation of such restrictions so long as such sale is otherwise commercially reasonable, (2) agrees that no such sale will impair any claim by the Lender against the Borrower for a deficiency, (3) agrees that neither the Lender nor any transferee has any obligation to demonstrate to the Borrower compliance with, exemption from or lack of Borrower liability with respect to any Securities Laws in connection with any sale or disposition of any such Equity Interest Collateral or other Investment Property made by the Lender or such transferee, and (4) agrees that the Borrower has not or will not have any right of consent to any such sale or transfer.

(e) Borrower Assistance; Receipt in Trust. The Borrower will execute and deliver all such proxies and other documents and instruments as may be necessary or

advisable in the determination of the Lender to give effect to the rights of the Lender described in this Section 6.4 and to terminate all rights of the Borrower to exercise or refrain from exercising its rights with respect to Equity Interest Collateral. Any Equity Interest Collateral, Investment Property, amount, instrument or document which the Lender is entitled to receive under this Section 6.4 that is received by the Borrower will be received by the Borrower in trust for the benefit of the Lender and will be segregated from all other Property of the Borrower.

(f) Delivery and Control of Equity Interest Collateral and Other Investment Property. The Borrower hereby authorizes the Lender to take any and all actions as the Lender deems necessary or advisable to cause all of the Borrower's Equity Interest Collateral and other Investment Property to be delivered to or subject to the Control of the Lender including, without limitation (i) registration of such Equity Interest Collateral and other Investment Property in the Lender's name or the Lender's nominee's name, (ii) physical delivery of such Equity Interest Collateral and other Investment Property to the Lender or the Lender's custodian, (iii) entry into one or more Control Agreements with any applicable issuer, custodian, securities intermediary, commodities intermediary or other applicable party, and (iv) delivery or making of such instructions or entitlement orders with respect to any and all such Equity Interest Collateral and other Investment Property as determined necessary or advisable by the Lender, in each case, without the requirement of or any consent of the Borrower.

6.5 License. The Lender is hereby granted a non-exclusive, worldwide license and right to use, without charge, any and all of the Borrower's Intellectual Property in completing the production of, advertising for sale and selling any and all of the Collateral and the Borrower's rights under all licenses and all franchise agreements will inure to the Lender's benefit until the Secured Obligations are irrevocably paid in full.

6.6 Access. The Lender may enter and take possession of all or any part of the Properties of the Borrower and for such lengths of time, in each case without the payment of any compensation to the Borrower therefor, as the Lender may determine necessary or appropriate to allow the Lender to manufacture, produce, process, store or sell all or any part of the Collateral.

6.7 Assembly and Delivery. The Lender may require the Borrower (all at the Borrower's sole cost and expense) to assemble all or any part of its Collateral (including, without limitation, all books and records relating thereto) and make it available to the Lender at a place or places to be designated by the Lender.

6.8 Application of Proceeds of Collateral. The Collateral will be applied to the Secured Obligations in the order specified in the Credit Agreement, or, if no order is specified in the Credit Agreement, in such order as the Lender shall determine until the Secured Obligations have been irrevocably paid in full, with the remainder after such application to such Persons as may be entitled thereto by law.

6.9 Notice of Sale or Disposition of Collateral. The Borrower hereby waives notice of the time and place of any public sale or private sale of all or any portion of the

Collateral. If such notice cannot be waived under applicable law, any notice of sale made by or on behalf of the Lender will be deemed commercially reasonable if sent to the Borrower to its address for notices specified in this Security Agreement at least ten days prior to (a) the date of any such public sale, or (b) the time after which any such private sale or other disposition may be made.

6.10 Preparation of Collateral for Sale. The Lender has no duty or obligation to clean-up or otherwise prepare the Collateral for sale.

6.11 Borrower Waiver of Marshalling. The Borrower waives all requirements of law, if any, relating to the marshalling of assets which would be applicable in connection with the enforcement by the Lender of its rights and remedies hereunder, absent this waiver.

ARTICLE VII

MISCELLANEOUS

7.1 Waivers, Amendments and Remedies. No delay or omission of the Lender in exercising any right or remedy with respect to this Security Agreement or the Collateral will impair such right or remedy or be construed as a waiver of any Event of Default and no single or partial exercise of any such right or remedy will preclude any other or further exercise of any such right or remedy 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 will be valid unless in writing and signed by the Lender. All rights and remedies in this Security Agreement, the other Secured Obligation Documents or in law or equity will be cumulative and will be available to the Lender until (a) each and all of the Secured Obligations have been irrevocably paid and performed in full, and (b) the Lender no longer has any commitment to provide any financial accommodations to the Borrower under any Secured Obligation Document.

