

12/22/04

12-30-2004

Form PTO-1594 (Rev. 03/01) OMB No. 0651-0027 (exp. 5/31/2002)

RECORDATION TRADEM

ENT OF COMMERCE and Trademark Office



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Tab settings

To the Honorable Commissioner of Patents and Trademarks. Please record the attached original documents or copy thereof.

1. Name of conveying party(ies):

WILLIAM MORRIS AGENCY INC.

Individual(s) Association

General Partnership Limited Partnership

Corporation-State
NEW YORK

Other

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

2. Name and address of receiving party(ies)

Name: **UNION BANK OF CALIFORNIA, N.A.**

Internal Address: **ATTN: JOHN KASE**

Street Address: **445 SOUTH FIGUEROA STREET, 10th FLOOR**

City: **LOS ANGELES** State: **CA** Zip: **90071**

Individual(s) citizenship

Association

General Partnership

Limited Partnership

Corporation-State

Other **NATIONAL BANKING ASSOCIATION**

RECORDED
DEC 22 PM 1:40
OPR/FINANCE

3. Nature of conveyance:

Assignment Merger

Security Agreement Change of Name

Other

Execution Date: **DECEMBER 16, 2004**

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) **78-311,045 / 78-309,292 / 76-194,356 / 75-939,870**

Additional number(s) attached Yes No

B. Trademark Registration No.(s) **2,508,370 / 2,307,188 / 2,449,363 / 1,811,052 / 1,811,051**

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

Name **BRIAN S. STERN, ESQ.**

Internal Address **PILLSBURY WINTHROP LLP**

Street Address: **725 SOUTH FIGUEROA STREET SUITE 2800**

City: **LOS ANGELES** State: **CA** Zip: **90017-5406**

6. Total number of applications and registrations involved:9.....

7. Total fee (37 CFR 3.41).....\$ **240.00**

Enclosed

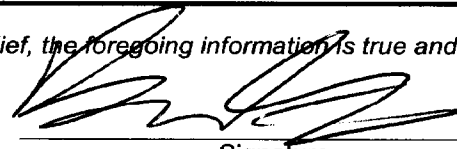
Authorized to be charged to deposit account

8. Deposit account number: **16-1805**

(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.

BRIAN S. STERN  **12/21/04**

Name of Person Signing Signature Date

Total number of pages including cover sheet, attachments, and document: 21

12/29/2004 METACRE 000000 70311045
01 FC:6528
02 FC:6522

SECURITY AGREEMENT

This SECURITY AGREEMENT is dated as of December 16, 2004 and made by WILLIAM MORRIS AGENCY INC., a New York corporation (the "Grantor"), in favor of UNION BANK OF CALIFORNIA, N.A. (the "Lender").

RECITALS

A. The Grantor has entered into that certain Promissory Note dated as of even date herewith (said Agreement, as it may hereafter be amended, restated, supplemented or otherwise modified from time to time, being called the "Promissory Note") with the Lender.

B. It is a condition precedent to the extension of credit by the Lender under the Promissory Note that the Grantor shall have executed and delivered this Agreement.

C. Terms defined in the Promissory Note and not otherwise defined herein have the same respective meanings when used herein. References to schedules are to this Agreement unless otherwise specified, and each such schedule is incorporated herein. The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation".

AGREEMENT

NOW, THEREFORE, in order to induce the Lender to enter into the Promissory Note and for other good and valuable consideration, the receipt and adequacy of which hereby is acknowledged, the Grantor hereby represents, warrants, covenants, agrees, assigns and grants as follows:

1. Definitions. Unless the context otherwise requires, terms defined in the Uniform Commercial Code of the State of California (the "Uniform Commercial Code") and not otherwise defined in this Agreement or in the Promissory Note shall have the meanings defined for those terms in the Uniform Commercial Code. In addition, the following terms shall have the meanings respectively set forth after each:

"Collateral" means all present and future right, title and interest of the Grantor in or to any property or assets whatsoever, whether now owned or existing or hereafter arising or acquired and wheresoever located, and all rights and powers of the Grantor to transfer any interest in or to any property or assets whatsoever, including any and all of the following property:

