

11-23-1998

U.S. DEPARTMENT OF COMMERCE
Patent and Trademark Office

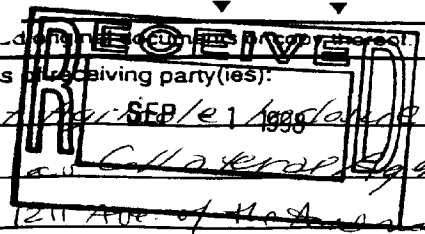


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To the Honorable Commissioner of Patents and Trademarks



1. Name of conveying party(ies):

RSM Foods, LLC

- Individual(s)
- General Partnership
- Corporation-State
- Other limited liability corporation
- Association
- Limited Partnership

Additional name(s) of conveying party(ies) attached? Yes No

3. Nature of conveyance:

- Assignment
- Security Agreement
- Other
- Merger
- Change of Name

Execution Date: Aug 28, 98

2. Name and address of receiving party(ies):

Name: Credit Corp
 Internal Address: 211 Ave. of the Americas
 Street Address: 211 Ave. of the Americas
 City: New York State: NY ZIP: 10036

- Individual(s) citizenship
- Association
- General Partnership
- Limited Partnership
- Corporation-State
- Other BANK

If assignee is not domiciled in the United States, a domestic representative designation is attached: Yes No
 (Designations must be a separate document from Assignment)
 Additional name(s) & address(es) attached? Yes No

4. Application number(s) or registration number(s):

A. Trademark Application No.(s)

See Schedule IV attached hereto

B. Trademark registration No.(s)

See Schedule IV attached hereto

Additional numbers attached? Yes No

5. Name and address of party to whom correspondence concerning document should be mailed:

Name:

Return To 81355 K₀
National Corporate Research, LTD.
225 W. 34th St., Suite 910
New York, N.Y. 10122
(800) 221-0102 (212) 947-7200

Street Address:

City: _____ State: _____ ZIP: _____

6. Total number of applications and registrations involved: 27

7. Total fee (37 CFR 3.41): \$ 690⁰⁰

- Enclosed
- Authorized to be charged to deposit account

8. Deposit account number: 690E

(Attach duplicate copy of this page if paying by deposit account)

DO NOT USE THIS SPACE

9. Statement and signature.

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document.

Maureen P. Murphy
Name of Person Signing

Maureen P. Murphy 9/1/98
Signature Date

Total number of pages comprising cover sheet: 78

OMB No. 0651-0011 (exp. 4/94)

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Mail documents to be recorded with required cover sheet information to:

11/20/1998 DNGUYEN 00000309 1576620

Commissioner of Patents and Trademarks
Box Assignments
Washington, D.C. 20231

01 FC:481 40.00 DP
02 FC:482 650.00 DP

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TRADEMARK

REEL: 1817 FRAME: 0187

SCHEDULE IV

Trademarks

Pledgor: RSM Foods, LLC

Registrations

<u>REGISTRATION NUMBER</u>	<u>REGISTRATION DATE</u>	<u>COUNTRY/STATE</u>	<u>DESCRIPTION</u>
1,576,620	1/9/90	USA	Flav-R-Churn
2,107,756	10/21/97	USA	Flav-R-Mate
1,716,137	9/15/92	USA	Fry-well
779,472	11/3/64	USA	Golden Rey
667,835	9/30/58	USA	
676,798	4/7/59	USA	
197,958	4/28/25	USA	
916,414	7/13/71	USA	Kettle-rich
1,735,057	11/24/92	USA	La Scala
1,269,923	1/29/81	USA	Maxim
2,112,373	11/11/97	USA	Nature's Beginnings
2,072,363	6/17/97	USA	
1,813,085	12/21/93	USA	
1,825,905	3/8/94	USA	Old Fashioned "Country Kettle"
1,932,997	11/7/95	USA	Premium Pak
1,712,933	9/8/92	USA	Rite and Brite
1,479,260	3/8/88	USA	
1,826,495	6/4/93	USA	Sav-R-Churn
1,845,268	7/12/94	USA	Sirloin Club Sauce
1,579,298	1/23/90	USA	Trail Blazer
1,135,854	5/20/80	USA	Trail Boss
882,732	12/23/69	USA	Trash-master
876,673	9/9/69	USA	101
2,067,485	6/3/97	USA	Carolina Gold
741,004	11/20/62	USA	Czarina
516,072	10/4/49	USA	Invinso
744,154	1/22/63	USA	Oahu

Unregistered Trademarks

Premium Pak Lite USA

Applications

<u>APPLICATION NUMBER</u>	<u>APPLICATION DATE</u>	<u>COUNTRY/STATE</u>	<u>DESCRIPTION</u>
None.			

SECURITY AGREEMENT

SECURITY AGREEMENT (the "Agreement"), dated as of August 28, 1998, made by KRSM HOLDINGS, LLC, a Delaware limited liability corporation having an office at c/o Kohlberg & Co., 111 Radio Circle, Mt. Kisco, New York 10549 ("Holdings"), RSM FOODS, LLC, a Delaware limited liability company having an office at 737 Terminal Street, Los Angeles, California 90021 (the "Borrower"), and EACH OF THE GUARANTORS LISTED ON THE SIGNATURE PAGES HERETO OR FROM TIME TO TIME PARTY HERETO BY EXECUTION OF A JOINDER AGREEMENT (collectively, the "Guarantors"; together with Holdings and the Borrower, the "Pledgors", and each, a "Pledgor"), as pledgors, assignors and debtors, in favor of CREDIT AGRICOLE INDOSUEZ, having an office at 1211 Avenue of the Americas, 7th Floor, New York, New York 10036, as pledgee, assignee and secured party, in its capacity as collateral agent (in such capacities and together with any successors in such capacity, "Collateral Agent") for the Secured Parties (as hereinafter defined).

R E C I T A L S :

A. Pursuant to a certain credit agreement, dated as of the date hereof (as amended, amended and restated, supplemented or otherwise modified from time to time, the "Credit Agreement"; capitalized terms used herein and not defined shall have the meanings assigned to them in the Credit Agreement), among Holdings, the Borrower, the Banks, Canadian Imperial Bank of Commerce, as documentation agent for the lending institutions (the "Banks") from time to time party thereto and Credit Agricole Indosuez, as administrative agent and collateral agent for the Banks, the Banks have agreed (i) to make to or for the account of the Borrower certain Term Loans up to an aggregate principal amount of \$60,000,000 and certain Revolving Loans up to an aggregate principal amount of \$10,000,000 and (ii) to issue certain Letters of Credit for the account of the Borrower.

B. Pursuant to a certain senior subordinated loan agreement dated as of the date hereof (as amended, amended and restated, supplemented or otherwise modified from time to time, the "Subordinated Credit Agreement"), among Holdings, the Bor-

rower and the financial institutions listed therein (the "Subordinated Lenders"), the Subordinated Lenders have agreed to make certain Loans to or for the account of Borrower up to an aggregate principal amount of \$12,500,000 (the "Subordinated Loans").

C. Pursuant to a certain Acquisition Agreement dated as of August 7, 1998, as amended (as further amended, amended and restated, supplemented or otherwise modified from time to time, the "Purchase Agreement"), between the Borrower and U.S. Foodservice, Inc. and John Sexton & Co. (collectively, the "Junior Noteholder"), the Junior Noteholder is entitled to receive a \$16,000,000, 13% junior subordinated note issued by the Borrower (the "Junior Note").

D. It is contemplated that one or more of the Pledgors may enter into one or more agreements with one or more of the Banks or their respective Affiliates (collectively, "Interest Rate Agreements") having the effect of fixing the interest rates with respect to Loans under the Credit Agreement (all obligations of the Pledgors now existing or hereafter arising under such Interest Rate Agreements, collectively, the "Interest Rate Obligations").

E. Each Pledgor (other than the Borrower) has executed and delivered to Collateral Agent a certain guarantee instrument or instruments (each, a "Guarantee") pursuant to which, among other things, each Pledgor has guaranteed the obligations of the Borrower under the Credit Documents, the Subordinated Debt Documents and the Junior Note, and each Pledgor (other than the Borrower) desires that its Guarantee be secured hereunder.

F. Each Pledgor is or will be the legal and beneficial owner of the Pledged Collateral (as hereinafter defined) to be pledged by it hereunder.

G. It is a condition to the obligations of (i) the Banks to make the Loans and issue Letters of Credit under the Credit Agreement or enter into the Interest Rate Agreements, (ii) the Subordinated Lenders to make the Loans under the Subordinated Credit Agreement and (iii) the Junior Noteholder's performance under the Purchase Agreement and the Junior Note, that each Pledgor execute and deliver the applicable Credit Documents and Subordinated Debt Documents, including this Agreement.

H. This Agreement is given by each Pledgor in favor of Collateral Agent for its benefit and the benefit of the Banks, the Subordinated Lenders and the Junior Noteholder (collectively, the "Secured Parties") to secure the payment and performance of all of the Secured Obligations (as defined in Section 2).

A G R E E M E N T :

NOW, THEREFORE, in consideration of the foregoing premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Pledgors and Collateral Agent hereby agree as follows:

Section 1. Pledge. As collateral security for the payment and performance when due of all the Secured Obligations, each Pledgor hereby pledges, assigns, transfers and grants to Collateral Agent for its benefit and the benefit of the Secured Parties, a continuing security interest in and to all of the right, title and interest of such Pledgor in, to and under the following property, wherever located, whether now existing or hereafter arising or acquired from time to time (collectively, the "Pledged Collateral"):

(a) all "accounts", as such term is defined in the Uniform Commercial Code as in effect from time to time in any applicable jurisdiction (the "UCC"), and in any event including, without limitation, all of such Pledgor's rights to payment for goods sold or leased or services performed by such Pledgor or any other party, and all rights evidenced by an account, contract, security agreement, chattel paper, guarantee (including a letter of credit) or other evidence of indebtedness or security together with (i) all security pledged, assigned, hypothecated or granted to or held by such Pledgor to secure the foregoing, (ii) general intangibles arising out of such Pledgor's rights in any goods, the sale of which gave rise thereto, (iii) all guarantees, endorsements and indemnifications on, or of, any of the foregoing, (iv) all powers of attorney for the execution of any evidence of indebtedness or security or other writing in connection therewith and (v) all evidences of the filing of financing statements and other statements and the registration of other instruments in connection therewith and amendments thereto, notices to other creditors or secured parties and certificates from filing or other registration offices (collectively, the "Receivables");

(b) all "inventory", as such term is defined in the UCC, and, in any event including, without limitation, all raw materials, work in process, returned goods, finished goods, samples and consigned goods to the extent of the consignee's interest therein, materials and supplies of any kind or nature which are or might be used in connection with the manufacture, printing, publication, packing, shipping, advertising, selling or finishing of any such goods and all other products, goods, materials and supplies (collectively, the "Inventory");

(c) all books, records, ledgers, print-outs, file materials and other papers containing information relating to Receivables and any account debtors in respect thereof;

(d) any and all sale, service, performance and equipment lease contracts, agreements and grants (whether written or oral), and any other contract (whether written or oral) between such Pledgor and third parties, including, without limitation, the Acquisition Documents, but excluding any contract (i) which would be terminable by the counterparty thereto if such Pledgor's interest therein were subject to the security interest created hereby and (ii) for which such Pledgor has not received a consent from such counterparty to the grant of a security interest therein (collectively, the "Contracts");

(e) all "equipment", as such term is defined in the UCC, and, in any event including, without limitation, all machinery, equipment, office machinery, furniture, conveyors, tools, materials, storage and handling equipment, automotive equipment, motor vehicles, tractors, trailers and other like property, whether or not the title thereto is governed by a certificate of title or ownership, and all other equipment of every kind and nature owned by such Pledgor or in which such Pledgor may have any interest (to the extent of such interest), all modifications, alterations, repairs, substitutions, additions and accessions thereto, all replacements and all parts therefor and together with all substitutes for any of the foregoing (collectively, the "Equipment");

(f) all "general intangibles", as such term is defined in the UCC, and, in any event including, without limitation, all manuals, blueprints, know-how, warranties and records in connection with the Equipment; all documents of title or documents representing the Inventory and all records, files and writings with respect thereto; any

and all other rights, claims and causes of action of such Pledgor against any other Person and the benefits of any and all collateral or other security given by any other Person in connection therewith, including, without limitation, all rights under any Contracts; all information, customer lists, identification of suppliers, data, plans, blueprints, specification designs, drawings, recorded knowledge, surveys, engineering reports, test reports, manuals, materials, standards, processing standards, performance standards, catalogs, research data, computer and automatic machinery software and programs and the like pertaining to operations by such Pledgor; all field repair data, sales data and other information relating to sales of products now or hereafter manufactured, distributed or franchised by such Pledgor; all accounting information pertaining to such Pledgor's operations or any of the Equipment, Inventory, Receivables or Intangibles and all media in which or on which any of the information or knowledge or data or records relating to such operations or any of the Equipment, Inventory, Receivables, Contracts or Intangibles may be recorded or stored and all computer programs used for the compilation or printout of such information, knowledge, records or data; all rights and goodwill of such Pledgor; all licenses, consents, permits, variances, certifications and approvals of governmental agencies now or hereafter held by such Pledgor pertaining to operations now or hereafter conducted by such Pledgor or assets now or hereafter held by such Pledgor, but excluding any such license, consent, permit, variance, certification or approval of governmental agencies which would be terminable by the counterparty thereto if such Pledgor's interest therein were subject to the security interest created hereby; all causes of action, claims and warranties now or hereafter owned or acquired by such Pledgor; and any other property consisting of a general intangible under the UCC applicable in such other location where such Pledgor maintains its records relating to such property (collectively, the "Intangibles");

(g) all insurance policies held by such Pledgor or naming such Pledgor as insured, additional insured or loss payee (including, without limitation, casualty insurance, liability insurance, property insurance and business interruption insurance), all such insurance policies entered into after the date hereof other than insurance policies (or certificates of insurance evidencing such insurance policies) relating to health and welfare insurance and life insurance policies in which such Pledgor is not named

as beneficiary (i.e., insurance policies that are not "Key Man" insurance policies) and all rights, claims and recoveries relating thereto (including all dividends, returned premiums and other rights to receive money in respect of any of the foregoing) (collectively, the "Insurance Policies");

(h) such Pledgor's right to receive the surplus funds, if any, which are payable to such Pledgor following the termination of any employee pension plan and the satisfaction of all liabilities of participants and beneficiaries under such plan in accordance with applicable law (collectively, the "Pension Plan Reversions");