7.2 Taxes, Costs and Expenses. The Borrower will pay or reimburse the Lender on demand for all Taxes and all reasonable out-of-pocket costs and expenses paid or incurred by the Lender in connection with this Security Agreement or the Collateral, including, without limitation, filing and recording costs and fees, costs of any environmental review, costs of any applicable appraisals, consultants' fees, travel expenses and reasonable fees, charges and disbursements of outside counsel to the Lender and the allocated costs of in-house counsel incurred from time to time, in connection with any or all of the following: (a) selling, disposing of or otherwise realizing against the Collateral, (b) obtaining or maintaining the perfection or priority of Liens on the Collateral contemplated by this Security Agreement, (c) paying or performing the Borrower's obligations under this Security Agreement that are not timely paid or performed by the Borrower, (d) enforcing this Security Agreement against the Borrower, and (e) as otherwise described in, provided for or contemplated by the Credit Agreement or the other Secured Obligation Documents. Such tax, cost and expense reimbursement obligations are and will remain the obligations (and part of the Secured Obligations) of the Borrower. Any and all costs and expenses incurred by the Borrower

in the performance of actions required of them pursuant to the terms of this Security Agreement will be borne solely by the Borrower and the Lender shall have no responsibility therefor.

7.3 Indemnification. The Borrower will indemnify the Lender, its affiliates, and the respective directors, officers, employees, agents and advisors of each of the foregoing (the "Indemnified Parties"), from and against any and all losses, claims, damages, penalties, judgments, liabilities and expenses (including, without limitation, reasonable attorneys' fees, charges and disbursements and settlement costs (including, without limitation, all expenses of litigation or preparation therefor) whether or not the Lender or any other Indemnified Party is a party thereto) which any of them may pay or incur arising out of or relating to this Security Agreement, the grant of a security interest in the Collateral hereunder, 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 an Indemnified Party or the Borrower, and any claim for Patent, Trademark or Copyright infringement), any actual or alleged presence or release of Hazardous Materials on or from any Property owned or operated by the Borrower or any of its Subsidiaries, any environmental liability related in any way to the Borrower or any of its Subsidiaries or their respective Property, or any other transaction, action or inaction contemplated by this Security Agreement or any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by the Borrower or any of its Subsidiaries, provided that such indemnity shall not, as to any particular Indemnified Party, be available to the extent that such losses, claims, damages, penalties, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnified Party.

7.4 Lender Authorizations to Act for Borrower and Other Lender Authorizations to Act. The Borrower hereby authorizes (but without the imposition of any duty to do so) the Lender to do and perform, whether in the name of the Borrower or the Lender's own name, any and all actions that the Lender may determine to be necessary or desirable to accomplish the purposes of this Security Agreement, including, without limitation, the acts identified below, and the Borrower hereby irrevocably authorizes and appoints the Lender as its duly authorized attorney-in-fact for such purposes, which appointment is coupled with an interest:

(a) to execute on behalf of the Borrower as debtor and to file such financing statements (or any carbon, photographic or other reproduction thereof or of this Security Agreement) as are necessary or desirable in the Lender's sole discretion to perfect and maintain the perfection and priority of the Lender's security interest in the Collateral, including, without limitation, (i) financing statements identified as covering "all assets" or "all personal property" of the Borrower, and (ii) financing statements to be filed in the real property records for purposes of perfecting or protecting the Lender's interests with respect to any Fixture constituting part of the Collateral and, for such purpose, the Borrower hereby authorizes the filing of this Security Agreement in the real

property records of any applicable jurisdiction for purposes of satisfying the authorization given in this clause (ii). The Borrower hereby authorizes and ratifies each financing statement of the types described in this clause (a) that the Lender has filed on or prior to the date of this Security Agreement;

(b) to endorse any Instrument pledged to the Lender or constituting payment or proceeds of any Collateral;

(c) to complete any blanks or endorsements on any allonge or other item of transfer required to be provided or completed by the Borrower under this Security Agreement;

(d) to pay or discharge Taxes and Liens levied or placed on or threatened against the Collateral;

(e) to obtain any insurance with respect to the Collateral required by this Security Agreement or the Credit Agreement or pay any premiums or costs therefor;

(f) to file any claim or take any other action or proceeding in any court of law or equity deemed necessary or advisable by the Lender for purposes of protecting its interests in the Collateral or collecting any amounts due with respect to the Collateral;