(a) All present and future accounts, accounts receivable, agreements, guarantees, contracts, leases, licenses, contract rights (including the Material Agreements), letter-of-credit

rights and other rights to payment (collectively, the "Accounts"), together with all instruments, documents, chattel paper, security agreements, guaranties, undertakings, surety bonds, insurance policies, notes and drafts, all other supporting obligations, and all forms of obligations owing to the Grantor or in which the Grantor may have any interest, however created or arising;

(b) All present and future general intangibles (including payment intangibles), agreements, guarantees, contracts, contract rights, letter-of-credit rights, instruments, documents, leases, licenses and rights to payment; and all other forms of obligations owing to the Grantor or in which the Grantor may have any interest, however created or arising; all tax refunds of every kind and nature to which the Grantor now or hereafter may become entitled, however arising; all other refunds, all commitments to extend financing to the Grantor, all judgements, causes of action and claims, and all deposits, goodwill, choses in action, trade secrets, computer programs, software, customer lists, trademarks, trade names, patents, licenses, copyrights, processes, proprietary information, insurance proceeds and warranties including the Copyrights, the Patents, the Marks and the goodwill of the Grantor's business connected with and symbolized by the Marks;

(c) All present and future demand, time, savings, passbook, deposit and like accounts (general or special) (collectively, the "Deposit Accounts") in which the Grantor has any interest which are maintained with any bank, savings and loan association, credit union or like organization, and all money, cash and cash equivalents of the Grantor, whether or not deposited in any Deposit Account;

(d) All present and future books and records, including books of account and ledgers of every kind and nature, all electronically recorded data relating to the Grantor or the business thereof, all receptacles and containers for such records, and all files and correspondence;

(e) All present and future inventory, and all present and future goods, furniture, fixtures, furnishings, machinery, automobiles, other vehicles, equipment, all computers, computer tapes and disks and computer equipment, and all other tangible property owned by the Grantor and used, held for use or useful in connection with its business, wherever located, and all other goods used in connection with or in the conduct of the Grantor's business or otherwise owned by the Grantor (collectively, the "Equipment");

(f) All present and future stocks, bonds, debentures, certificated and uncertificated securities, security entitlements, subscription rights, options, warrants, puts, calls, certificates, securities accounts, commodity contracts, commodity accounts, partnership interests, limited liability company interests, joint venture interests and investment and/or brokerage accounts, and all other investment property (collectively, the "Equity Collateral"), and all rights, preferences, privileges, dividends, distributions (in cash or in kind), redemption payments or liquidation payments with respect thereto;

(g) All other tangible and intangible personal property of the Grantor;

(h) All rights, remedies, powers and/or privileges of the Grantor with respect to any of the foregoing; and

(i) Any and all proceeds and products of the foregoing, including all money, accounts, general intangibles, deposit accounts, documents, instruments, letter-of-credit rights, investment property, chattel paper, goods, insurance proceeds and any other tangible or intangible property received upon the sale or disposition of any of the foregoing.

Notwithstanding the foregoing, the Collateral shall not include (i) any general intangible that is the subject of a written agreement which specifically prohibits assignment thereof but only to the extent of such prohibition, and only to the extent that the terms and provisions of such written agreement creating or evidencing such property or any rights relating thereto expressly prohibit the granting of a security interest therein or condition the granting of a security interest therein on the consent of a third party whose consent has not been obtained or would cause, or allow a third party to cause, forfeiture of such property upon the granting of a security interest therein or a breach under such written agreement, provided that (1) the Collateral expressly shall include any proceeds of any such general intangibles, (2) any of the agreements excluded in accordance with the foregoing shall cease to be so excluded (x) to the extent such prohibition is, or would be (in the case of after-acquired property or changes to applicable law), rendered ineffective under Sections 9-406, 9-407, 9-408 or 9-409 of the UCC of any relevant jurisdiction (or any successor provision) or any other applicable law (including any bankruptcy laws) or principles of equity or (y) if the Grantor has obtained all of the consents of the other parties to such agreement necessary for the assignment of, or creation of a security interest in, such agreement; and (3) immediately upon the ineffectiveness, lapse or termination of any such prohibition in any such agreement, the Collateral shall include, and the Grantor shall be deemed to have granted a security interest in, all such rights and interest as if such prohibition had never been in effect, or (ii) equity interests in foreign Subsidiaries that are "controlled foreign subsidiaries" as defined in Section 957 of the Internal Revenue Code of 1986, as amended from time to time.