(i) the issued and outstanding shares of capital stock of each Person described in Schedule I-A hereto and each other corporation hereafter acquired or formed by such Pledgor (the "Pledged Shares") (which are and shall remain at all times until this Agreement terminates, certificated shares), including the certificates representing the Pledged Shares and any interest of such Pledgor in the entries on the books of any financial intermediary pertaining to the Pledged Shares; provided that such Pledgor shall not be required to pledge shares possessing more than 65% of the voting power of all classes of capital stock entitled to vote of any Subsidiary which is a controlled foreign corporation (as defined in Section 957(a) of the Internal Revenue Code of 1986, as amended from time to time (the "Tax Code")) and, in any event, shall not be required to pledge the shares of stock of any Subsidiary otherwise required to be pledged pursuant to this Section 1(i) to the extent that such pledge would constitute an investment of earnings in United States property under Section 956 (or a successor provision) of the Code, which investment would trigger an increase in the gross income of a United States shareholder of such Pledgor pursuant to Section 951 (or a successor provision) of the Tax Code;

(j) subject to the proviso set forth in clause (i) above, all additional shares of capital stock of whatever class of any issuer of the Pledged Shares from time to time acquired by such Pledgor in any manner (which are and shall remain at all times until this Agreement terminates, certificated shares) (which shares shall be deemed to be part of the Pledged Shares), including the certificates representing such additional shares and any interest of such Pledgor in the entries on the books of any financial intermediary pertaining to such additional shares;

(k) all membership interests and/or partnership interests, as applicable, of each Person described in Schedule I-B hereto and each other limited liability company or partnership hereafter acquired or formed by such Pledgor, together with all rights, privileges, authority and powers of such Pledgor in and to each such Person or under the membership or partnership agreement of each such Person (the "Operative Agreements") (collectively, the "Initial Pledged Interests"), and the certificates, instruments and agreements, if any, representing the Initial Pledged Interests;

(l) all options, warrants, rights, agreements, additional membership or partnership interests or other interests relating to each such Person described in clause (k) above or any interest in any such Person, including, without limitation, any right relating to the equity or membership or partnership interests in any such Person or under the Operative Agreement of any such Person (collectively, the "Additional Interests"; together with the Initial Pledged Interests, the "Pledged Interests"; the Pledged Interests and the Pledged Shares, collectively, the "Pledged Securities") from time to time acquired by such Pledgor in any manner and the certificates, instruments and agreements, if any, representing the Additional Interests;

(m) all intercompany notes described on Schedule II hereto (the "Intercompany Notes") and all certificates or instruments evidencing such Intercompany Notes and all proceeds thereof, all accessions thereto and substitutions therefor;

(n) all dividends, cash, options, warrants, rights, instruments, distributions, returns of capital, income, profits and other property, interests (debt or equity) or proceeds, including as a result of a split, revision, reclassification or other like change of the Pledged Securities, from time to time received, receivable or otherwise distributed to such Pledgor in respect of or in exchange for any or all of the Pledged Securities or Intercompany Notes (collectively, "Distributions");

(o) without affecting the obligations of such Pledgor under any provision prohibiting such action hereunder or under the Credit Agreement, in the event of any consolidation or merger in which any Person listed on Schedule I-A or Schedule I-B hereto is not the surviving

entity, all shares of each class of the capital stock of the successor corporation or interests or certificates of the successor limited liability company or partnership owned by such Pledgor (unless such successor is such Pledgor itself) formed by or resulting from such consolidation or merger;

(p) patents issued or assigned to and all patent applications made by such Pledgor, including, without limitation, the patents and patent applications listed on Schedule III hereto, along with any and all (i) inventions and improvements described and claimed therein, (ii) reissues, divisions, continuations, extensions and continuations-in-part thereof, (iii) income, royalties, damages, claims and payments now and hereafter due and/or payable thereunder and with respect thereto, including, without limitation, damages and payments for past or future infringements thereof, and (iv) rights to sue for past, present and future infringements thereof (collectively, the "Patents");

(q) trademarks (including service marks), logos, federal and state trademark registrations and applications made by such Pledgor, common law trademarks and trade names owned by or assigned to such Pledgor and all registrations and applications for the foregoing, including, without limitation, the registrations and applications listed on Schedule IV hereto, along with any and all (i) renewals thereof, (ii) income, royalties, damages and payments now and hereafter due and/or payable thereunder and with respect thereto, including, without limitation, damages, claims and payments for past or future infringements thereof, and (iii) rights to sue for past, present and future infringements thereof (collectively, the "Trademarks");

(r) copyrights owned by or assigned to such Pledgor, including, without limitation, the registrations and applications listed on Schedule V hereto, along with any and all (i) renewals and extensions thereof, (ii) income, royalties, damages, claims and payments now and hereafter due and/or payable thereunder and with respect thereto, including, without limitation, damages and payments for past, present or future infringements thereof, and (iii) rights to sue for past, present and future infringements thereof (collectively, the "Copyrights");

(s) license agreements and covenants not to sue with any other party with respect to any Patent, Trademark, or Copyright listed on Schedule VI hereto, along with any and all (i) renewals, extensions, supplements and continuations thereof, (ii) income, royalties, damages, claims and payments now and hereafter due and/or payable thereunder and with respect thereto, including, without limitation, damages and payments for past, present or future breaches thereof, (iii) rights to sue for past, present and future breaches thereof and (iv) any other rights to use, exploit or practice any or all of the Patents, Trademarks or Copyrights (collectively, the "Licenses");

(t) the entire goodwill and all product lines of such Pledgor's business and other general intangibles, including, without limitation, know-how, trade secrets, customer lists, proprietary information, inventions, methods, procedures and formulae connected with the use of and symbolized by the Trademarks of such Pledgor (collectively, the "Good Will");

(u) all financial accounts and all investment property (as defined in the UCC) of such Pledgor, including, without limitation, (i) the financial accounts maintained with the financial institutions (each, a "Financial Intermediary") identified on Schedule VII hereto, (ii) all moneys, financial assets (as defined in the UCC), checks, drafts, securities and instruments deposited or required to be deposited in such accounts, (iii) all investments and all certificates and instruments, if any, from time to time representing or evidencing any other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of the foregoing items listed under subclauses (i) and (ii), and (iv) each consent or other agreement from time to time entered into by such Pledgor with any financial institution at which any of the financial accounts is maintained and all rights of such Pledgor under each such consent or agreement;

(v) any and all other property of such Pledgor;

(w) all "documents", as such term is defined in the UCC, including, without limitation, all receipts of such Pledgor covering, evidencing or representing Inventory or Equipment (collectively, the "Documents");

(x) all "instruments", as such term is defined in the UCC, including, without limitation, all promissory notes, drafts, bills of exchange or acceptances (collectively, the "Instruments"); and

(y) all "proceeds", as such term is defined in the UCC or under other relevant law, and in any event including, without limitation, any and all (i) proceeds of any insurance (except payments made to a Person which is not a party to this Agreement), indemnity, warranty or guaranty payable to Collateral Agent or to such Pledgor from time to time with respect to any of the Pledged Collateral, (ii) payments (in any form whatsoever) made or due and payable to such Pledgor from time to time in connection with any requisition, confiscation, condemnation, seizure or forfeiture of all or any part of the Pledged Collateral by any federal, state, local, foreign or other governmental or administrative (including self-regulatory) body, instrumentality, department or agency or any court, tribunal, administrative hearing body, arbitration panel, commission or other similar dispute-resolving body including, without limitation, those governing the regulation and protection of the environment (each, a "Governmental Authority") (or any person acting on behalf of a Governmental Authority), (iii) instruments representing obligations to pay amounts in respect of the Pledged Collateral, (iv) products of the Pledged Collateral and (v) other amounts from time to time paid or payable under or in connection with any of the Pledged Collateral (collectively, the "Proceeds").

The Pledged Securities, the Intercompany Notes, the Distributions and the Proceeds relating thereto are collectively referred to as the "Securities Collateral". The Patents, Trademarks, Copyrights, Licenses, Good Will and the Proceeds relating thereto are collectively referred to as the "Intellectual Property Collateral". The property described in clause (u) above and the Proceeds relating thereto are collectively referred to as the "Financial Account Collateral". The Pledged Collateral other than the Securities Collateral, the Intellectual Property Collateral and the Financial Account Collateral is collectively referred to as the "General Collateral".

Section 2. Secured Obligations. This Agreement secures, and the Pledged Collateral is collateral security for, the payment and performance in full when due, whether at stated maturity, by acceleration or otherwise (including, without

limitation, the payment of interest and other amounts which would accrue and become due but for the filing of a petition in bankruptcy or the operation of the automatic stay under Section 362(a) of the Bankruptcy Code, 11 U.S.C. § 362(a)), of (i) all Obligations of the Borrower now existing or hereafter arising under or in respect of the Credit Agreement, the Subordinated Credit Agreement and the Junior Note and all Interest Rate Obligations of the Borrower now existing or hereafter arising under or in respect of any Interest Rate Agreement (including, without limitation, the obligations of the Borrower to pay principal, interest and all other charges, fees, expenses, commissions, reimbursements, premiums, indemnities and other payments related to or in respect of the Obligations contained in the Credit Agreement, the Subordinated Credit Agreement and the Junior Note and the obligations contained in any Interest Rate Agreement), (ii) all obligations of the Guarantors now existing or hereafter arising under or in respect of the Guarantees delivered in connection with the Credit Agreement, the Subordinated Credit Agreement and the Junior Note (including, without limitation, the obligations of each Guarantor to pay principal, interest and all other charges, fees, expenses, commissions, reimbursements, premiums, indemnities and other payments related to or in respect of the obligations contained in such Guarantees) and (iii) without duplication of the amounts described in clauses (i) and (ii), all obligations of the Pledgors now existing or hereafter arising under or in respect of this Agreement or any other Security Document delivered in connection with the Credit Agreement or the Subordinated Credit Agreement, including, without limitation, all charges, fees, expenses, commissions, reimbursements, premiums, indemnities and other payments related to or in respect of the obligations contained in this Agreement or in any such other Security Document, in each case whether in the regular course of business or otherwise (the obligations described in clauses (i), (ii) and (iii), collectively, the "Secured Obligations").

Section 3. No Release. Nothing set forth in this Agreement shall relieve any Pledgor from the performance of any term, covenant, condition or agreement on such Pledgor's part to be performed or observed under or in respect of any of the Pledged Collateral or from any liability to any Person under or in respect of any of the Pledged Collateral or shall impose any obligation on Collateral Agent or any Secured Party to perform or observe any such term, covenant, condition or agreement on such Pledgor's part to be so performed or observed or shall impose any liability on Collateral Agent or any Secured Party for any act or omission on the part of such Pledgor relating thereto or for any breach of any representation or warranty on

the part of such Pledgor contained in this Agreement, any Interest Rate Agreement or any other Credit Document, or under or in respect of the Pledged Collateral or made in connection herewith or therewith. The obligations of each Pledgor contained in this Section 3 shall survive the termination of this Agreement and the discharge of such Pledgor's other obligations under this Agreement, any Interest Rate Agreement and the other Credit Documents.

Section 4. Perfection; Supplements; Further Assurances; Use of Pledged Collateral.

(a) Delivery of Certificated Securities Collateral.

All certificates, agreements or instruments representing or evidencing the Securities Collateral, to the extent not previously delivered to Collateral Agent, shall immediately upon receipt thereof by any Pledgor be delivered to and held by or on behalf of Collateral Agent pursuant hereto. All certificated Pledged Securities and Intercompany Notes shall be in suitable form for transfer by delivery or shall be accompanied by duly executed instruments of transfer or assignment in blank, all in form and substance satisfactory to Collateral Agent. Collateral Agent shall have the right, at any time upon the occurrence and during the continuance of any Event of Default and without notice to any Pledgor, to endorse, assign or otherwise transfer to or to register in the name of Collateral Agent or any of its nominees any or all of the Securities Collateral. In addition, Collateral Agent shall have the right at any time to exchange certificates representing or evidencing Pledged Securities for certificates of smaller or larger denominations.

(b) Perfection of Uncertificated Securities Collateral. If any issuer of Pledged Securities is organized in a jurisdiction which does not permit the use of certificates to evidence equity ownership, or if any of the Pledged Securities are at any time not evidenced by certificates of ownership, then each applicable Pledgor shall, to the extent permitted by applicable law, record such pledge on the equityholder register or the books of the issuer, cause the issuer to execute and deliver to Collateral Agent an acknowledgment of the pledge of such Pledged Securities substantially in the form of Exhibit 1 hereto, execute any customary pledge forms or other documents necessary or appropriate to complete the pledge and give Collateral Agent the right to transfer such Pledged Securities under the terms hereof and provide to Collateral Agent an opinion of counsel, in form and substance satisfactory to Collateral Agent, confirming such pledge.

(c) Financing Statements and Other Filings. Each Pledgor agrees that at any time and from time to time, it will execute and, at the sole cost and expense of the Pledgors file and refile, or permit Collateral Agent to file and refile, such financing statements, continuation statements and other documents (including, without limitation, this Agreement), in form acceptable to Collateral Agent, in such offices (including, without limitation, the United States Patent and Trademark Office and the United States Copyright Office) necessary or appropriate (and any additional locations, if any, requested by Collateral Agent), wherever required or permitted by law in order to perfect, continue and maintain valid, enforceable security interests in the Pledged Collateral as provided herein and to preserve the other rights and interests granted to Collateral Agent hereunder, as against third parties, with respect to any Pledged Collateral. Each Pledgor authorizes Collateral Agent to file any such financing or continuation statement or other document without the signature of such Pledgor where permitted by law.

(d) Perfection in Financial Accounts. In addition to any other actions required herein to be taken by any Pledgor, each applicable Pledgor shall promptly upon the request of Collateral Agent, after the occurrence of a Default, cause each Financial Intermediary to execute and deliver to Collateral Agent a financial account consent agreement substantially in the form of Exhibit 2 hereto or such other form as shall be reasonably satisfactory to the Financial Intermediary and Collateral Agent (each, a "Financial Account Consent Agreement") acknowledging the security interest and exclusive dominion and control of Collateral Agent in all Financial Account Collateral on deposit by such Pledgor with such Financial Intermediary.

(e) Supplements; Further Assurances. Each Pledgor agrees to do such further acts and things, and to execute and deliver to Collateral Agent such additional assignments, agreements, supplements, powers and instruments, as Collateral Agent may deem necessary or appropriate, wherever required or permitted by law, in order to perfect, preserve and protect the security interest in the Pledged Collateral as provided herein and the rights and interests granted to Collateral Agent hereunder, to carry into effect the purposes of this Agreement or better to assure and confirm unto Collateral Agent or permit Collateral Agent to exercise and enforce its respective rights, powers and remedies hereunder with respect to any Pledged Collateral. Without limiting the foregoing, each Pledgor shall make, execute, endorse, acknowledge, file or refile and/or deliver to

Collateral Agent from time to time such lists, descriptions and designations of the Pledged Collateral, copies of warehouse receipts, receipts in the nature of warehouse receipts, bills of lading, documents of title, vouchers, invoices, schedules, confirmatory assignments, supplements, additional security agreements, conveyances, financing statements, transfer endorsements, powers of attorney, certificates, reports and other assurances or instruments. All of the foregoing shall be at the sole cost and expense of the Pledgors.