(g) to defend any claim, action or proceeding in any court of law or equity deemed necessary or advisable by the Lender for purposes of protecting its interests in the Collateral;

(h) to settle, compromise or adjust any claim, suit, action or proceeding described in clauses 7.4(f) or (g) above and to give such discharges or releases in connection therewith as the Lender deems necessary or advisable;

(i) to sign and endorse any invoices, freight or express bills, bills of lading, storage or warehouse receipts;

(j) to exercise all powers, rights and remedies available to the Lender under Article VI of this Security Agreement; and

(k) to complete, perform or pay each other obligation which the Borrower has agreed to (and failed to) perform or pay under this Security Agreement.

All amounts expended or incurred by the Lender in connection with the actions described in this Section 7.4 (including, without limitation, reasonable attorney's fees and expenses) will be payable on the Lender's demand therefor and, until so paid, will constitute additional Secured Obligations and bear interest at the highest lawful rate then applicable to any of the Secured Obligations.

7.5 No Lender Duty. The powers, rights and remedies conferred on the Lender under this Security Agreement are solely for the benefit of the Lender and to

protect its interests in the Collateral and nothing in this Security Agreement will require the Lender to exercise any such powers, rights and remedies or to do anything for the protection, enforcement or collection of such Collateral or to protect or preserve any rights of the Borrower therein or any rights of or against other parties.

7.6 Borrower Remains Liable. Notwithstanding anything to the contrary in this Security Agreement, the Borrower will remain liable under its Accounts, Chattel Paper, General Intangibles and other items of the Borrower's Collateral to perform all of its duties and obligations thereunder to the same extent as if this Security Agreement had not been executed. The exercise by the Lender of any of its powers, rights and remedies hereunder will not release the Borrower from any of its duties or obligations with respect to the Collateral and the Lender will have no duty to perform any of the obligations or duties of the Borrower thereunder.

7.7 Benefit of Agreement. The terms and provisions of this Security Agreement shall be binding upon and inure to the benefit of the Borrower, the Lender and their respective successors and permitted assigns (including all Persons who become bound as a debtor to this Security Agreement), except that the Borrower shall not have the right to assign their rights or delegate their obligations under this Security Agreement or any interest herein, without the prior written consent of the Lender.

7.8 Borrower Acknowledgments Regarding Advice and Preparation. The Borrower hereby acknowledges that (a) it has been advised by counsel of its choosing in the negotiation, meaning, execution and delivery of this Security Agreement and disclaims any reliance on the Lender or its counsel therefor, (b) the Lender has no fiduciary relationship with the Borrower, the relationship being solely that of debtor and creditor, and (c) no joint venture exists between the Borrower and the Lender.

7.9 Survival of Representations. All representations and warranties of the Borrower contained in this Security Agreement shall survive the execution and delivery of this Security Agreement.

7.10 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.

7.11 Termination. This Security Agreement will continue in effect (notwithstanding the fact that from time to time there may be no Secured Obligations outstanding) until (a) each and all of the Secured Obligations have been irrevocably paid and performed in full, and (b) the Lender no longer has any commitment to provide any financial accommodations to the Borrower under any Secured Obligation Document.

7.12 Entire Agreement. This Security Agreement embodies the entire agreement and understanding between the Borrower and the Lender with respect to its subject matter and supersedes all prior agreements and understandings between the Borrower and the Lender with respect thereto.

7.13 **CHOICE OF LAW.** THIS SECURITY AGREEMENT SHALL BE GOVERNED AND CONSTRUED IN ACCORDANCE WITH THE GOVERNING LAW SELECTED FOR THE CREDIT AGREEMENT.

7.14 **CONSENT TO JURISDICTION.** THE BORROWER HEREBY IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF THE COURTS SELECTED FOR JURISDICTION UNDER THE CREDIT AGREEMENT IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS SECURITY AGREEMENT AND THE BORROWER HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURT AND IRREVOCABLY WAIVES ANY OBJECTION IT MAY NOW OR HEREAFTER HAVE AS TO THE VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN SUCH A COURT OR THAT SUCH COURT IS AN INCONVENIENT FORUM. NOTHING HEREIN SHALL LIMIT THE RIGHT OF LENDER TO BRING PROCEEDINGS AGAINST THE BORROWER IN THE COURTS OF ANY OTHER JURISDICTION. ANY JUDICIAL PROCEEDING BY THE BORROWER AGAINST LENDER, DIRECTLY OR INDIRECTLY INVOLVING ANY MATTER IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS SECURITY AGREEMENT SHALL BE BROUGHT ONLY IN A COURT IN DESCRIBED IN THE FIRST SENTENCE OF THIS SECTION 7.14.