"Copyrights" means all:

(a) copyrights, whether or not published or registered under the Copyright Act of 1976, 17 U.S.C. Section 101 et seq., as the same shall be amended from time to time, and any predecessor or successor statute thereto (the "Copyright Act"), and applications for registration of copyrights, and all works of authorship and other intellectual property rights therein, including copyrights for computer programs, source code and object code data bases and related materials and documentation, and (i) all renewals, revisions, derivative works, enhancements, modifications, updates, new releases and other revisions thereof, (ii) all income, royalties, damages and payments now or hereafter due and/or payable with respect thereto, including payments under all licenses entered into in connection therewith and damages and payments for past or future infringements thereof, (iii) the right to sue for past, present and future infringements thereof and (iv) all of the Grantor's rights corresponding thereto throughout the world;

(b) rights under or interests in any copyright license agreements with any other party, whether the Grantor is a licensee or licensor under any such license agreement and the right to use the foregoing in connection with the enforcement of the Secured Party's rights under the Loan Documents; and

(c) copyrightable materials now or hereafter owned by the Grantor, all tangible property embodying the copyrights or copyrightable materials described herein, and all tangible property covered by the licenses described in clause (b) hereof.

“Marks” means all (i) trademarks, trademark registrations, interests under trademark license agreements, trade names, trademark applications, service marks, business names, trade styles, designs, logos and other source or business identifiers which are used in the United States or any state, territory or possession thereof, or in any other place, nation or jurisdiction anywhere in the world, (ii) licenses pertaining to any such mark, whether the Grantor is a licensor or licensee, (iii) all income, royalties, damages and payments now or hereafter due and/or payable with respect to any such mark or any such license, including damages and payments for past, present or future infringements thereof, (iv) rights to sue for past, present and future infringements thereof, (v) rights corresponding thereto throughout the world, (vi) all product specification documents and production and quality control manuals used in the manufacture of products sold under or in connection with such marks, (vii) all documents that reveal the name and address of all sources of supply of, and all terms of purchase and delivery for, all materials and components used in the production of products sold under or in connection with such marks, (viii) all documents constituting or concerning the then current or proposed advertising and promotion by the Grantor, its subsidiaries or licensees of products sold under or in connection with such marks, including all documents that reveal the media used or to be used and the cost for all such advertising and (ix) renewals and proceeds of any of the foregoing.

“Patents” means all (i) letters patent, design patents, utility patents, inventions and trade secrets, all patents and patent applications in the United States Patent and Trademark Office, and all interests under patent license agreements, including the inventions and improvements described and claimed therein, (ii) licenses pertaining to any patent whether the Grantor is a licensor or licensee, (iii) income, royalties, damages and payments now or hereafter due and/or payable under and with respect thereto, including damages and payments for past, present or future infringements thereof, (iv) rights to sue for past, present and future infringements thereof, (v) rights corresponding thereto throughout the world and (vi) the reissues, divisions, continuations, renewals, extensions and continuations-in-part of any of the foregoing.

2. Creation of Security Interest. The Grantor hereby assigns and pledges to the Lender, and grants to the Lender a security interest in and to, all right, title and interest of the Grantor in and to all presently existing and hereafter acquired Collateral.

3. Security for Obligations. This Agreement and the pledges made and security interests granted herein secure the prompt payment, in full in cash, and full performance of, all obligations of the Grantor now or hereafter existing under any Loan Document, whether for principal, interest, fees, expenses (including reasonable attorneys’ fees and expenses) or otherwise, including all obligations of the Grantor now or hereafter existing under this Agreement, all interest that accrues (whether or not allowed) at the then applicable rate (including interest at the rate for overdue payments described in Section 2(b) of the Promissory Note) specified in the Promissory Note on all or any part of any of such obligations after the filing of any petition or pleading against the Grantor for a proceeding under any bankruptcy or related law (collectively, the “Secured Obligations”).