(f) Use and Pledge of Pledged Collateral. Unless an Event of Default shall have occurred and be continuing, Collateral Agent shall from time to time execute and deliver, upon written request of any Pledgor and at the sole cost and expense of the Pledgors, any and all instruments, certificates or other documents, in a form reasonably requested by such Pledgor, necessary or appropriate in the reasonable judgment of such Pledgor to enable such Pledgor to continue to exploit, license, use, enjoy and protect the Pledged Collateral in accordance with the terms of this Agreement. The Pledgors and Collateral Agent acknowledge that this Agreement is intended to grant to Collateral Agent for the benefit of the Secured Parties a security interest in and Lien upon the Pledged Collateral and shall not constitute or create a present assignment of the Pledged Collateral.

Section 5. Representations, Warranties and Covenants. Each Pledgor represents, warrants and covenants as follows:

(a) Perfection Actions; Prior Liens. Upon the completion of the deliveries, filings and other actions contemplated in Sections 4(a) through 4(d) hereof, the security interest granted to Collateral Agent for the benefit of the Secured Parties pursuant to this Agreement in and to the Pledged Collateral will constitute a perfected security interest therein, superior and prior to the rights of all other Persons therein other than (i) the Liens identified on Annex A relating to the items of Pledged Collateral identified on such annex and (ii) Liens otherwise permitted hereunder which are created or authorized under any law or regulation of any applicable Governmental Authority and which are required under such law or regulation to be superior to the Lien and security interest created and evidenced hereby (the Liens described in this clause (ii), collectively, the "Governmental Prior Liens"; together with the Liens described in clause (i) above, "Prior Liens").

(b) No Liens. Such Pledgor is as of the date hereof, and, as to Pledged Collateral acquired by it from time to time after the date hereof, such Pledgor will be, the sole direct and beneficial owner of all Pledged Collateral pledged by it hereunder free from any Lien or other right, title or interest of any Person other than (i) Prior Liens, (ii) the Lien and security interest created by this Agreement and (iii) Permitted Liens (as hereinafter defined) and such Pledgor shall defend the Pledged Collateral pledged by it hereunder against all claims and demands of all Persons at any time claiming any interest therein adverse to Collateral Agent or any Secured Party. There is no agreement, and no Pledgor shall enter into any agreement or take any other action, that would result in the imposition of any other Lien, restrict the transferability of any of the Pledged Collateral or otherwise impair or conflict with such Pledgors' obligations or the rights of Collateral Agent hereunder.

"Permitted Liens" shall mean (A) with respect to the General Collateral, Liens of the type described in clauses (a), (b), (c), (e), (g) and (h) of the definition of Permitted Encumbrances and (B) with respect to all other Pledged Collateral, Liens of the type described in clause (a) of the definition of Permitted Encumbrances.

(c) Other Financing Statements. There is no financing statement (or similar statement or instrument of registration under the law of any jurisdiction) covering or purporting to cover any interest of any kind in the Pledged Collateral other than financing statements relating to (i) Prior Liens, (ii) this Agreement and (iii) Permitted Liens, and so long as any of the Secured Obligations remain unpaid or the Commitments of the Banks to make any Loan or to issue any Letter of Credit shall not have expired or been sooner terminated, no Pledgor shall execute, authorize or permit to be filed in any public office any financing statement (or similar statement or instrument of registration under the law of any jurisdiction) or statements relating to any Pledged Collateral, except, in each case, financing statements filed or to be filed in respect of and covering the security interests granted by such Pledgor pursuant to this Agreement and financing statements relating to Prior Liens or Permitted Liens that in each such case do not constitute Governmental Prior Liens.

(d) Chief Executive Office; Inventory, Equipment and Records. The chief executive office and all Inventory and Equipment of such Pledgor are located at the addresses indicated next to its name on Annex B hereto. Such Pledgor shall not move its chief executive office or move any Inventory or Equipment to any location other than those listed on Annex B except to such new location as such Pledgor may establish in accordance with the last sentence of this Section 5(d). All tangible evidence of all Receivables, Pension Plan Reversions, Contracts, Intangibles and Insurance Policies of such Pledgor and the only original books of account and records of such Pledgor relating thereto are, and will continue to be, kept at such chief executive office, or at such new location for such chief executive office as such Pledgor may establish in accordance with the last sentence of this Section 5(d). All Receivables, Pension Plan Reversions, Contracts, Intangibles and Insurance Policies of such Pledgor are, and will continue to be, controlled and monitored (including, without limitation, for general accounting purposes) from such chief executive office location, or such new location as such Pledgor may establish in accordance with the last sentence of this Section 5(d). Such Pledgor shall not establish a new location for its chief executive office, move any Inventory or Equipment to any location other than those listed on Annex B or change its name, identity or structure until (i) it shall have given Collateral Agent not less than 30 days' prior written notice of its intention so to do, clearly describing such new location or name and providing such other information in connection therewith as Collateral Agent may request, and (ii) with respect to such new location or name, such Pledgor shall have taken all action necessary to maintain the perfection and priority of the security interest of Collateral Agent for the benefit of the Secured Parties in the Pledged Collateral intended to be granted hereby, including, without limitation, using all reasonable efforts to obtain waivers of landlord's or warehouseman's liens with respect to such new location, if applicable.

(e) Due Authorization and Issuance. All of the Pledged Shares have been, and to the extent hereafter issued will be upon such issuance, duly authorized, validly issued and fully paid and nonassessable. All of the Initial Pledged Interests have been fully paid for, and there is no amount or other obligation owing by any Pledgor to any issuer of the Initial Pledged Interests in exchange for or in connection with the issuance of the Initial

Pledged Interests or any Pledgor's status as a partner or a member of any issuer of the Initial Pledged Interests.

(f) No Violations, etc. The pledge of the Pledged Securities pursuant to this Agreement does not violate Regulation T, U or X of the Federal Reserve Board.

(g) No Options, Warrants, etc. There are no options, warrants, calls, rights, commitments or agreements of any character to which such Pledgor is a party or by which it is bound obligating such Pledgor to issue, deliver or sell or cause to be issued, delivered or sold, additional Pledged Securities or obligating such Pledgor to grant, extend or enter into any such option, warrant, call, right, commitment or agreement. There are no voting trusts or other agreements or understandings to which such Pledgor is a party with respect to the transfer, voting or exercise of any other right of the equity interests of any issuer of the Pledged Securities.

(h) No Claims. Such Pledgor owns or has rights to use all the Pledged Collateral pledged by it hereunder and all rights with respect to any of the foregoing used in, necessary for or material to such Pledgor's business as currently conducted and as contemplated to be conducted pursuant to the Credit Documents. The use by such Pledgor of such Pledged Collateral and all such rights with respect to the foregoing do not infringe on the rights of any Person. No claim has been made and remains outstanding that such Pledgor's use of any Pledged Collateral does or may violate the rights of any third person.

(i) Authorization, Enforceability. Such Pledgor has the requisite corporate power, authority and legal right to pledge and grant a security interest in all the Pledged Collateral pledged by it pursuant to this Agreement, and this Agreement constitutes the legal, valid and binding obligation of such Pledgor, enforceable against such Pledgor in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or limiting creditors' rights generally or by equitable principles relating to enforceability.

(j) No Consents, etc. No consent of any party (including, without limitation, equityholders or creditors of such Pledgor or any account debtor under a Receivable) and no consent, authorization, approval, license or other

action by, and no notice to or filing with, any Governmental Authority or regulatory body or other Person is required for (x) the pledge by such Pledgor of the Pledged Collateral pledged by it pursuant to this Agreement or for the execution, delivery or performance of this Agreement by such Pledgor, (y) the exercise by Collateral Agent of the rights provided for in this Agreement or (z) the exercise by Collateral Agent of the remedies in respect of the Pledged Collateral pursuant to this Agreement.

(k) Pledged Collateral. All information set forth herein, including the schedules and annexes attached hereto, and all information contained in any documents, schedules and lists heretofore delivered to any Secured Party in connection with this Agreement, in each case, relating to the Pledged Collateral, is accurate and complete in all material respects. The Pledged Collateral described on the schedules attached hereto constitutes all of the property of such type of Pledged Collateral owned or held by the Pledgors.

(l) Insurance. No Pledgor shall take any action that impairs the rights of Collateral Agent or any Secured Party in the Pledged Collateral. Each Pledgor shall at all times keep the Inventory and Equipment insured, at such Pledgor's own expense, to Collateral Agent's satisfaction against fire, theft and all other risks to which the Pledged Collateral may be subject, in such amounts and with such deductibles as would be maintained by operators of businesses similar to the business of such Pledgor or as Collateral Agent may otherwise require. Each policy or certificate with respect to such insurance shall be endorsed to Collateral Agent's satisfaction for the benefit of Collateral Agent (including, without limitation, by naming Collateral Agent as an additional named insured and loss payee as Collateral Agent may request) and such policy or certificate shall be delivered to Collateral Agent. Each such policy shall state that it cannot be cancelled without 30 days' prior written notice to Collateral Agent, or 10 days' prior written notice in the event of non-payment of premiums. Each Pledgor shall use its best efforts to, at least 30 days prior to the expiration of any such policy of insurance, deliver or cause to be delivered to Collateral Agent an extension or renewal policy or an insurance certificate evidencing renewal or extension of such policy. If any Pledgor shall fail to insure such Pledged Collateral to Collateral Agent's satisfaction, Collateral Agent shall have the right (but shall be under

no obligation) to advance funds to procure or renew or extend such insurance, and such Pledgor agrees to reimburse Collateral Agent for all costs and expenses thereof, with interest on all such funds from the date advanced until paid in full at the highest rate then in effect under the Credit Agreement.

(m) Insurance Proceeds. Any proceeds of insurance received by any Pledgor shall be applied by it as provided in the Intercreditor Agreement and/or Section 3.02(A)(i) of the Credit Agreement. In the event that any Pledgor is permitted to and elects to apply such proceeds to the repair or replacement of any item of Pledged Collateral, such Pledgor shall upon its receipt of such proceeds from Collateral Agent promptly commence and diligently continue to perform such repair or promptly effect such replacement. Upon the occurrence and during the continuance of any Event of Default, Collateral Agent shall have the option to apply any proceeds of insurance received by any Pledgor in respect of the Pledged Collateral toward the payment of the Secured Obligations in accordance with the Credit Agreement and/or the Intercreditor Agreement hereof or to continue to hold such proceeds as additional collateral to secure the performance by the Pledgors of the Secured Obligations.

(n) Payment of Taxes; Compliance with Laws; Claims. Each Pledgor shall pay prior to the date on which material penalties would attach thereto all property and other taxes, assessments and governmental charges or levies imposed upon, and all claims (including claims for labor, materials and supplies) against, the Pledged Collateral. Each Pledgor shall comply with all laws, rules and regulations applicable to the Pledged Collateral the failure to comply with which could reasonably be expected to have a Materially Adverse Effect. Notwithstanding the foregoing, each Pledgor may at its own expense contest the amount or applicability of any of the obligations described in the preceding sentences by appropriate legal or administrative proceedings, prosecution of which operates to prevent the collection thereof and the sale or forfeiture of the Pledged Collateral or any part thereof to satisfy the same; provided, however, that in connection with such contest, such Pledgor shall (a) have made provision for the payment of such contested amount on such Pledgor's books if and to the extent required by generally accepted accounting principles, and (b) at the option and upon the request of Collateral Agent, have deposited with Collat-

eral Agent a sum sufficient to pay and discharge such obligation and Collateral Agent's estimate of all interest and penalties related thereto.

Section 6. Special Provisions Concerning General Collateral.

(a) Special Representations and Warranties. Except as reflected in Borrowing Base Certificates delivered pursuant to the Credit Agreement, as of the time when each of its Receivables arises, each Pledgor shall be deemed to have represented and warranted that such Receivable and all records, papers and documents relating thereto (i) are genuine and correct and in all material respects what they purport to be, (ii) represent the legal, valid and binding obligation of the account debtor, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or limiting creditors' rights generally or by equitable principles relating to enforceability, evidencing indebtedness unpaid and owed by such account debtor, arising out of the performance of labor or services or the sale or lease and delivery of the merchandise listed therein or out of an advance or a loan, not subject to the fulfillment of any contract or condition whatsoever or to any defenses, set-offs or counterclaims except with respect to refunds, returns and allowances in the ordinary course of business, or stamp or other taxes, (iii) will, in the case of a Receivable, except for the original or duplicate original invoice sent to a purchaser evidencing such purchaser's account, be the only original writings evidencing and embodying such obligation of the account debtor named therein, and (iv) are in compliance and conform with all applicable federal, state and local laws and applicable laws of any relevant foreign jurisdiction.

(b) Maintenance of Records. Each Pledgor shall keep and maintain at its own cost and expense complete records of each Receivable, in a manner consistent with prudent business practice, including, without limitation, records of all payments received, all credits granted thereon, all merchandise returned and all other documentation relating thereto, and each Pledgor shall make the same available to Collateral Agent or any Secured Party for inspection upon reasonable prior notice to such Pledgor, at such times as Collateral Agent may request. Each Pledgor shall, at such Pledgor's sole cost and expense, upon Collateral Agent's demand made at any time after the occurrence and during the continuance of any Event of Default, deliver all tangible evidence of Receivables, including, without limitation, all documents evidencing Receivables and any

books and records relating thereto to Collateral Agent or to its representatives (copies of which evidence and books and records may be retained by such Pledgor). Upon the occurrence and during the continuance of any Event of Default, Collateral Agent may transfer a full and complete copy of any Pledgor's books, records, credit information, reports, memoranda and all other writings relating to the Receivables to and for the use by any Person that has acquired or is contemplating acquisition of an interest in the Receivables or Collateral Agent's security interest therein without the consent of any Pledgor.

(c) Legend. Each Pledgor shall legend, at the request of Collateral Agent made at any time after the occurrence and during the continuance of any Event of Default and in form and manner satisfactory to Collateral Agent, the Receivables and the other books, records and documents of such Pledgor evidencing or pertaining to the Receivables with an appropriate reference to the fact that the Receivables have been assigned to Collateral Agent for the benefit of the Secured Parties and that Collateral Agent has a security interest therein.

(d) Modification of Terms, etc. Without the prior written consent of Collateral Agent, no Pledgor shall, except in the ordinary course of business consistent with prudent business practice, (i) rescind or cancel any indebtedness evidenced by any Receivable or modify any term thereof or make any adjustment with respect thereto, (ii) extend or renew any such indebtedness, (iii) compromise or settle any dispute, claim, suit or legal proceeding relating to any such indebtedness or (iv) sell any Receivable or interest therein. Each Pledgor shall timely fulfill all obligations on its part to be fulfilled under or in connection with the Receivables.