7.15 **Service of Process.** Each party to this Security Agreement irrevocably consents to service of process in the manner provided for notices in Section 7.19 of this Security Agreement. Nothing in this Security Agreement or any other Secured Obligation Document will affect the right of any party to this Security Agreement to serve process in any other manner permitted by law.

7.16 **WAIVER OF JURY TRIAL.** EACH PARTY TO THIS SECURITY AGREEMENT HEREBY WAIVES TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER (WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE) IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS SECURITY AGREEMENT. THE BORROWER (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF LENDER HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT THE LENDER WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, AND (B) ACKNOWLEDGES THAT LENDER AND THE BORROWER HAVE EACH BEEN INDUCED TO ENTER INTO THIS SECURITY AGREEMENT AND THE OTHER SECURED OBLIGATION DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 7.16.

7.17 **Severability.** Any provision in 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.

7.18 Counterparts. This Security Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page of this Security Agreement by telecopy or electronic mail (PDF) shall be effective as delivery of a manually executed counterpart of this Security Agreement.

7.19 Notices; Change in Address for Notices. Any notice required or permitted to be given under this Security Agreement shall be sent (and deemed received) in the manner and to the addresses set forth in the notice provisions of the Credit Agreement (provided, that, the 30-day requirement in Section 4.1 will in all events apply to changes in the Borrower's notice address). The Borrower and the Lender may change the address for service of notice upon it by a notice in writing to the other parties in accordance with this Section 7.19 and, in addition, with respect to the Borrower, Section 4.1 of this Security Agreement.

7.20 Survival. All provisions of the Credit Agreement are incorporated into this Security Agreement by reference and will survive any termination of the Credit Agreement.

[Signature pages follow]

IN WITNESS WHEREOF, the Borrower and the Lender has each executed this Security Agreement as of the date first above written.

U.S. BANK NATIONAL ASSOCIATION

By: *Dennis Petruzelli*
Name: Dennis Petruzelli
Title: Vice President

AUDIO PRECISION, INC.

By: *R. Michael Williams*
Name: R. Michael Williams
Title: Vice President of Finance

EXHIBIT A

Name: Audio Precision, Inc.

Jurisdiction: Oregon

EXHIBIT B

Location of Equipment & Fixtures (other than Inventory in transit):

LEASED LOCATIONS:

- Audio Precision HQ: 5750 SW Arctic Dr. Beaverton, OR 97005
- Just Store It: 9455 SW Wilsonville Rd. Wilsonville, OR 97070

OTHER LOCATIONS:

None

EXHIBIT C

None.



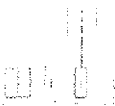

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TRADEMARK
REEL: 006201 FRAME: 0406



EXHIBIT D



PENDING AND ISSUED PATENTS

Representative Drawing	Title (and inventors)	Country	Effective Filing Date	App. No.	Pub. Date	Issue Date	Patent No.	Expiry	Patent	Status
	CAGE FOR SHIELDING INTERFERENCE Inventors: William Bunnell; Fredrick Capell Jr.; William Noelcke	United States	Sep-20-2017	29/618,357					Design	Pending
	WIRELESS AUDIO ANALYSIS, TEST, AND MEASUREMENT Inventors: Kenneth Ostrin; Fredrick Capell Jr.; Joseph Begin	United States	Sep-25-2017	15/715,000					Utility	Pending
	WIRELESS AUDIO ANALYSIS, TEST, AND MEASUREMENT Inventors: Kenneth Ostrin; Fredrick Capell Jr.; Joseph Begin	China	Sep-25-2017	201710877077.0					Utility	Pending
	WIRELESS SIGNAL ISOLATION ASSEMBLY Inventors: William Bunnell; Fredrick Capell Jr.; William Noelcke	United States	Sep-25-2017	62/562,984					Provisional	Pending