4. Further Assurances.

(a) At any time and from time to time, at the written request of the Lender, the Grantor shall execute and deliver to the Lender, at the Grantor's expense, all such financing statements and other instruments, certificates and documents in form and substance satisfactory to the Lender, and perform all such other acts as shall be necessary or desirable to fully perfect or protect or maintain, when filed, recorded, delivered or performed, the Secured Party's security interests granted pursuant to this Agreement or to enable the Lender to exercise and enforce its rights and remedies hereunder with respect to any Collateral. Without limiting the generality of the foregoing, the Grantor shall: (i) if any Account or contract or other writing relating thereto shall be evidenced by a promissory note or other instrument, deliver and pledge to the Lender such note and/or other instrument duly endorsed and accompanied by duly executed undated instruments of transfer or assignment, all in form and substance satisfactory to the Lender; and (ii) execute, authorize and/or file such financing or continuation statements, or amendments thereto, and such other instruments or notices, as may be necessary or desirable, or as the Lender may request, in order to perfect and preserve, with the required priority, the security interests granted, or purported to be granted hereby. Notwithstanding the foregoing or any other provision in this Agreement to the contrary, unless an Event of Default has occurred and is continuing, the Grantor shall not be obligated to take any action hereunder to perfect the Lender's security in the Collateral other than authorizing the filing of appropriate financing statements.

(b) At any time and from time to time, the Lender shall be authorized to file any or all such financing statements relative to the Collateral or any part thereof in each instance, and to take all such other actions as the Lender may deem appropriate to perfect and to maintain perfected the security interests granted herein. In furtherance and not in limitation of the foregoing, the Grantor authorizes the Lender to file a financing statement containing the following collateral description: All present and future right, title and interest of the debtor in or to any and all assets and personal property whatsoever, whether now owned or existing or hereafter arising or acquired and wheresoever located, and all rights and powers of the debtor to transfer any interest in or to any and all assets and personal property whatsoever.

(c) The Grantor hereby authorizes the Lender to file one or more financing or continuation statements, and amendments thereto, relative to all or any part of the Collateral. A carbon, photographic or other reproduction of this Agreement or any financing statement covering the Collateral or any part thereof shall be sufficient as a financing statement where permitted by law.

5. Copyrights.

(a) Restrictions on Future Agreements. Except in the ordinary course of business, the Grantor will not, without the Lender's prior written consent, (i) abandon any Copyright in which the Grantor now owns or hereafter acquires any rights or interests, (ii) enter into any license agreements or (iii) fail to take any action, or permit any others (including licensees) to fail to take any action, which would customarily be taken by a Person in the same business and in similar circumstances as the Grantor.

(b) Duties of Grantor. To the extent that it does so in the ordinary course of business, the Grantor agrees to: (i) prosecute diligently any copyright application included in the Copyrights, (ii) make application for registration of such uncopyrighted but copyrightable material owned by the Grantor as the Lender reasonably deems appropriate, (iii) place notices of copyright on all copyrightable property produced or owned by the Grantor embodying the Copyrights and cause its licensees do the same and (iv) take all action necessary to preserve and maintain all of the Grantor's rights in those Copyrights that are or shall be necessary in the operation of the Grantor's business, including making timely filings for renewals and extensions of registered Copyrights and diligently monitoring unauthorized use thereof. Any expenses incurred in connection with the foregoing shall be borne by the Grantor.

6. Patents and Marks.

(a) Restrictions on Future Agreements. Except in the ordinary course of business, the Grantor will not, without the Lender's prior written consent, (i) abandon any Patent or Mark in which the Grantor now owns or hereafter acquires any rights or interests, (ii) enter into any license agreements or (iii) fail to take any action, or permit any others (including licensees) to fail to take any action, which would customarily be taken by a Person in the same business and in similar circumstances as the Grantor.

(b) Duties of Grantor. To the extent that it does so in the ordinary course of business, the Grantor agrees to: (i) prosecute diligently any patent application or trademark application included in the Patents or Marks, (ii) make application on unpatented but patentable inventions owned by the Grantor and on unregistered Marks, as the case may be, as the Lender reasonably deems appropriate, (iii) file and prosecute opposition and cancellation proceedings and (iv) take all action necessary to preserve and maintain all rights in those Patents and Marks that are or shall be necessary in the operation of the Grantor's business, including making timely filings for renewals and extensions of any Patents and Marks and diligently monitoring unauthorized use thereof. Any expenses incurred in connection with the foregoing shall be borne by the Grantor.

7. Grantor's Representations and Warranties. The Grantor represents and warrants as follows:

(a) (i) Schedule B sets forth each location at which the Grantor conducts business and/or maintains records with respect to the Collateral; (ii) the Grantor's legal name, its existence as a corporation, and its jurisdiction of formation, are as set forth in the preamble to this Agreement; and (iii) the Grantor's state organizational identification number, if any, is set forth on Schedule C.