(e) Collection. Each Pledgor shall cause to be collected from the account debtor of each of the Receivables, as and when due (including, without limitation, Receivables that are delinquent, such Receivables to be collected in accordance with generally accepted commercial collection procedures), any and all amounts owing under or on account of such Receivable, and apply forthwith upon receipt thereof all such amounts as are so collected to the outstanding balance of such Receivable, except that any Pledgor may, with respect to a Receivable, allow in the ordinary course of business (i) a refund or credit due as a result of returned or damaged or defective merchandise and (ii) such extensions of time to pay amounts due in respect of Receivables and such other modifications of payment terms or settlements in respect of Receivables as shall be commercially reasonable in the circumstances, all in accordance with such

Pledgor's ordinary course of business consistent with its collection practices as in effect from time to time. The costs and expenses (including, without limitation, attorneys' fees) of collection, in any case, whether incurred by any Pledgor, Collateral Agent or any Secured Party, shall be paid by the Pledgors.

(f) Instruments. Each Pledgor shall deliver to Collateral Agent, within five days after receipt thereof by such Pledgor, any Instrument evidencing Receivables which is in the principal amount of \$100,000 or more. Any Instrument delivered to Collateral Agent pursuant to this Section 6(f) shall be appropriately endorsed (if applicable) to the order of Collateral Agent, as agent for the Secured Parties, and shall be held by Collateral Agent as further security hereunder.

(g) Cash Collateral. Upon the occurrence and during the continuance of any Event of Default, upon acceleration or otherwise, each Pledgor shall deliver all payments on account of the Receivables to Collateral Agent, to be held by Collateral Agent as cash collateral, if Collateral Agent so directs. Without notice to or assent by any Pledgor, Collateral Agent may apply any or all amounts then or thereafter held as cash collateral in the manner provided in the Credit Agreement and/or the Intercreditor Agreement. The costs and expenses (including, without limitation, reasonable attorneys' fees) of collection, whether incurred by Collateral Agent or any Secured Party, shall be paid by the Pledgors.

(h) Maintenance of Equipment. Each Pledgor shall cause the Equipment to be maintained and preserved in the same condition, repair and working order as when new, ordinary wear and tear excepted, and to the extent consistent with current business practice in accordance with any manufacturer's manual, and shall forthwith, or in the case of any loss or damage which (individually or in the aggregate) exceeds \$100,000 to any of the Equipment (of which prompt notice shall be given to Collateral Agent) as quickly as commercially practicable after the occurrence thereof, make or cause to be made all repairs, replacements and other improvements in connection therewith which are necessary or desirable in the conduct of such Pledgor's business.

(i) Warehouse Receipts Non-Negotiable. If any warehouse receipt or receipt in the nature of a warehouse receipt is issued with respect to any of the Inventory, the applicable Pledgor shall not permit such warehouse receipt or receipt in

the nature thereof to be "negotiable" (as such term is used in Section 7-104 of the UCC or under other relevant law).

(j) Consents to Assignment of Contracts. To the extent that any contract or other agreement of any Pledgor would constitute a Contract hereunder but for the exclusions contained in clauses (i) and (ii) of the definition of "Contracts" hereunder, such Pledgor shall use all reasonable efforts to cause the counterparty thereto to deliver the consent contemplated in clause (ii) of such definition.

Section 7. Special Provisions Concerning Securities Collateral.

(a) Pledge of Additional Securities. Each Pledgor shall, upon obtaining any Pledged Securities or Intercompany Notes of any Person, promptly (and in any event within five Business Days) deliver to Collateral Agent a pledge amendment, duly executed by such Pledgor, in substantially the form of Exhibit 3 hereto (each, a "Pledge Amendment"), in respect of the additional Pledged Securities or Intercompany Notes which are to be pledged pursuant to this Agreement, and confirming the attachment of the Lien hereby created on and in respect of such additional property. Each Pledgor hereby authorizes Collateral Agent to attach each Pledge Amendment to this Agreement and agrees that all Pledged Securities or Intercompany Notes listed on any Pledge Amendment delivered to Collateral Agent shall for all purposes hereunder be considered Pledged Collateral.

(b) Voting Rights; Distributions; etc.

(i) So long as no Event of Default shall have occurred and be continuing:

(A) Each Pledgor shall be entitled to exercise any and all voting and other consensual rights pertaining to the Pledged Securities or any part thereof for any purpose not inconsistent with the terms or purposes of this Agreement or any other Credit Document; provided, however, that no Pledgor shall in any event exercise such rights in any manner which could reasonably be expected to have a Materially Adverse Effect.

(B) Subject to the terms of the Credit Agreement, each Pledgor shall be entitled to receive and retain, and to utilize free and clear of the Lien of this Agreement, any and all Distributions, but only if and to the extent made in accordance with the provisions of the Credit

Agreement; provided, however, that any and all such Distributions consisting of rights or interests in the form of securities shall be forthwith delivered to Collateral Agent to hold as Pledged Collateral and shall, if received by any Pledgor, be received in trust for the benefit of Collateral Agent, be segregated from the other property or funds of such Pledgor and be forthwith delivered to Collateral Agent as Pledged Collateral in the same form as so received (with any necessary endorsement).

(C) Collateral Agent shall be deemed without further action or formality to have granted to each Pledgor all necessary consents relating to voting rights and shall, if necessary, upon written request of any Pledgor and at the sole cost and expense of the Pledgors, from time to time execute and deliver (or cause to be executed and delivered) to such Pledgor all such instruments as such Pledgor may reasonably request in order to permit such Pledgor to exercise the voting and other rights which it is entitled to exercise pursuant to Section 7(b)(i)(A) hereof and to receive the Distributions which it is authorized to receive and retain pursuant to Section 7(b)(i)(B) hereof.

(ii) In the event of an occurrence of and during the continuance of any Event of Default, then upon notice to such Pledgor given in accordance with the terms hereof:

(A) All rights of each Pledgor to exercise the voting and other consensual rights it would otherwise be entitled to exercise pursuant to Section 7(b)(i)(A) hereof without any action or the giving of any notice shall cease, and all such rights shall thereupon become vested in Collateral Agent, which shall thereupon have the sole right to exercise such voting and other consensual rights.

(B) All rights of each Pledgor to receive Distributions which it would otherwise be authorized to receive and retain pursuant to Section 7(b)(i)(B) (other than Distributions for the payment of income taxes attributable to the taxable income of such Pledgor) hereof shall cease and all such rights shall thereupon become vested in Collateral Agent, which shall thereupon have the sole right to receive and hold as Pledged Collateral such Distributions.

(iii) Each Pledgor shall, at its sole cost and expense, from time to time execute and deliver to Collateral Agent appropriate instruments as Collateral Agent may rea-

sonably request in order to permit Collateral Agent to exercise the voting and other rights which it may be entitled to exercise pursuant to Section 7(b)(ii)(A) hereof and to receive all Distributions which it may be entitled to receive under Section 7(b)(ii)(B) hereof.

(iv) All Distributions which are received by any Pledgor contrary to the provisions of Section 7(b)(ii)(B) hereof shall be received in trust for the benefit of Collateral Agent, shall be segregated from other funds of such Pledgor and shall immediately be paid over to Collateral Agent as Pledged Collateral in the same form as so received (with any necessary endorsement).

(c) No New Securities. Each Pledgor shall cause each issuer of the Pledged Securities not to issue any stock or other securities or equity interests in addition to or in substitution for the Pledged Securities issued by such issuer, except to Pledgor.

(d) Operative Agreements. Each Pledgor has delivered to Collateral Agent true, correct and complete copies of the Operative Agreements. The Operative Agreements are in full force and effect, have not as of the date hereof been amended or modified, and there is no existing default by any party thereunder or any event which, with the giving of notice of passage of time or both, would constitute a default by any party thereunder. Each Pledgor shall deliver to Collateral Agent a copy of any notice of default given or received by it under any Operative Agreement within ten (10) days after such Pledgor gives or receives such notice. No Pledgor will terminate or agree to terminate any Operative Agreement or make any amendment or modification to any Operative Agreement which may have an adverse effect on the value of the Pledged Interests or an adverse effect on the security intended to be provided by this Agreement.

Section 8. Special Provisions Concerning Intellectual Property Collateral.

(a) Protection of Collateral Agent's Security. On a continuing basis, each Pledgor shall, at its sole cost and expense, (i) promptly following its becoming aware thereof, notify Collateral Agent of (A) any material adverse determination in any proceeding in the United States Patent and Trademark Office or the United States Copyright Office with respect to any Patent, Trademark or Copyright or (B) the institution of any proceeding or any material adverse determination in any fed-

eral, state or local court or administrative body regarding such Pledgor's claim of ownership in or right to use any of the Intellectual Property Collateral, its right to register the Intellectual Property Collateral or its right to keep and maintain such registration in full force and effect, (ii) maintain and protect the Intellectual Property Collateral necessary for the operation of such Pledgor's business, (iii) not permit to lapse or become abandoned any Intellectual Property Collateral necessary for the operation of such Pledgor's business, and not settle or compromise any pending or future litigation or administrative proceeding with respect to the Intellectual Property Collateral necessary for the operation of such Pledgor's business, in each case, without the consent of Collateral Agent, (iv) upon such Pledgor obtaining knowledge thereof, promptly notify Collateral Agent in writing of any event which may reasonably be expected to materially adversely affect the value or utility of the Intellectual Property Collateral or any portion thereof necessary for the operation of such Pledgor's business, the ability of such Pledgor or Collateral Agent to dispose of the Intellectual Property Collateral or any portion thereof or the rights and remedies of Collateral Agent in relation thereto, including, without limitation, a levy or threat of levy or any legal process against the Intellectual Property Collateral or any portion thereof, (v) not license the Intellectual Property Collateral other than licenses entered into by such Pledgor in, or incidental to, the ordinary course of business, or amend or permit the amendment of any of the licenses in a manner that materially adversely affects the right to receive payments thereunder, or in any manner that would impair the value of the Intellectual Property Collateral or the Lien on the Intellectual Property Collateral intended to be granted to Collateral Agent for the benefit of the Secured Parties, without the consent of Collateral Agent, (vi) until Collateral Agent exercises its rights to make collection, diligently keep adequate records respecting the Intellectual Property Collateral and (vii) furnish to Collateral Agent from time to time statements and amended schedules further identifying and describing the Intellectual Property Collateral and such other materials evidencing or reports pertaining to the Intellectual Property Collateral as Collateral Agent may from time to time reasonably request, all in reasonable detail.

(b) After-Acquired Property. If any Pledgor shall, at any time before the Secured Obligations have been paid or the Commitments of the Banks to make any Loan or to issue any Letter of Credit have expired or been sooner terminated (i) obtain any rights to any additional Intellectual Property Collateral or (ii) become entitled to the benefit of any additional

Intellectual Property Collateral or any renewal or extension thereof, including any reissue, division, continuation, or continuation-in-part of any Patent, or any improvement on any Patent, the provisions of this Agreement shall automatically apply thereto and any such item enumerated in clause (i) or (ii) with respect to such Pledgor shall automatically constitute Intellectual Property Collateral if such would have constituted Intellectual Property Collateral at the time of execution of this Agreement and be subject to the Lien created by this Agreement without further action by any party other than actions required to perfect such Lien. Each Pledgor shall promptly provide to Collateral Agent written notice of any of the foregoing. Each Pledgor agrees, promptly following a request by Collateral Agent, to confirm the attachment of the Lien created by this Agreement to any rights described in clauses (i) and (ii) above if such would have constituted Intellectual Property Collateral at the time of execution of this Agreement by execution of an instrument in form reasonably acceptable to Collateral Agent.

(c) Modifications. Each Pledgor authorizes Collateral Agent to modify this Agreement by amending Schedules III, IV, V and VI hereto to include any future Intellectual Property Collateral of such Pledgor, including, without limitation, any of the items listed in Section 8(b).

(d) Applications. Each Pledgor shall file and prosecute diligently all applications for the Patents, the Trademarks or the Copyrights now or hereafter pending that would be necessary to the business of such Pledgor to which any such applications pertain, and shall do all acts necessary to preserve and maintain all rights in the Intellectual Property Collateral necessary for the operation of such Pledgor's business. Any and all costs and expenses incurred in connection with any such actions shall be borne by the Pledgors. No Pledgor shall abandon any right to file a Patent, Trademark or Copyright application, or any pending Patent, Trademark or Copyright application or any Patent, Trademark or Copyright necessary for the operation of such Pledgor's business without the consent of Collateral Agent.

(e) Litigation.

(i) Each Pledgor shall have the right to commence and prosecute in its own name, as the party in interest, for its own benefit and at the sole cost and expense of the Pledgors, such applications for protection of the Intellectual Property Collateral and suits, proceedings or other actions for infringement, counterfeiting, unfair

competition, dilution or other damage as are in its reasonable business judgment necessary to protect the Intellectual Property Collateral. Each Pledgor shall promptly notify Collateral Agent in writing as to the commencement and prosecution of any such actions, or overt threat thereof relating to the Intellectual Property Collateral, and shall provide to Collateral Agent such information with respect thereto as may be reasonably requested by Collateral Agent. Each Pledgor shall indemnify and hold harmless each Secured Party for any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, expenses or disbursements (including attorneys' fees and expenses) of any kind whatsoever which may be imposed on, incurred by or asserted against such Secured Party in connection with or in any way arising out of such suits, proceedings or other actions.

(ii) Upon the occurrence and during the continuance of any Event of Default, Collateral Agent shall have the right but shall in no way be obligated to file applications for protection of the Intellectual Property Collateral and/or bring suit in the name of any Pledgor, Collateral Agent or the Secured Parties to enforce the Intellectual Property Collateral and any license thereunder. In the event of such suit, each Pledgor shall, at the request of Collateral Agent, do any and all lawful acts and execute any and all documents requested by Collateral Agent in aid of such enforcement and the Pledgors shall promptly, upon demand, reimburse and indemnify Collateral Agent, as the case may be, for all costs and expenses (including fees and expenses of counsel) incurred by Collateral Agent in the exercise of its rights under this Section 8(e). In the event that Collateral Agent shall elect not to bring suit to enforce the Intellectual Property Collateral, each Pledgor agrees, at the request of Collateral Agent, to use all reasonable measures, whether by action, suit, proceeding or otherwise, to prevent the infringement, counterfeiting or other diminution in value of any of the Intellectual Property Collateral by others and for that purpose agrees to diligently maintain any action, suit or proceeding against any person so infringing necessary to prevent such infringement unless such Pledgor has determined that such Intellectual Property Collateral that is the subject of any pending or contemplated infringement or enforcement action or proceeding does not contain or represent a value or utility, consistent with prudent business practice, greater than such Pledgor's

reasonable estimate of the cost and expenses of diligently maintaining any such action, suit or proceeding.

Section 9. Special Provisions Concerning Financial Accounts. In the event that Collateral Agent requests a Pledgor to take the actions required by Section 4(d) hereof after the occurrence of a Default, then from and after the date of such a request such Pledgor shall comply with the following covenants and shall make the following representations and warranties.