TRADEMARK APPLICATIONS AND REGISTRATIONS

Mark	Country	Status	Application Number	Application Date	Registration Number	Registration Date	Next Maintenance Deadline
AP & Design  (Class 9)	United States	Registered	78/803,389	Jan-31-2006	3,183,686	Dec-12-2006	Dec-12-2026 (Renewal)
AUDIO PRECISION & Design  (Class 9)	United States	Registered	78/803,541	Jan-31-2006	3,186,785	Dec-19-2006	Dec-19-2026 (Renewal)
AUDIO PRECISION (Class 9)	United States	Registered	74/044,532	Mar-30-1990	1,639,591	Apr-02-1991	Apr-02-2021 (Renewal)
APX DUO (Class 9)	United States	Pending	87/615,801	Sep-20-2017	n/a	n/a	n/a
APWIN (Class 9)	United States	Registered	75/026,270	Nov-17-1995	2,150,033	Apr-14-1998	Apr-14-2018 (Renewal)
DUO (Class 9)	United States	Pending	87/615,791	Sep-20-2017	n/a	n/a	n/a
FASTTEST (Class 9)	United States	Registered	74/243,595	Feb-04-1992	1,831,950	Apr-19-1994	Apr-19-2024 (Renewal)

PORTABLE ONE (Class 9)	United States	Registered	74/176,801	Jun-17-1991	1,734,487	Nov-24-1992	Nov-24-2022 (Renewal)
SYSTEM ONE (Class 9)	United States	Registered	75/274,564	Apr-14-1997	2,152,381	Apr-21-1998	Apr-21-2018 (Renewal)
SYSTEM TWO (Class 9)	United States	Registered	75/030,564	Nov-29-1995	2,135,213	Feb-10-1998	Feb-10-2018 (Renewal)
AP & Design  (Class 9)	European Union	Registered	004961868	Mar-16-2006	004961868	Mar-23-2007	Mar-16-2026 (Renewal)
AUDIO PRECISION & Design  (Classes 7 and 11)	European Union	Registered	004961901	Mar-16-2006	004961901	Mar-23-2007	Mar-16-2026 (Renewal)
FASTEST (Classes 7 and 11)	Japan	Registered	3-88717	Aug-23-1991	2687355	Jul-29-1994	Jul-29-2024 (Renewal)
FASTEST (Class 9)	Germany	Registered	A50834/9Wz	Aug-23-1991	2028164	Jan-18-1993	Aug-31-2021 (Renewal)
AP & Design	China	Registered	5235378	Mar-23-2006	5235378	Apr-21-2009	Apr-20-2019 (Renewal)

 (Class 9)													
AP AUDIO PRECISION & Design 	China	Registered	19420107	Mar-24-2016	19420107	May-7-2017	May-06-2027 (Renewal)						
奥频 (In Chinese characters only) (Class 9)	China	Registered	17296893	Jun-26-2015	17296893	Sep-07-2016	Sep-06-2026 (Renewal)						
APx586 (Class 9)	China	Pending	19055739	Feb-02-2016	n/a	n/a	n/a	Allowed as to partial listing of goods; awaiting certificate of registration					
APx585 (Class 9)	China	Abandoned	19055740	Feb-02-2016	n/a	n/a	n/a	Appeal of Examiner's Rejection Unsuccessful; Application Abandoned					
APx582 (Class 9)	China	Pending	19055741	Feb-02-2016	n/a	n/a	n/a	Allowed as to partial listing of goods; awaiting certificate of registration					

APx526 (Class 9)	China	Abandoned	19055748	Feb-02-2016	n/a	n/a	n/a	Appeal of Examiner's Rejection Unsuccessful; Application Abandoned
APx555 (Class 9)	China	Pending	19055747	Feb-02-2016	n/a	n/a	n/a	Allowed as to partial listing of goods; awaiting certificate of registration
APx525 (Class 9)	China	Pending	19055746	Feb-02-2016	n/a	n/a	n/a	Appeal of Examiner's Rejection filed (likelihood of confusion; distinctiveness); awaiting decision
APx515 (Class 9)	China	Pending	19055745	Feb-02-2016	n/a	n/a	n/a	Appeal of Examiner's Rejection filed (likelihood of confusion; distinctiveness); awaiting decision
APx511 (Class 9)	China	Abandoned	19055744	Feb-02-2016	n/a	n/a	n/a	Appeal of Examiner's Rejection Unsuccessful; Application Abandoned
APx500 (Class 9)	China	Pending	19055742	Feb-02-2016	n/a	n/a	n/a	Appeal of Examiner's Rejection filed (likelihood of confusion; distinctiveness); awaiting decision
APx1701 (Class 9)	China	Registered	19055743	Feb-02-2016	19055743	June 14, 2017	June 13, 2027	Certification of Registration being forwarded under separate cover
APx DUO (Class 9)	China	Pending	tbd	Oct-09-2017	n/a	n/a	n/a	Awaiting issuance of official filing receipt