(b) The Grantor is the legal and beneficial owner of the Collateral free and clear of all Liens except for Liens permitted by Section 8(h) of the Promissory Note. The Grantor has the power, authority and legal right to grant the security interests in the Collateral purported to be granted hereby, and to execute, deliver and perform this Agreement. The pledge of the Collateral pursuant to this Agreement creates a valid security interest in the Collateral. Upon the filing of an appropriate financing statement in the filing office set forth on Schedule A, the Lender will have a first-priority perfected security interest (subject to Section 8(h) of the

Promissory Note) in the Collateral to the extent a security interest in such Collateral can be perfected by such filings and recordations.

(c) No authorization, approval or other action by, and no notice to or filing with, any Governmental Authority (other than such authorizations, approvals and other actions as have already been taken and are in full force and effect) is required for the pledge of the Collateral or the grant of the security interest in the Collateral by the Grantor hereby or for the execution, delivery or performance of this Agreement by the Grantor, or for the exercise by the Lender of its rights or remedies in respect of the Collateral.

(d) Schedule D sets forth all Copyrights, Trademarks and Patents owned by the Borrower or any Subsidiary as of the Closing Date that have been registered with, or for which an application therefor has been submitted to, the U.S. Copyright Office or the U.S. Patent and Trademark Office, as applicable.

8. Grantor's Covenants. In addition to the other covenants and agreements set forth herein and in the other Loan Documents, the Grantor covenants and agrees as follows:

(a) The Collateral will not be used in violation of any material Requirement of Law applicable to the Grantor, nor used in any way that will void or impair any insurance required to be carried in connection therewith.

(b) The Grantor will take all reasonable steps to preserve and protect the Collateral.

(c) The Grantor will promptly notify the Lender in writing in the event of any material damage to the Collateral from any source whatsoever.

(d) The Grantor will not (i) establish any additional place of business or location of records with respect to the Collateral not set forth on Schedule B, (ii) change its legal name or state of formation from that set forth in the preamble to this Agreement, or change its state organizational identification number from that set forth on Schedule C, or (iii) except for its consummation of the LLC Conversion in accordance with the terms of the Promissory Note, fail to preserve its existence as a corporation, except, in each case set forth above, upon not less than 30 days' prior written notice to the Lender and the Grantor's prior compliance with all applicable requirements of Section 4 hereof necessary to perfect the Lender's security interests hereunder.

9. Lender's Rights Regarding Collateral. At any time and from time to time upon the occurrence and during the continuance of an Event of Default, the Lender may, to the extent necessary or desirable to protect the security hereunder, but the Lender shall not be obligated to, perform any obligation of the Grantor under this Agreement at the expense of the Grantor. At any time and from time to time after an Event of Default has occurred and is continuing, at the expense of the Grantor, the Lender may, but the Lender shall not be obligated to: (i) notify obligors on the Collateral that the Collateral has been assigned as security to the Lender; (ii) request from obligors on the Collateral, in the name of the Grantor or in the name of the Lender, information concerning the Collateral and the amounts owing thereon; and (iii) direct obligors under the Collateral to direct their performance to the Lender. The Lender shall not be under any duty or obligation whatsoever to take any action to preserve any rights of or against any prior or other parties in connection with the Collateral, to exercise any voting rights or managerial rights

with respect to any Collateral or to make or give any presentments for payment, demands for performance, notices of non-performance, protests, notices of protest, notices of dishonor or notices of any other nature whatsoever in connection with the Collateral or the Secured Obligations. The Lender shall not be under any duty or obligation whatsoever to take any action to protect or preserve the Collateral or any rights of the Grantor therein, or to make collections or enforce payment thereon, or to participate in any foreclosure or other proceeding in connection therewith. Nothing contained herein shall constitute an assumption by the Lender of any obligations of the Grantor under any contracts assigned hereunder. The Grantor shall continue to be liable for performance of its obligations under such contracts.