(a) Financial Accounts. Each Pledgor shall notify each Financial Intermediary that any Financial Account Collateral maintained with such Financial Intermediary by such Pledgor is under the exclusive dominion and control of Collateral Agent and that all moneys, instruments, securities and other property deposited with such Financial Intermediary are to be held by such Financial Intermediary for the benefit of Collateral Agent. Each Pledgor shall, within one Business Day of actual receipt thereof, deposit any payment received by it from any source into a financial account that is subject to a Financial Account Consent Agreement or into the Concentration Account referred to in subsection (b) below. In addition, all Persons that owe money to any Pledgor shall be directed to remit their payments to a financial account that is subject to a Financial Account Consent Agreement. If any Pledgor is unable to obtain such an agreement from any Financial Intermediary, then such Pledgor shall terminate all financial accounts maintained with such Financial Intermediary and transfer all moneys, instruments, securities and other property deposited therein to another financial account maintained with a Financial Intermediary that has executed such an agreement. Each Pledgor hereby represents and warrants that it does not now maintain, and will not in the future maintain, any other financial account with any Financial Intermediary or any other banking or financial institution other than the accounts set forth on Schedule VII; provided, however, that any Pledgor may establish and maintain additional financial accounts with any Financial Intermediary or any new Financial Intermediary if (i) in the case of an existing Financial Intermediary, such Pledgor, the Financial Intermediary and Collateral Agent shall have entered into an amendment to the relevant financial account consent letter to include such new financial account under such financial account consent letter, such amendment to be in form and substance satisfactory to Collateral Agent, and (ii) in the case of a new Financial Intermediary, (A) the applicable Pledgor shall have given Collateral Agent 30 days' prior written notice of its intention to establish a new financial ac-

count with a new Financial Intermediary, (B) such new Financial Intermediary shall be reasonably acceptable to Collateral Agent and (C) such new Financial Intermediary shall enter into a Financial Account Consent Agreement.

(b) Concentration Account. The Pledgors will establish a concentration account (the "Concentration Account") with Collateral Agent into which all Financial Account Collateral of the Pledgors in excess of \$1,000,000 in the aggregate shall be deposited by 12:00 p.m. New York time on each Business Day, subject to the provisions of subsection (c) below. Each Pledgor hereby agrees that the Concentration Account is under the exclusive dominion and control of Collateral Agent and all moneys, instruments, securities and other property received in the Concentration Account are to be held for the benefit of Collateral Agent on behalf of the Secured Parties. Each Pledgor hereby transfers to Collateral Agent the exclusive dominion and control over the Concentration Account.

(c) Dispositions from Concentration Account. Until an Event of Default shall have occurred and be continuing, each Pledgor is hereby authorized by Collateral Agent to direct on any Business Day the disposition into one or more financial accounts that is subject to a Financial Account Consent Agreement any and all moneys, instruments, securities and other property deposited in the Concentration Account for use by such Pledgor in a manner permitted by the Credit Agreement. Collateral Agent shall make such disposition by 2:00 p.m. New York time on each such date.

(d) Revocation of Withdrawal Right. Upon the occurrence and during the continuance of any Event of Default, the authorization of the Pledgors under subsection (c) above shall be revoked and all deposits maintained in the Concentration Account or with a Financial Intermediary, and any additional moneys, instruments, securities and other property subsequently maintained with a Financial Intermediary, shall be transferred to a collateral account maintained by Collateral Agent in its name as collateral agent for the Secured Parties (the "Collateral Account"). All such deposits in any such Collateral Account shall constitute "Pledged Collateral" for all purposes of this Agreement and shall be held by Collateral Agent as Pledged Collateral for the Secured Obligations or applied to the Secured Obligations in accordance with the Credit Agreement and/or the Intercreditor Agreement. The costs and expenses (including attorney's fees) of collection, whether incurred by any Pledgor or Collateral Agent, shall be borne by the Pledgors.

Section 10. Transfers and Other Liens. No Pledgor shall (a) sell, convey, assign or otherwise dispose of, or grant any option with respect to, any of the Pledged Collateral pledged by it hereunder except as permitted by the Credit Agreement, (b) create or permit to exist any Lien upon or with respect to any of the Pledged Collateral pledged by it hereunder other than (i) Prior Liens, (ii) the Lien and security interest granted to Collateral Agent under this Agreement and (iii) Permitted Liens or (c) permit any issuer of the Pledged Securities to merge, consolidate or change its legal form, unless all of the outstanding equity interests of the surviving or resulting entity are, upon such merger or consolidation, pledged hereunder and no cash, securities or other property is distributed in respect of the outstanding equity interests of any other entity that was merged into or consolidated with such issuer.

Section 11. Reasonable Care. Collateral Agent shall be deemed to have exercised reasonable care in the custody and preservation of the Pledged Collateral in its possession if such Pledged Collateral is accorded treatment substantially equivalent to that which Collateral Agent, in its individual capacity, accords its own property consisting of similar instruments or interests, it being understood that neither Collateral Agent nor any of the Secured Parties shall have responsibility for (i) ascertaining or taking action with respect to calls, conversions, exchanges, maturities, tenders or other matters relating to any Securities Collateral, whether or not Collateral Agent or any other Secured Party has or is deemed to have knowledge of such matters, or (ii) taking any necessary steps to preserve rights against any Person with respect to any Pledged Collateral.

Section 12. Remedies upon Default: Obtaining the Pledged Collateral upon Event of Default. (a) If any Event of Default shall have occurred and be continuing, then and in every such case, Collateral Agent may:

(i) Personally, or by agents or attorneys, immediately take possession of the Pledged Collateral or any part thereof, from any Pledgor or any other Person who then has possession of any part thereof with or without notice or process of law, and for that purpose may enter upon any Pledgor's premises where any of the Pledged Collateral is located and remove such Pledged Collateral and use in connection with such removal any and all services, supplies, aids and other facilities of any Pledgor;

(ii) Instruct the obligor or obligors on any agreement, instrument or other obligation (including, without limitation, the Receivables and Contracts) constituting part of the Pledged Collateral to make any payment required by the terms of such instrument or agreement directly to Collateral Agent; provided, however, that in the event that any such payments are made directly to any Pledgor, prior to receipt by any such obligor of such instruction, such Pledgor shall segregate all amounts received pursuant thereto in a separate account and pay the same promptly to Collateral Agent;

(iii) Sell, assign or otherwise liquidate, or direct any Pledgor to sell, assign or otherwise liquidate, any or all investments made in whole or in part with the Pledged Collateral or any part thereof, and take possession of the proceeds of any such sale, assignment or liquidation;

(iv) Take possession of the Pledged Collateral or any part thereof, by directing any Pledgor in writing to deliver the same to Collateral Agent at any place or places, so designated by Collateral Agent, in which event such Pledgor shall at its own expense: (A) forthwith cause the same to be moved to the place or places designated by Collateral Agent and there delivered to Collateral Agent, (B) store and keep any Pledged Collateral so delivered to Collateral Agent at such place or places pending further action by Collateral Agent; and (C) while the Pledged Collateral shall be so stored and kept, provide such security and maintenance services as shall be necessary to protect the same and to preserve and maintain them in good condition. Each Pledgor's obligation to deliver the Pledged Collateral is of the essence of this Agreement;

(v) Withdraw all moneys, instruments, securities and other property in any financial account of any Pledgor for application to the Secured Obligations as provided in the Credit Agreement and/or the Intercreditor Agreement;

(vi) Retain and apply the Distributions to the Secured Obligations as provided in the Credit Agreement and/or the Intercreditor Agreement; and

(vii) Exercise any and all rights as beneficial and legal owner of the Pledged Collateral, including, without limitation, perfecting assignment of any and all consensual rights and powers with respect to any Pledged Collateral.

Upon application to a court of equity having jurisdiction, Collateral Agent shall be entitled to a decree requiring specific performance by any Pledgor of such obligation.

(b) Remedies; Disposition of the Pledged Collateral.

(i) Upon the occurrence and during the continuance of any Event of Default, Collateral Agent may from time to time exercise in respect of the Pledged Collateral, in addition to the other rights and remedies provided for herein or otherwise available to it, all the rights and remedies of a secured party on default under the UCC, and Collateral Agent may also in its sole discretion, without notice except as specified below, sell, assign or grant a license to use the Pledged Collateral or any part thereof in one or more parcels at public or private sale, at any exchange, broker's board or at any of Collateral Agent's offices or elsewhere, for cash, on credit or for future delivery, and at such price or prices and upon such other terms as Collateral Agent may deem commercially reasonable. Collateral Agent or any other Secured Party or any of their respective Affiliates may be the purchaser of any or all of the Pledged Collateral at any such sale and shall be entitled, for the purpose of bidding and making settlement or payment of the purchase price for all or any portion of the Pledged Collateral sold at such sale, to use and apply any of the Secured Obligations owed to such Person as a credit on account of the purchase price of any Pledged Collateral payable by such Person at such sale. Each purchaser at any such sale shall acquire the property sold absolutely free from any claim or right on the part of any Pledgor, and each Pledgor hereby waives, to the fullest extent permitted by law, all rights of redemption, stay and/or appraisal which it now has or may at any time in the future have under any rule of law or statute now existing or hereafter enacted. Collateral Agent shall not be obligated to make any sale of Pledged Collateral regardless of notice of sale having been given. Collateral Agent may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned. Each Pledgor hereby waives, to the fullest extent permitted by law, any claims against Collateral Agent arising by reason of the fact that the price at which any Pledged Collateral may have been sold at such a private sale was less than the price which might have been obtained at a public sale, even if Collateral Agent accepts the first offer received and does not offer such Pledged Collateral to more than one offeree.

(ii) Each Pledgor acknowledges and agrees that, to the extent notice of sale shall be required by law, ten days' notice to such Pledgor of the time and place of any public sale or of the time after which any private sale or other intended disposition is to take place shall be commercially reasonable notification of such matters. No notification need be given to any Pledgor if it has signed, after the occurrence of an Event of Default, a statement renouncing or modifying any right to notification of sale or other intended disposition.

(c) Waiver of Notice and Claims. Each Pledgor hereby waives, to the fullest extent permitted by applicable law, notice or judicial hearing in connection with Collateral Agent's taking possession or Collateral Agent's disposition of any of the Pledged Collateral, including, without limitation, any and all prior notice and hearing for any prejudgment remedy or remedies and any such right which such Pledgor would otherwise have under law, and each Pledgor hereby further waives, to the fullest extent permitted by applicable law: (i) all damages occasioned by such taking of possession, (ii) all other requirements as to the time, place and terms of sale or other requirements with respect to the enforcement of Collateral Agent's rights hereunder, and (iii) all rights of redemption, appraisal, valuation, stay, extension or moratorium now or hereafter in force under any applicable law. Collateral Agent shall not be liable for any incorrect or improper payment made pursuant to this Section 12 in the absence of gross negligence or willful misconduct. Any sale of, or the grant of options to purchase, or any other realization upon, any Pledged Collateral shall operate to divest all right, title, interest, claim and demand, either at law or in equity, of the applicable Pledgor therein and thereto, and shall be a perpetual bar both at law and in equity against such Pledgor and against any and all Persons claiming or attempting to claim the Pledged Collateral so sold, optioned or realized upon, or any part thereof, from, through or under such Pledgor.

(d) Certain Sales of Pledged Collateral. Each Pledgor recognizes that, by reason of certain prohibitions contained in law, rules, regulations or orders of any foreign Governmental Authority, Collateral Agent may be compelled, with respect to any sale of all or any part of the Pledged Collateral, to limit purchasers to those who meet the requirements of such foreign Governmental Authority. Each Pledgor acknowledges that any such sales may be at prices and on terms less favorable to Collateral Agent than those obtainable through a public sale without such restrictions, and, notwithstanding such circumstances, agrees that any such restricted sale shall be

deemed to have been made in a commercially reasonable manner and that, except as may be required by applicable law, Collateral Agent shall have no obligation to engage in public sales.

(e) Each Pledgor recognizes that, by reason of certain prohibitions contained in the Securities Act of 1933, as amended (the "Securities Act"), and applicable state securities laws, Collateral Agent may be compelled, with respect to any sale of all or any part of the Securities Collateral, to limit purchasers to Persons who will agree, among other things, to acquire such Securities Collateral for their own account, for investment and not with a view to the distribution or resale thereof. Each Pledgor acknowledges that any such private sales may be at prices and on terms less favorable to Collateral Agent than those obtainable through a public sale without such restrictions (including, without limitation, a public offering made pursuant to a registration statement under the Securities Act), and, notwithstanding such circumstances, agrees that any such private sale shall not be deemed for such reason to have been made in a manner other than a commercially reasonable manner and that Collateral Agent shall have no obligation to engage in public sales and no obligation to delay the sale of any Securities Collateral for the period of time necessary to permit the issuer thereof to register it for a form of public sale requiring registration under the Securities Act or under applicable state securities laws, even if such issuer would agree to do so.

(f) Notwithstanding the foregoing, each Pledgor shall, upon the occurrence and during the continuance of any Event of Default, at the request of Collateral Agent, for the benefit of Collateral Agent, cause any registration, qualification under or compliance with any federal or state securities law or laws to be effected with respect to all or any part of the Securities Collateral as soon as practicable and at the sole cost and expense of the Pledgors. Each Pledgor will use all reasonable efforts to cause such registration to be effected (and be kept effective) and will use all reasonable efforts to cause such qualification and compliance to be effected (and be kept effective) as may be so requested and as would permit or facilitate the sale and distribution of such Securities Collateral, including, without limitation, registration under the Securities Act (or any similar statute then in effect), appropriate qualifications under applicable blue sky or other state securities laws and appropriate compliance with any other government requirements. Each Pledgor shall cause Collateral Agent to be kept advised in writing as to the progress of each such registration, qualification or compliance and as

to the completion thereof, shall furnish to Collateral Agent such number of prospectuses, offering circulars or other documents incident thereto as Collateral Agent from time to time may request, and shall indemnify and shall cause the issuer of the Securities Collateral to indemnify Collateral Agent and all others participating in the distribution of such Securities Collateral against all claims, losses, damages and liabilities caused by any untrue statement (or alleged untrue statement) of a material fact contained therein (or in any related registration statement, notification or the like) or by any omission (or alleged omission) to state therein (or in any related registration statement, notification or the like) a material fact required to be stated therein or necessary to make the statements therein not misleading.

(g) If Collateral Agent determines to exercise its right to sell any or all of the Securities Collateral, upon written request, the applicable Pledgor shall from time to time furnish to Collateral Agent all such information as Collateral Agent may request in order to determine the number of securities included in the Securities Collateral which may be sold by Collateral Agent as exempt transactions under the Securities Act and the rules of the Securities and Exchange Commission thereunder, as the same are from time to time in effect.

Section 13. Application of Proceeds. The proceeds received by Collateral Agent in respect of any sale of, collection from or other realization upon all or any part of the Pledged Collateral pursuant to the exercise by Collateral Agent of its remedies as a secured creditor as provided in Section 12 hereof shall be applied, together with any other sums then held by Collateral Agent pursuant to this Agreement, promptly by Collateral Agent in the manner set forth in the Intercreditor Agreement.

Section 14. Expenses. Each Pledgor will upon demand pay to Collateral Agent the amount of any and all expenses, including the reasonable fees and expenses of its counsel and the fees and expenses of any experts and agents which Collateral Agent may incur in connection with (a) the collection of the Secured Obligations, (b) the enforcement and administration of this Agreement, (c) the custody or preservation of, or the sale of, collection from, or other realization upon, any of the Pledged Collateral, (d) the exercise or enforcement of any of the rights of Collateral Agent or any Secured Party hereunder or (e) the failure by any Pledgor to perform or observe any of the provisions hereof. All amounts payable by any Pledgor under this Section 14 shall be due upon demand and shall be part

of the Secured Obligations. Each Pledgor's obligations under this Section 14 shall survive the termination of this Agreement and the discharge of such Pledgor's other obligations hereunder.

Section 15. No Waiver; Cumulative Remedies. (a) No failure on the part of Collateral Agent to exercise, no course of dealing with respect to, and no delay on the part of Collateral Agent in exercising, any right, power or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any such right, power or remedy hereunder preclude any other or further exercise thereof or the exercise of any other right, power or remedy. The remedies herein provided are cumulative and are not exclusive of any remedies provided by law.

(b) In the event that Collateral Agent shall have instituted any proceeding to enforce any right, power or remedy under this Agreement by foreclosure, sale, entry or otherwise, and such proceeding shall have been discontinued or abandoned for any reason or shall have been determined adversely to Collateral Agent, then and in every such case, the Pledgors, Collateral Agent and each Secured Party shall be restored to their respective former positions and rights hereunder with respect to the Pledged Collateral, and all rights, remedies and powers of Collateral Agent and the Secured Parties shall continue as if no such proceeding had been instituted.

Section 16. Collateral Agent. Collateral Agent has been appointed as collateral agent pursuant to the Intercreditor Agreement. The actions of Collateral Agent hereunder are subject to the provisions of the Intercreditor Agreement. Collateral Agent shall have the right hereunder to make demands, to give notices, to exercise or refrain from exercising any rights, and to take or refrain from taking action (including, without limitation, the release or substitution of Pledged Collateral), in accordance with this Agreement, the Credit Agreement and/or the Intercreditor Agreement. Collateral Agent may resign and a successor Collateral Agent may be appointed in the manner provided in the Intercreditor Agreement. Upon the acceptance of any appointment as Collateral Agent by a successor Collateral Agent, that successor Collateral Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Collateral Agent under this Agreement, and the retiring Collateral Agent shall thereupon be discharged from its duties and obligations under this Agreement. After any retiring Collateral Agent's resignation, the provisions of this Agreement shall inure to its benefit as

to any actions taken or omitted to be taken by it under this Agreement while it was Collateral Agent.

Section 17. Collateral Agent May Perform; Collateral Agent Appointed Attorney-in-Fact. If any Pledgor shall fail to do any act or thing that it has covenanted to do hereunder or if any warranty on the part of any Pledgor contained herein shall be breached, Collateral Agent, upon reasonable notice to such Pledgor, may (but shall not be obligated to) do the same or cause it to be done or remedy any such breach, and may expend funds for such purpose. Any and all amounts so expended by Collateral Agent shall be paid by the Pledgors promptly upon demand therefor, with interest at the highest rate then in effect under the Credit Agreement during the period from and including the date on which such funds were so expended to the date of repayment. Each Pledgor's obligations under this Section 17 shall survive the termination of this Agreement and the discharge of such Pledgor's other obligations under this Agreement, the Credit Agreement, the Subordinated Credit Agreement, the Junior Note, any Interest Rate Agreement and the other Credit Documents and Subordinated Debt Documents. Each Pledgor hereby appoints Collateral Agent its attorney-in-fact, with full authority in the place and stead of such Pledgor and in the name of such Pledgor, or otherwise, from time to time in Collateral Agent's discretion to take any action and to execute any instrument consistent with the terms of this Agreement and the other Credit Documents, the Subordinated Debt Documents and Junior Note which Collateral Agent may deem necessary or advisable to accomplish the purposes of this Agreement. The foregoing grant of authority is a power of attorney coupled with an interest and such appointment shall be irrevocable for the term of this Agreement. Each Pledgor hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof.

Section 18. Indemnity.

(a) Indemnity. Each Pledgor agrees to indemnify, pay and hold harmless Collateral Agent and each of the other Secured Parties and the officers, directors, employees, agents and Affiliates of Collateral Agent and each of the other Secured Parties (collectively, the "Indemnitees") from and against any and all other liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs (including, without limitation, settlement costs), expenses or disbursements of any kind or nature whatsoever (including, without limitation, the fees and disbursements of counsel for such Indemnitees in connection with any investigative, adminis-

trative or judicial proceeding commenced or threatened, whether or not such Indemnitee shall be designated a party thereto) which may be imposed on, incurred by, or asserted against that Indemnitee, in any manner relating to or arising out of this Agreement, any Interest Rate Agreement or any other Subordinated Debt Document or Credit Document or the Junior Note (including, without limitation, any misrepresentation by any Pledgor in this Agreement, any Interest Rate Agreement, any other Subordinated Debt Document or Credit Document or the Junior Note) (the "indemnified liabilities"); provided that no Pledgor shall have any obligation to an Indemnitee hereunder with respect to indemnified liabilities if it has been determined by a final decision (after all appeals and the expiration of time to appeal) of a court of competent jurisdiction that such indemnified liability arose from the gross negligence or willful misconduct of that Indemnitee. To the extent that the undertaking to indemnify, pay and hold harmless set forth in the preceding sentence may be unenforceable because it is violative of any law or public policy, each Pledgor shall contribute the maximum portion which it is permitted to pay and satisfy under applicable law to the payment and satisfaction of all indemnified liabilities incurred by the Indemnitees or any of them.

(b) Survival. The obligations of the Pledgors contained in this Section 18 shall survive the termination of this Agreement and the discharge of the Pledgors' other obligations under this Agreement, any Interest Rate Agreement, the Junior Note and under the other Credit Documents and Subordinated Debt Documents.

(c) Reimbursement. Any amounts paid by any Indemnitee as to which such Indemnitee has the right to reimbursement shall constitute Secured Obligations secured by the Pledged Collateral.

Section 19. Modification in Writing. No amendment, modification, supplement, termination or waiver of or to any provision of this Agreement, nor consent to any departure by any Pledgor therefrom, shall be effective unless the same shall be made in accordance with the terms of the Credit Agreement and unless in writing and signed by Collateral Agent. Any amendment, modification or supplement of or to any provision of this Agreement, any waiver of any provision of this Agreement and any consent to any departure by any Pledgor from the terms of any provision of this Agreement shall be effective only in the specific instance and for the specific purpose for which made or given. Except where notice is specifically required by

this Agreement or any other Credit Document, no notice to or demand on any Pledgor in any case shall entitle any Pledgor to any other or further notice or demand in similar or other circumstances.

Section 20. Termination; Release. When all the Secured Obligations have been paid in full and the Commitments of the Secured Parties to make any Loan or to issue any Letter of Credit under the Credit Agreement or the Subordinated Credit Agreement shall have expired or been sooner terminated, this Agreement shall terminate. Upon termination of this Agreement or any release of Pledged Collateral in accordance with the provisions of the Credit Agreement, Collateral Agent shall, upon the request and at the sole cost and expense of the Pledgors, forthwith assign, transfer and deliver to Pledgor, against receipt and without recourse to or warranty by Collateral Agent (except with respect to the absence of Liens on the Pledged Collateral granted or created by Collateral Agent), such of the Pledged Collateral to be released (in the case of a release) as may be in possession of Collateral Agent and as shall not have been sold or otherwise applied pursuant to the terms hereof, and, with respect to any other Pledged Collateral, proper instruments (including UCC termination statements on Form UCC-3) acknowledging the termination of this Agreement or the release of such Pledged Collateral, as the case may be.

Section 21. Notices. Unless otherwise provided herein or in the Credit Agreement, any notice or other communication herein required or permitted to be given shall be given in the manner set forth in the Credit Agreement, as to any Pledgor, addressed to it at the address of the Borrower set forth in the Credit Agreement and as to Collateral Agent, addressed to it at the address set forth in the Credit Agreement, or in each case at such other address as shall be designated by such party in a written notice to the other party complying as to delivery with the terms of this Section 21; provided that notices to Collateral Agent shall not be effective until received by Collateral Agent.

Section 22. Continuing Security Interest; Assignment. This Agreement shall create a continuing security interest in the Pledged Collateral and shall (i) be binding upon the Pledgors, their respective successors and assigns and (ii) inure, together with the rights and remedies of Collateral Agent hereunder, to the benefit of Collateral Agent and the other Secured Parties and each of their respective successors, transferees and assigns; no other Persons (including, without limitation, any other creditor of any Pledgor) shall have any

interest herein or any right or benefit with respect hereto. Without limiting the generality of the foregoing clause (ii), any Secured Party may assign or otherwise transfer any indebtedness held by it secured by this Agreement to any other Person, and such other Person shall thereupon become vested with all the benefits in respect thereof granted to such Secured Party, herein or otherwise, subject however, to the provisions of the Credit Agreement and/or the Intercreditor Agreement and any applicable Interest Rate Agreement. Each Affiliate of the Borrower which from time to time after the initial date of this Agreement is required under the Credit Agreement to pledge any assets to Collateral Agent for the benefit of the Secured Parties may become a party hereto upon execution and delivery to Collateral Agent of a joinder agreement substantially in the form attached hereto as Exhibit 4, and upon such execution and delivery shall be deemed to be a "Guarantor" and a "Pledgor" for all purposes hereunder.

Section 23. GOVERNING LAW; TERMS. THIS AGREEMENT SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, EXCLUDING (TO THE GREATEST EXTENT PERMITTED BY LAW) ANY RULE OF LAW THAT WOULD CAUSE THE APPLICATION OF THE LAWS OF ANY JURISDICTION OTHER THAN THE STATE OF NEW YORK, EXCEPT TO THE EXTENT THAT THE VALIDITY OR PERFECTION OF THE SECURITY INTEREST HEREUNDER, OR REMEDIES HEREUNDER, IN RESPECT OF ANY PARTICULAR PROPERTY, ARE GOVERNED BY THE LAWS OF A JURISDICTION OTHER THAN THE STATE OF NEW YORK.

Section 24. CONSENT TO JURISDICTION AND SERVICE OF PROCESS. ALL JUDICIAL PROCEEDINGS BROUGHT AGAINST ANY PLEDGOR WITH RESPECT TO THIS AGREEMENT MAY BE BROUGHT IN ANY STATE OR FEDERAL COURT OF COMPETENT JURISDICTION IN THE STATE OF NEW YORK, AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH PLEDGOR ACCEPTS FOR ITSELF AND IN CONNECTION WITH ITS PROPERTIES, GENERALLY AND UNCONDITIONALLY, THE NONEXCLUSIVE JURISDICTION OF THE AFORESAID COURTS AND IRREVOCABLY AGREES TO BE BOUND BY ANY JUDGMENT RENDERED THEREBY IN CONNECTION WITH THIS AGREEMENT. EACH PLEDGOR DESIGNATES AND APPOINTS CT CORPORATION SYSTEM, WITH AN ADDRESS AT 1633 BROADWAY, NEW YORK, NEW YORK 10019 AND SUCH OTHER PERSONS AS MAY HEREAFTER BE SELECTED BY SUCH PLEDGOR IRREVOCABLY AGREEING IN WRITING TO SO SERVE, AS ITS AGENT TO RECEIVE ON ITS BEHALF, SERVICE OF ALL PROCESS IN ANY SUCH PROCEEDING, SUCH SERVICE BEING HEREBY ACKNOWLEDGED BY SUCH PLEDGOR TO BE EFFECTIVE AND BINDING SERVICE IN EVERY RESPECT. A COPY OF SUCH PROCESS SO SERVED SHALL BE MAILED BY REGISTERED MAIL TO EACH PLEDGOR AT THE ADDRESS OF THE BORROWER PROVIDED FOR IN THE CREDIT AGREEMENT EXCEPT THAT UNLESS OTHERWISE PRO-

VIDED BY APPLICABLE LAW, ANY FAILURE TO MAIL SUCH COPY SHALL NOT AFFECT THE VALIDITY OF SERVICE OF PROCESS. IF ANY AGENT APPOINTED BY ANY PLEDGOR REFUSES TO ACCEPT SERVICE, SUCH PLEDGOR HEREBY AGREES THAT SERVICE UPON IT BY MAIL SHALL CONSTITUTE SUFFICIENT NOTICE. NOTHING HEREIN SHALL AFFECT THE RIGHT TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR SHALL LIMIT THE RIGHT OF COLLATERAL AGENT TO BRING PROCEEDINGS AGAINST ANY PLEDGOR IN THE COURTS OF ANY OTHER JURISDICTION.

Section 25. Severability of Provisions. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

Section 26. Execution in Counterparts. This Agreement and any amendments, waivers, consents or supplements hereto may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original, but all such counterparts together shall constitute one and the same agreement.

Section 27. Headings. The Section headings used in this Agreement are for convenience of reference only and shall not affect the construction of this Agreement.

Section 28. Obligations Absolute. All obligations of each Pledgor hereunder shall be absolute and unconditional irrespective of:

(i) any bankruptcy, insolvency, reorganization, arrangement, readjustment, composition, liquidation or the like of any Pledgor or any other Credit Party;

(ii) any lack of validity or enforceability of the Credit Agreement, the Subordinated Credit Agreement, the Junior Note, any Interest Rate Agreement, any Letter of Credit or any other Credit Document or Subordinated Debt Document, or any other agreement or instrument relating thereto;

(iii) any change in the time, manner or place of payment of, or in any other term of, all or any of the Secured Obligations, or any other amendment or waiver of or any consent to any departure from the Credit Agreement,

the Subordinated Credit Agreement, the Junior Note, any Interest Rate Agreement, any Letter of Credit or any other Credit Document or Subordinated Debt Document, or any other agreement or instrument relating thereto which is made in accordance with the terms thereof;

(iv) any exchange, release or non-perfection of any other collateral, or any release or amendment or waiver of or consent to any departure from any guarantee, for all or any of the Secured Obligations;

(v) any exercise, non-exercise or waiver of any right, remedy, power or privilege under or in respect of this Agreement, the Credit Agreement, the Subordinated Credit Agreement, the Junior Note, any Interest Rate Agreement or any other Credit Document or Subordinated Debt Document except as specifically set forth in a waiver granted pursuant to the provisions of Section 19 hereof; or

(vi) any other circumstances which might otherwise constitute a defense available to, or a discharge of, any Pledgor.