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

11. Possession of Collateral by Lender. All the Collateral now, heretofore or hereafter delivered to the Lender shall be held by the Lender in its possession, custody and control. None of the Collateral delivered to the Lender constituting cash or cash equivalents shall be required to be held in an interest-bearing account. Upon the occurrence and during the continuance of an Event of Default, the Lender may use, operate and consume such Collateral, whether for the purpose of preserving and/or protecting the Collateral, or for the purpose of performing any of the Grantor's obligations with respect thereto, or otherwise, and any or all of the Collateral delivered to the Lender constituting cash or cash equivalents shall be applied by the Lender to payment of the Secured Obligations or held as Collateral, as the Lender shall elect. The Lender may at any time deliver or redeliver the Collateral or any part thereof to the Grantor, and the receipt of any of the same by the Grantor shall be complete and full acquittance for the

Collateral so delivered, and the Lender thereafter shall be discharged from any liability or responsibility arising after such delivery to the Grantor. So long as the Lender exercises reasonable care with respect to any Collateral in its possession, custody or control, the Lender shall not have any liability for any loss of or damage to any Collateral, and in no event shall the Lender have liability for any diminution in value of the Collateral occasioned by economic or market conditions or events. The Lender shall be deemed to have exercised reasonable care within the meaning of the preceding sentence if the Collateral in the possession, custody or control of the Lender is accorded treatment substantially equal to that which the Lender accords similar property for its own account, it being understood that the Lender shall not have any responsibility for (i) ascertaining or taking action with respect to calls, conversions, exchanges, maturities, tenders or other matters relating to any Collateral, whether or not the Lender 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 Collateral.

12. Remedies.

(a) Rights Upon Event of Default. Upon the occurrence and during the continuance of an Event of Default, the Grantor shall be in default hereunder and the Lender shall have, in any jurisdiction where enforcement is sought, in addition to all other rights and remedies that the Lender may have under this Agreement and under applicable laws or in equity, all rights and remedies of a secured party under the Uniform Commercial Code as enacted in any such jurisdiction in effect at that time, and in addition the following rights and remedies, all of which may be exercised with or without notice to the Grantor except such notice as may be specifically required by applicable law: (i) to foreclose the Liens created hereunder or under any other Loan Document by any available judicial procedure or without judicial process; (ii) to enter any premises where any Collateral may be located for the purpose of securing, protecting, inventorying, appraising, inspecting, repairing, preserving, storing, preparing, processing, taking possession of or removing the same; (iii) to sell, assign, lease or otherwise dispose of any Collateral or any part thereof, either at public or private sale or at any broker's board, in lot or in bulk, for cash, on credit or otherwise, with or without representations or warranties and upon such terms as shall be commercially reasonable; (iv) to notify obligors on the Collateral that the Collateral has been assigned to the Lender and that all payments thereon, or performance with respect thereto, are to be made directly and exclusively to the Lender; (v) to collect by legal proceedings or otherwise all dividends, distributions, interest, principal or other sums now or hereafter payable upon or on account of the Collateral; (vi) to enter into any extension, reorganization, disposition, merger or consolidation agreement, or any other agreement relating to or affecting the Collateral, and in connection therewith the Lender may deposit or surrender control of the Collateral and/or accept other property in exchange for the Collateral as the Lender deems appropriate; (vii) to settle, compromise or release, on terms acceptable to the Lender, in whole or in part, any amounts owing on the Collateral and/or any disputes with respect thereto; (viii) to extend the time of payment, make allowances and adjustments and issue credits in connection with the Collateral in the name of the Lender or in the name of the Grantor; (ix) to enforce payment and prosecute any action or proceeding with respect to any or all of the Collateral and take or bring, in the name of the Lender or in the name of the Grantor, any and all steps, actions, suits or proceedings deemed necessary or desirable by the Lender to effect collection of or to realize upon the Collateral, including any judicial or nonjudicial foreclosure thereof or thereon, and the Grantor specifically consents to any nonjudicial foreclosure of any or

all of the Collateral or any other action taken by the Lender which may release any obligor from personal liability on any of the Collateral, and any money or other property received by the Lender in exchange for or on account of the Collateral, whether representing collections or proceeds of Collateral, and whether resulting from voluntary payments or foreclosure proceedings or other legal action taken by Lender or the Grantor may be applied by the Lender, without notice to the Grantor, to the Secured Obligations in such order and manner as the Lender shall determine; (x) to insure, protect and preserve the Collateral; (xi) to exercise all rights, remedies, powers or privileges provided under any of the other Loan Documents; and (xii) to remove, from any premises where the same may be located, the Collateral and any and all documents, instruments, files and records, and any receptacles and cabinets containing the same, relating to the Collateral, and the Lender may, at the cost and expense of the Grantor, use such of its supplies, equipment, facilities and space at its places of business as may be necessary or appropriate to properly administer, process, store, control, prepare for sale or disposition and/or sell or dispose of the Collateral or to properly administer and control the handling of collections and realizations thereon, and the Lender shall be deemed to have a rent-free tenancy of any premises of the Grantor for such purposes and for such periods of time as reasonably required by the Lender. The Grantor will, at the Lender's request, assemble the Collateral and make it available to the Lender at places which the Lender may designate, whether at the premises of the Grantor or elsewhere, and will make available to the Lender, free of cost, all premises, equipment and facilities of the Grantor for the purpose of the Lender's taking possession of the Collateral or storing the same or removing or putting the Collateral in salable form or selling or disposing of the same. The Lender has no obligation to clean-up or otherwise prepare the Collateral for sale.

(b) Possession by Lender. Upon the occurrence and during the continuance of an Event of Default, the Lender also shall have the right, without notice or demand, either in person, by Lender or by a receiver to be appointed by a court in accordance with the provisions of applicable law (and the Grantor hereby expressly consents, to the fullest extent permitted by applicable law, upon the occurrence and during the continuance of an Event of Default to the appointment of such a receiver), and, to the extent permitted by applicable law, without regard to the adequacy of any security for the Secured Obligations, to operate the business of the Grantor, by, inter alia, taking possession of the Collateral or any part thereof and to collect and receive the rents, issues, profits, income and proceeds thereof, pending the exercise of any and all other rights and remedies available to the Lender under this Agreement and/or at law or in equity. The operation of the Grantor's business and the taking possession of the Collateral by the Lender shall not cure or waive any Event of Default or notice thereof or invalidate any act done pursuant to such notice. The rights, remedies and powers of any receiver appointed by a court shall be as ordered by said court.

(c) Sale of Collateral. Any public or private sale or other disposition of the Collateral may be held at any office of Lender, or at the Grantor's place of business, or at any other place permitted by applicable law, and without the necessity of the Collateral being within the view of prospective purchasers. The Lender may direct the order and manner of sale of the Collateral, or portions thereof, as it in its sole and absolute discretion may determine provided such sale is commercially reasonable, and the Grantor expressly waives, to the extent permitted by applicable law, any right to direct the order and manner of sale of any Collateral. The Lender or any Person acting on the Lender's behalf may bid and purchase at any such sale or other disposition. In

addition to the other rights of the Lender hereunder, the Grantor hereby grants to the Lender a license or other right to use, without charge, but only after the occurrence and during the continuance of an Event of Default, the Grantor's labels, copyrights, patents, rights of use of any name, trade names, trademarks and advertising matter, or any property of a similar nature, including the Copyrights, the Patents and the Marks, in advertising for sale and selling any Collateral. The Lender may comply with any applicable state or federal law requirements in connection with a disposition of the Collateral and compliance will not be considered adversely to affect the commercial reasonableness of any sale of the Collateral.

(d) Notice of Sale. Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, the Lender will give the Grantor reasonable notice of the time and place of any public sale thereof or of the time on or after which any private sale thereof is to be made. The requirement of reasonable notice conclusively shall be met if such notice is mailed, certified mail, postage prepaid, to the Grantor at its address set forth in the Promissory Note, or delivered or otherwise sent to the Grantor, at least ten days before the date of the sale. The Grantor expressly waives, to the fullest extent permitted by applicable law, any right to receive notice of any public or private sale of any Collateral or other security for the Secured Obligations except as expressly provided for in this paragraph. The Lender shall not be obligated to make any sale of the Collateral if it shall determine not to do so regardless of the fact that notice of sale of the Collateral may have been given. The Lender may, without notice or publication, except as required by applicable law, adjourn the sale from time to time by announcement at the time and place fixed for sale, and such sale may, without further notice (except as required by applicable law), be made at the time and place to which the same was so adjourned.

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

or all of the Equity Collateral without registering it under the Securities Act of 1933 shall not, by the sole fact of such sale, be deemed to be commercially unreasonable.

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

(g) Disposition of Proceeds of Sale. The proceeds resulting from the collection, liquidation, sale or other disposition of the Collateral shall be applied, first, to the reasonable costs and expenses (including reasonable attorneys' fees) of retaking, holding, storing, processing and preparing for sale, selling, collecting and liquidating the Collateral, and the like; second, to the satisfaction of all Secured Obligations; and third, any surplus remaining after the satisfaction of all Secured Obligations, provided the Revolving Loan Commitment has expired, to be paid over to the Grantor or to whomsoever may be lawfully entitled to receive such surplus.