Section 29. Collateral Agent's Right to Sever Indebtedness. (a) Each Pledgor acknowledges that (i) the Pledged Collateral does not constitute the sole source of security for the payment and performance of the Secured Obligations and that the Secured Obligations are also secured by other types of property of the Pledgors in other jurisdictions (all such property, collectively, the "Collateral"), (ii) the number of such jurisdictions and the nature of the transaction of which this instrument is a part are such that it would have been impracticable for the parties to allocate to each item of Collateral a specific loan amount and to execute in respect of such item a separate credit agreement and (iii) each Pledgor intends that Collateral Agent have the same rights with respect to the Pledged Collateral, in any judicial proceeding relating to the exercise of any right or remedy hereunder or otherwise, that Collateral Agent would have had if each item of Collateral had been pledged or encumbered pursuant to a separate credit agreement and security instrument. In furtherance of such intent, each Pledgor agrees to the greatest extent permitted by law that Collateral Agent may at any time by notice (an "Allocation Notice") to such Pledgor allocate a portion of the Secured Obligations (the "Allocated Indebtedness") to all or a specified portion of the Pledged Collateral and sever from the remaining Secured Obligations the Allocated Indebtedness. From

and after the giving of an Allocation Notice with respect to any of the Pledged Collateral, the Secured Obligations hereunder shall be limited to the extent set forth in the Allocation Notice and (as so limited) shall, for all purposes, be construed as a separate credit obligation of such Pledgor unrelated to the other transactions contemplated by the Credit Agreement, the Subordinated Credit Agreement, the Junior Note, any Interest Rate Agreement, any other Credit Document or Subordinated Debt Document or any document related to any thereof. To the extent that the proceeds of any judicial proceeding relating to the exercise of any right or remedy hereunder of the Pledged Collateral shall exceed the Allocated Indebtedness, such proceeds shall belong to such Pledgor and shall not be available hereunder to satisfy any Secured Obligations of such Pledgor other than the Allocated Indebtedness. In any action or proceeding to exercise any right or remedy under this Agreement which is commenced after the giving by Collateral Agent of an Allocation Notice, the Allocation Notice shall be conclusive proof of the limits of the Secured Obligations hereby secured, and such Pledgor may introduce, by way of defense or counterclaim, evidence thereof in any such action or proceeding. Notwithstanding any provision of this Section 29, the proceeds received by Collateral Agent pursuant to this Agreement shall be applied by Collateral Agent in accordance with the provisions of the Credit Agreement and/or the Intercreditor Agreement.

(b) Each Pledgor hereby waives to the greatest extent permitted under law the right to a discharge of any of the Secured Obligations under any statute or rule of law now or hereafter in effect which provides that the exercise of any particular right or remedy as provided for herein (by judicial proceedings or otherwise) constitutes the exclusive means for satisfaction of the Secured Obligations or which makes unavailable any further judgment or any other right or remedy provided for herein because Collateral Agent elected to proceed with the exercise of such initial right or remedy or because of any failure by Collateral Agent to comply with laws that prescribe conditions to the entitlement to such subsequent judgment or the availability of such subsequent right or remedy. In the event that, notwithstanding the foregoing waiver, any court shall for any reason hold that such subsequent judgment or action is not available to Collateral Agent, no Pledgor shall (i) introduce in any other jurisdiction any judgment so holding as a defense to enforcement against such Pledgor of any remedy in the Credit Agreement, the Subordinated Credit Agreement, the Junior Note, any Interest Rate Agreement or any other Credit Document or Subordinated Debt Document or (ii) seek to have such judgment recognized or entered in any other jurisdiction,

and any such judgment shall in all events be limited in application only to the state or jurisdiction where rendered and only with respect to the collateral referred to in such judgment.

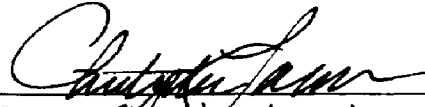
(c) In the event any instrument in addition to the Allocation Notice is necessary to effectuate the provisions of this Section 29, including, without limitation, any amendment to this Agreement, any substitute promissory note or affidavit or certificate of any kind, Collateral Agent may execute and deliver such instrument as the attorney-in-fact of any Pledgor. Such power of attorney is coupled with an interest and is irrevocable.

(d) Notwithstanding anything set forth herein to the contrary, the provisions of this Section 29 shall be effective only to the maximum extent permitted by law.


Section 30. Future Advances. This Agreement shall secure the payment of any amounts advanced from time to time pursuant to the Credit Agreement.

IN WITNESS WHEREOF, the Pledgor and Collateral Agent have caused this Agreement to be duly executed and delivered by their duly authorized officers as of the date first above written.

KRSM HOLDINGS, LLC,
as Pledgor

By: 
Name: Christopher Lacovara
Title: Authorized Representative

RSM FOODS, LLC,
as Pledgor

By: 
Name: Christopher Lacovara
Title: Authorized Representative

CREDIT AGRICOLE INDOSUEZ,
as Collateral Agent

By: _____
Name:
Title:

By: _____
Name:
Title:

IN WITNESS WHEREOF, the Pledgor and Collateral Agent have caused this Agreement to be duly executed and delivered by their duly authorized officers as of the date first above written.

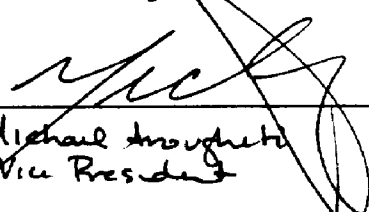
KRSM HOLDINGS, LLC,
as Pledgor


By: _____
Name:
Title:

RSM FOODS, LLC,
as Pledgor


By: _____
Name:
Title:

CREDIT AGRICOLE INDOSUEZ,
as Collateral Agent

By:  _____
Name: Michael Anagnostis
Title: Vice President

By:  _____
Name: Patricia Frankel
Title: First Vice President

USFI, LLC, as Pledgor

By: 
Name: Christopher Lacovara
Title: Authorized Representative

SCHEDULE I - A

Pledged Shares

Pledgor: KRSM Holdings, LLC

<u>ISSUER</u>	<u>CLASS OF STOCK</u>	<u>CERTIFICATE NO(S)</u>	<u>NUMBER OF SHARES</u>	<u>PERCENTAGE OF ALL ISSUED CAPITAL OR OTHER EQUITY INTERESTS OF ISSUER</u>
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None.

SCHEDULE I - B

Initial Pledged Interests

Pledgor: KRSM Holdings, LLC

<u>ISSUER</u>	<u>TYPE OF INTEREST</u>	<u>CERTIFICATE NO(S)</u>	<u>NUMBER OF SHARES</u>	<u>PERCENTAGE OF ALL ISSUED CAPITAL OR OTHER EQUITY INTERESTS OF ISSUER</u>
RSM Foods, LLC	Membership	1	n/a	100%

SCHEDULE I - B

Initial Pledged Interests

Pledgor: RSM Foods, LLC

<u>ISSUER</u>	<u>TYPE OF INTEREST</u>	<u>CERTIFICATE NO(S)</u>	<u>NUMBER OF SHARES</u>	<u>PERCENTAGE OF ALL ISSUED CAPITAL OR OTHER EQUITY INTERESTS OF ISSUER</u>
USFI, LLC	Membership	1	n/a	100%

SCHEDULE II

Intercompany Notes

Pledgor: KRSM Holdings, LLC

<u>ISSUER</u>	<u>PRINCIPAL AMOUNT</u>	<u>DATE OF ISSUANCE</u>	<u>INTEREST RATE</u>	<u>MATURITY DATE</u>
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None.

SCHEDULE III

Patents

Pledgor: RSM Foods, LLC

Registrations

<u>REGISTRATION NUMBER</u>	<u>REGISTRATION DATE</u>	<u>COUNTRY</u>	<u>DESCRIPTION</u>
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None.

Applications

<u>APPLICATION NUMBER</u>	<u>APPLICATION DATE</u>	<u>COUNTRY</u>	<u>DESCRIPTION</u>
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None.

SCHEDULE IV

Trademarks

Pledgor: RSM Foods, LLC

Registrations

<u>REGISTRATION NUMBER</u>	<u>REGISTRATION DATE</u>	<u>COUNTRY/STATE</u>	<u>DESCRIPTION</u>
1,576,620	1/9/90	USA	Flav-R-Churn
2,107,756	10/21/97	USA	Flav-R-Mate
1,716,137	9/15/92	USA	Fry-well
779,472	11/3/64	USA	Golden Rey
667,835	9/30/58	USA	
676,798	4/7/59	USA	
197,958	4/28/95	USA	
916,414	7/13/71	USA	Kettle-rich
1,735,057	11/24/92	USA	La Scala
1,269,923	1/29/81	USA	Maxim
2,112,373	11/11/97	USA	Nature's Beginnings
2,072,363	6/17/97	USA	
1,813,085	12/21/93	USA	
1,825,905	3/8/94	USA	Old Fashioned "Country Kettle"
	11/7/95	USA	Premium Pak Lite
1,932,997		USA	Premium Pak
1,712,933	9/8/92	USA	Rite and Brite
1,479,260	3/8/88	USA	
1,826,495	6/4/93	USA	Sav-R-Churn
1,845,268	7/12/94	USA	Sirloin Club Sauce
1,579,298	1/23/90	USA	Trail Blazer
1,135,854	5/20/80	USA	Trail Boss
882,732	12/23/69	USA	Trash-master
876,673	9/9/69	USA	101
2,067,485	6/3/97	USA	Carolina Gold
741,004	11/20/62	USA	Czarina
516,072	10/4/49	USA	Invinso
744,154	1/22/63	USA	Oahu

Applications

<u>APPLICATION NUMBER</u>	<u>APPLICATION DATE</u>	<u>COUNTRY/STATE</u>	<u>DESCRIPTION</u>
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None.

SCHEDULE V

Copyrights

Pledgor: RSM Foods, LLC

<u>DATE</u>	<u>COUNTRY</u>	<u>DESCRIPTION</u>
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None.

SCHEDULE VI

Licenses

Pledgor: RSM Foods, LLC

1. License Agreement by and between Chemtron, Inc., and Rykoff-Sexton, Inc., dated January 8, 1997, all right, title and interest of Rykoff-Sexton, Inc. in and to said License Agreement being assigned to RSM Foods, LLC, pursuant to that certain Bill of Sale, Assignment and Assumption Agreement dated as of August 28, 1998.

SCHEDULE VII

Financial Accounts

Pledgor: RSM Foods, LLC

<u>NAME OF FINANCIAL INSTITUTION</u>	<u>ADDRESS AND ABA NUMBER</u>	<u>ACCOUNT NAME AND NUMBER</u>
Bank of America Attn: Shirley Ashcraft, Unit 1459	525 South Flower Street Los Angeles, CA 90071 ABA 121000358	RSM Foods, LLC 1459-6-07050
Bank of America Attn: Shirley Ashcraft, Unit 1459	525 South Flower Street Los Angeles, CA 90071 ABA 121000358	RSM Foods, LLC 1459-4-07051

ANNEX A

Prior Liens

<u>Secured Party</u>	<u>Jurisdiction</u>	<u>Location</u>	<u>Date</u>	<u>Number</u>	<u>Comment</u>
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See attached lien search summary.

5

**U.S. Foodservice, Inc.
CA Secretary of State**

Secured Party: Business Credit Leasing
Date of Filing: 2/19/98
Filing No: 9805560751
Collateral: Leased Equipment

Secured Party: BA Leasing & Capital Corporation
Date of Filing: 4/15/98
Filing No: 9810660322
Collateral: Leased Financed Equipment
Original UCC #9605260972

Secured Party: BA Leasing & Capital Corporation
Date of Filing: 4/15/98
Filing No: 9810660326
Collateral: Leased Financed Equipment
Original UCC #9605260980

Secured Party: BA Leasing & Capital Corporation
Date of Filing: 4/15/98
Filing No: 9810660346
Collateral: Leased Financed Equipment
Original UCC #1994087134

Secured Party: BA Leasing & Capital Corporation
Date of Filing: 4/15/98
Filing No: 9810660357
Collateral: Leased Financed Equipment
Original UCC #94087134

**Rykoff-Sexton, Inc.
California Secretary of State**

Secured Party: BA Leasing & Capital Corporation
Date of Filing: 5/2/94
Filing No: 94087134
Collateral: Leased Financed Equipment

Secured Party:	Copelco Credit Corporation
Date of Filing:	7/18/94
Filing No:	94145355
Collateral:	Equipment
Secured Party:	Copelco Capital, Inc.
Date of Filing:	11/28/94
Filing No:	9434760819
Collateral:	Equipment
Secured Party:	Yale Financial Services, Inc. (Lessor)
Date of Filing:	1/26/95
Filing No:	95031C0283
	Continuation of 90030999
Secured Party:	AT&T Credit Corporation (Lessor)
Date of Filing:	6/19/95
Filing No:	9517260549
Collateral:	Equipment
Secured Party:	BA Leasing and Capital Corporation
Date of Filing:	2/20/96
Filing No:	9605260972
Collateral:	Leased Financed Equipment
Secured Party:	BA Leasing and Capital Corporation
Date of Filing:	2/20/96
Filing No:	9605260980
Collateral:	Leased Financed Equipment
Secured Party:	BA Leasing and Capital Corporation
Date of Filing:	4/15/98
Filing No:	98106C0443
	Amendment to 1994087134 amending Debtor name to U.S. Foodservice, Inc.
Secured Party:	BA Leasing and Capital Corporation
Date of Filing:	4/15/98
Filing No:	98106C0453
Collateral:	Amendment to 94087134 amending Debtor name to U.S. Foodservice, Inc.
Secured Party:	BA Leasing and Capital Corporation
Date of Filing:	4/16/98
Filing No:	98107C0114
Collateral:	Amendment to 9605260972 amending Debtor name to U.S. Foodservice, Inc.

Secured Party: BA Leasing and Capital Corporation
Date of Filing: 4/15/98
Filing No: 98106C0433
Collateral: Amendment to 9605260980 amending Debtor name to U.S. Foodservice, Inc.

**Fixture Filings Made
in Los Angeles County, California**

Debtor Rykoff-Sexton, Inc.
Secured Party: BA Leasing & Capital Corporation
Date of Filing: 5/2/94
Filing No: 94-842266

Debtor Rykoff-Sexton, Inc.
Secured Party: BA Leasing & Capital Corporation
Date of Filing: 2/22/96
Filing No: 96-293146

Debtor Rykoff-Sexton, Inc.
Secured Party: BA Leasing & Capital Corporation
Date of Filing: 3/19/96
Filing No: 96-435012

Debtor Rykoff-Sexton, Inc.
Secured Party: BA Leasing & Capital Corporation
Date of Filing: 6/25/96
Filing No: 96-1003600

Debtor Rykoff-Sexton, Inc.
Secured Party: BA Leasing & Capital Corporation
Date of Filing: 4/15/98
Filing No: 98-622403
Amendment to 94842266

Debtor Rykoff-Sexton, Inc.
Secured Party: BA Leasing & Capital Corporation
Date of Filing: 4/15/98
Filing No: 98-622404
Amendment to 96293146

Debtor Rykoff-Sexton, Inc.
Secured Party: BA Leasing & Capital Corporation
Date of Filing: 4/15/98
Filing No: 98-622405
Amendment to 96435012

Debtor
Secured Party:
Date of Filing:
Filing No:

U.S. Foodservice, Inc.
BA Leasing & Capital Corporation
4/15/98
98-622406

Debtor
Secured Party:
Date of Filing:
Filing No:

US Foodservice, Inc.
BA Leasing & Capital Corporation
4/15/98
98-622407

Debtor
Secured Party:
Date of Filing:
Filing No:

US Foodservice, Inc.
BA Leasing & Capital Corporation
4/15/98
98-622408

ANNEX B

Locations of Pledgors

<u>Pledgor</u>	<u>Chief Executive Office</u>	<u>Tax ID</u>	<u>Other Locations</u>
KRSM Holdings, LLC	737 Terminal Street Los Angeles, California	13-4019116	
RSM Foods, LLC	737 Terminal Street Los Angeles, California	13-4019115	1800 Churchman Street Indianapolis, Indiana
USFI, LLC	737 Terminal Street Los Angeles, California		

EXHIBIT 1

Form of Issuer Acknowledgment

The undersigned hereby (i) acknowledges receipt of a copy of the Security Agreement (as amended, amended and re-stated, supplemented or otherwise modified from time to time, the "Agreement"; capitalized terms used herein but not defined herein have the meanings given such terms in the Agreement), dated as of _____, 1998, among KRSM Holdings, LLC ("Holdings"), RSM Foods, LLC (the "Borrower"), the Guarantors from time to time party thereto and Credit Agricole Indosuez, as collateral agent ("Collateral Agent"), (ii) agrees promptly to note on its books the security interests granted and confirmed under the Agreement, (iii) agrees that it will comply with instructions of Collateral Agent with respect to the applicable Securities Collateral without further consent by applicable Pledgor, (iv) agrees to notify Collateral Agent upon obtaining knowledge of any interest in favor of any Person in the applicable Securities Collateral that is adverse to the interest of Collateral Agent therein and (v) waives any right or requirement at any time hereafter to receive a copy of the Agreement in connection with the registration of any Securities Collateral thereunder in the name of Collateral Agent or its nominee or the exercise of voting rights by Collateral Agent or its nominee.

[NAME OF ISSUER]

By: _____
Name:
Title:

Note: This form should be signed by each issuer of uncertificated Securities Collateral.

EXHIBIT 2

Form of Financial Account Consent Agreement

[Name of Pledgor]
[Address of Pledgor]

[Date]

[Name and
address of
Financial Institution]

Ladies and Gentlemen: "

We refer to account numbers _____ and _____ (the "Financial Accounts") maintained with [Name of Financial Institution] (the "Financial Institution") by [Name of Pledgor] (the "Company") and into which certain moneys, instruments, securities and other property are or may be deposited from time to time. The Company has granted to Credit Agricole Indosuez, as Collateral Agent ("Collateral Agent") for the benefit of the Secured Parties under, and as defined in, the Security Agreement, dated as of _____, 1998, among KRSM Holdings, LLC ("Holdings"), RSM Foods, LLC (the "Borrower"), certain guarantors party thereto and Collateral Agent (as amended, amended and restated, supplemented or otherwise modified from time to time, the "Agreement"), a security interest in the Financial Account Collateral (as defined in the Agreement), including, without limitation, all moneys, instruments, securities and other property deposited therein and all certificates or other instruments, if any, representing or evidencing the Financial Accounts. It is a condition to the continued maintenance of the Financial Accounts with the Financial Institution that the Financial Institution agrees to this letter agreement.

The parties hereto agree as follows:

1. The Financial Institution hereby confirms that the Company has established with it the Financial Accounts. The Financial Institution agrees that from and after the date hereof the Financial Accounts shall be under the exclusive dominion and control of Collateral Agent and all moneys, instru-

ments, securities and other property of the Company received in connection therewith, whether or not deposited in the Financial Accounts, shall be held solely for the benefit of Collateral Agent. [Except as otherwise provided herein,] the Financial Accounts shall be subject to written instructions only from Collateral Agent.

2. The Financial Institution agrees to do the following:

(a) follow its usual operating procedures for the handling of any remittance received in the Financial Accounts that contains restrictive endorsements, irregularities, such as a variance between the written and numerical amounts, undated or postdated items, missing signature and incorrect payee;

(b) endorse and process all eligible checks and other remittance items not covered by subparagraph (a) above and deposit such checks and other remittance items in the Financial Accounts; and

(c) maintain a record of all checks and other remittance items received in the Financial Accounts and, in addition to providing the Company with photostats, vouchers and enclosures of checks and other remittance items received on a daily basis, as well as a monthly statement, furnish to Collateral Agent, free of any service charge payable by Collateral Agent, its regular bank statement with respect to the Financial Accounts, with the words "Credit Agricole Indosuez, as Collateral Agent, Re: [Name of Borrower]" included thereon so that there is no confusion as to ownership of the Financial Accounts and so that Collateral Agent is able to properly identify the Financial Accounts.

3. [The Financial Institution hereby agrees that no later than 12:00 p.m. on each business day on which transactions may be made with respect to the Financial Accounts, without further notice or instruction of any kind, to transfer (by wire transfer) the total of all immediately available funds or credits in each Financial Account to the concentration account, account no. _____, ABA # 026 002 668, reference: [Name of Borrower] (the "Concentration Account") maintained by the Company with Collateral Agent at its office located at 1211 Avenue of the Americas, New York, New York 10036.]

[Collateral Agent hereby instructs the Financial Institution to follow the instructions of the Company with respect to the disposition of any and all moneys, instruments, securities and other property deposited in the Financial Accounts as directed by the Company unless and until the Financial Institution has received written instructions to the contrary from Collateral Agent, in which case the Financial Institution agrees to follow such instructions from Collateral Agent.]*

The Financial Institution hereby agrees that Collateral Agent will be entitled to all rights and remedies to which a person in control of "financial assets" (within the meaning of Section 8-102(a)(9) of the Uniform Commercial Code as in effect in the State of New York (the "UCC")) is entitled pursuant to Part 5 of Article 8 of the UCC and Article 9 of the UCC, and [, subject to the provisions of the immediately preceding paragraph,] the Financial Institution agrees to follow the instructions of Collateral Agent with respect to the disposition of any and all moneys, instruments, securities, and other property deposited in the Financial Accounts. *

Without limiting the foregoing, if at any time the Financial Institution shall receive an "entitlement order" (within the meaning of Section 8-102(a)(8) of the UCC) issued by Collateral Agent and relating to the Financial Accounts, the Financial Institution shall comply with such entitlement order without further consent of the Borrower, the Company or any other person. The Financial Institution hereby agrees that it shall be a "securities intermediary" within the meaning of Section 8-102(a)(14) of the UCC and that the Financial Accounts shall be maintained as "securities accounts" (as such term is defined in Section 8-501(a) of the UCC) to the extent that any "investment property" (as defined in Section 9-115 of the UCC)

* Note: The first paragraph in this section is only for Financial Institutions that have collection accounts for receivables of the Company, and the second paragraph is only for Financial Institutions that maintain disbursement accounts of the Company. The disbursement accounts are the accounts where the Pledgors may keep their Financial Account Collateral that is not subject to the daily sweep requirement of Section 9(b) of the Agreement. Any funds in excess of such amount will have to be swept into the concentration account by the Pledgors.

is maintained in or in respect of the Financial Accounts and that each item of investment property credited to a Financial Account shall be treated as a financial asset. The Financial Institution further agrees that all securities or other investment property underlying any financial assets credited to any Financial Account shall be registered in the name of the Financial Institution, endorsed to it or in blank or credited to another securities account maintained in its name.

4. Except for the claims and interest of Collateral Agent and the Company in the Financial Accounts, the Financial Institution acknowledges that it does not know of any claim to, or interest in, the Financial Accounts or in any financial asset credited thereto. If any person asserts any lien, encumbrance or adverse claim (including any writ, garnishment, judgment, warrant of attachment, execution or similar process) against the Financial Accounts or in any financial asset carried therein, the Financial Institution will promptly notify Collateral Agent, the Borrower and the Company thereof.

5. The Financial Institution waives and agrees not to assert, claim or endeavor to exercise, and by executing this letter agreement bars and estops itself from asserting, claiming or exercising, and the Financial Institution acknowledges that it has not heretofore received a notice from any other party asserting, claiming or exercising, any right of setoff, banker's lien or other purported form of claim with respect to the Financial Accounts and funds from time to time therein. The Financial Institution shall have no rights in the Financial Accounts or the funds therein. To the extent that it may ever have any such rights, the Financial Institution hereby expressly subordinates all such rights to all rights of Collateral Agent.

6. The Financial Institution shall not be liable for any action taken or omitted by it with respect to the Financial Accounts on the instructions of Collateral Agent, and the Financial Institution shall not have any duty or responsibility to ascertain whether any such instructions are consistent with the Agreement or the other credit documents relating thereto. The Financial Institution may rely on any certificate, statement, request, agreement or other instrument it believes in good faith to be genuine and to have been signed or presented by or on behalf of Collateral Agent. In maintaining the Financial Accounts hereunder, the Financial Institution may consult with counsel and shall be fully protected with respect to any action taken or omitted by it in good faith on advice of counsel and shall have no liability hereunder except for its

bad faith, willful misconduct or gross negligence with respect to its obligations hereunder.

7. The Company agrees to indemnify the Financial Institution against and save the Financial Institution harmless from any and all claims, liabilities, reasonable costs and expenses, including reasonable out-of-pocket fees and expenses of counsel, for anything done or omitted by you in good faith in connection with this letter agreement, including reasonable costs and expenses of defending itself against any claim or liability; provided, that the Financial Institution shall not have the right to be indemnified hereunder for its bad faith, gross negligence or willful misconduct.

8. The Financial Institution may terminate this letter agreement only upon thirty days' prior written notice to that effect to the Company and Collateral Agent and by canceling the Financial Accounts maintained with it and transferring all funds, if any, in such Financial Accounts to Collateral Agent. After any such termination, the Financial Institution shall nonetheless remain obligated promptly to transfer to Collateral Agent at its address anything from time to time received in respect of the Financial Accounts.

9. This letter agreement shall be binding upon the parties hereto and their respective successors and assigns. This letter agreement may be executed in counterparts, each of which will be deemed an original and all of which taken together shall constitute one and the same instrument.

THE "SECURITIES INTERMEDIARY'S JURISDICTION" WITHIN THE MEANING OF SECTION 8-110(E) OF THE UCC IS AND SHALL CONTINUE TO BE THE STATE OF NEW YORK. THIS LETTER AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK, EXCLUDING (TO THE GREATEST EXTENT PERMITTED BY LAW) ANY RULE OF LAW THAT WOULD CAUSE THE APPLICATION OF THE LAWS OF ANY JURISDICTION OTHER THAN THE STATE OF NEW YORK.

Very truly yours,

[NAME OF PLEDGOR]

By: _____
Name:
Title:

CREDIT AGRICOLE INDOSUEZ,
as Collateral Agent

By: _____
Name:
Title:

By: _____
Name:
Title:

Acknowledged and agreed to
as of the date first above written.

[FINANCIAL INSTITUTION]

By: _____
Name:
Title:

EXHIBIT 3

Form of Securities Pledge Amendment

PLEDGE AMENDMENT

This Pledge Amendment, dated _____, is delivered pursuant to Section 7 of the Agreement referred to below. The undersigned hereby agrees that this Pledge Amendment may be attached to the Security Agreement, dated as of _____, 1998 among the undersigned, certain other Pledgors and Credit Agricole Indosuez, as Collateral Agent (the "Agreement"; capitalized terms used herein and not defined shall have the meanings assigned to them in the Agreement) and that the Pledged Securities and/or Intercompany Notes listed on this Pledge Amendment shall be deemed to be and shall become part of the Pledged Collateral and shall secure all Secured Obligations.

as Pledgor

By: _____
Name:
Title:

Pledged Securities

<u>ISSUER</u>	<u>CLASS OF STOCK</u>	<u>PAR VALUE</u>	<u>CERTIFICATE NO(S)</u>	<u>NUMBER OF SHARES</u>	<u>PERCENTAGE OF ALL ISSUED CAPITAL OR OTHER EQUITY INTERESTS OF ISSUER</u>
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Intercompany Notes

<u>ISSUER</u>	<u>PRINCIPAL AMOUNT</u>	<u>DATE OF ISSUANCE</u>	<u>INTEREST RATE</u>	<u>MATURITY] DATE]</u>
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* Delete brackets if Intercompany Notes are to be pledged otherwise delete this text.

EXHIBIT 4

Form of Joinder Agreement

[Name of New Pledgor]
[Address of New Pledgor]

[Date]

Credit Agricole Indosuez,
as Collateral Agent
1211 Avenue of the Americas
New York, New York 10036
Attention: _____

Ladies and Gentlemen:

Reference is made to the Security Agreement (the "Agreement"), dated as of _____, 1998, made by KRSM Holdings, LLC ("Holdings"), RSM Foods, LLC (the "Borrower"), each of the Guarantors listed on the signature pages thereto or from time to time party thereto by execution of a joinder agreement and Credit Agricole Indosuez, as collateral agent for the Secured Parties. Capitalized terms used herein but not otherwise defined herein have the meanings given such terms in the Agreement.

This letter supplements the Agreement and is delivered by the undersigned, _____ (the "New Pledgor"), pursuant to Section 22 of the Agreement. The New Pledgor hereby agrees to be bound as a Guarantor and as a Pledgor by all of the terms, covenants and conditions set forth in the Agreement to the same extent that it would have been bound if it had been a signatory to the Agreement on the execution date of the Agreement. The New Pledgor hereby makes each of the representations and warranties and agrees to each of the covenants applicable to the Pledgors contained in the Agreement.

Attached hereto are supplements to each of the schedules and annexes to the Agreement with respect to the New Pledgor. Such supplements shall be deemed to be part of the Agreement.

This agreement and any amendments, waivers, consents or supplements hereto may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original, but all such counterparts together shall constitute one and the same agreement.

THIS AGREEMENT SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK, EXCLUDING (TO THE GREATEST EXTENT PERMITTED BY LAW) ANY RULE OF LAW THAT WOULD CAUSE THE APPLICATION OF THE LAWS OF ANY JURISDICTION OTHER THAN THE STATE OF NEW YORK.

IN WITNESS WHEREOF, the New Pledgor has caused this Agreement to be executed and delivered by its duly authorized officer as of the date first above written.

[NEW PLEDGOR]

By: _____
Name:
Title:

AGREED TO AND ACCEPTED:

CREDIT AGRICOLE INDOSUEZ,
as Collateral Agent

By: _____
Name:
Title:

By: _____
Name:
Title:

[Schedules and Annexes to be attached]

ANNEX A

Prior Liens

<u>Secured Party</u>	<u>Jurisdiction</u>	<u>Location</u>	<u>Date</u>	<u>Number</u>	<u>Comment</u>
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ANNEX B

Locations of Pledgors

<u>Pledgor</u>	<u>Chief Executive Office</u>	<u>Tax ID Number</u>	<u>Other Locations</u>
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