(h) Certain Waivers. To the extent permitted by applicable law, the Grantor waives all claims, damages and demands against the Lender arising out of the repossession, retention or sale of the Collateral, or any part or parts thereof, except to the extent any such claims, damages and awards arise out of the gross negligence or willful misconduct of the Lender.

(i) Remedies Cumulative. The rights and remedies provided under this Agreement are cumulative and may be exercised singly or concurrently, and are not exclusive of any other rights and remedies provided by law or equity.

(j) Deficiency. If the proceeds of sale, collection or other realization of or upon the Collateral pursuant to this Section are insufficient to cover the costs and expenses of such realization and the payment in full of the Secured Obligations, the Grantor shall remain liable for any deficiency.

13. Lender Appointed Attorney-in-Fact. The Grantor hereby irrevocably appoints the Lender as the Grantor's attorney-in-fact, effective upon the occurrence and during continuance of an Event of Default, with full authority in the place and stead of the Grantor, and in the name of the Grantor, or otherwise, from time to time, in the Lender's sole and absolute discretion to do any of the following acts or things: (a) to do all acts and things and to execute all documents necessary or advisable to perfect and continue perfected the security interests created by this Agreement and to preserve, maintain and protect the Collateral; (b) to do any and every act which the Grantor is obligated to do under this Agreement; (c) to prepare, file and record, in the

Grantor's name, any financing statement covering the Collateral; (d) to endorse and transfer the Collateral upon foreclosure by the Lender; (e) to grant or issue an exclusive or nonexclusive license under the Copyrights, the Patents or the Marks to anyone upon foreclosure by the Lender; (f) to assign, pledge, convey or otherwise transfer title in or dispose of the Copyrights, the Patents or the Marks to anyone upon foreclosure by the Lender; and (g) to file any claims or take any action or institute any proceedings which the Lender may reasonably deem necessary or desirable for the protection or enforcement of any of the rights of the Lender with respect to any of the Copyrights, the Patents and the Marks; provided, however, that the Lender shall be under no obligation whatsoever to take any of the foregoing actions, and the Lender shall not have any liability or responsibility for any act or omission (other than the Lender's own gross negligence or willful misconduct) taken with respect thereto.

14. Costs and Expenses. The Grantor agrees to pay to the Lender all reasonable costs and out-of-pocket expenses (including reasonable attorneys' fees and disbursements) incurred by the Lender in the enforcement or attempted enforcement of this Agreement, whether or not an action is filed in connection therewith, and in connection with any waiver or amendment of any term or provision hereof. All advances, charges, costs and expenses, including reasonable attorneys' fees and disbursements, incurred or paid by the Lender in exercising any right, privilege, power or remedy conferred by this Agreement (including the right to perform any obligation of the Grantor), or in the enforcement or attempted enforcement thereof, shall be secured hereby and shall become a part of the Secured Obligations and shall be due and payable to the Lender by the Grantor on demand therefor.

15. Transfers and Other Liens. The Grantor agrees that, except as specifically permitted under the Promissory Note, it will not (i) sell, assign, exchange, lease, license, transfer or otherwise dispose of, or contract to sell, assign, exchange, transfer or otherwise dispose of, or grant any option with respect to, any of the Collateral, or (ii) create or permit to exist any Lien upon or with respect to any of the Collateral, and the Grantor acknowledges that the Lender does not authorize any of the foregoing. To the extent any Collateral permitted to be sold or otherwise disposed of is sold or disposed of, such sale or disposition shall be for fair market value.

16. Understandings With Respect to Waivers and Consents. The Grantor represents, warrants and agrees that each of the waivers and consents set forth herein are made with full knowledge of their significance and consequences, with the understanding that events giving rise to any defense or right waived may diminish, destroy or otherwise adversely affect rights which the Grantor otherwise may have against any Secured Party or others, or against any Collateral. If any of the waivers or consents herein are determined to be unenforceable under applicable law, such waivers and consents shall be effective to the maximum extent permitted by law.

17. Indemnity. The Grantor hereby indemnifies the Lender from and against any and all claims, losses and liabilities growing out of or resulting from this Agreement (including enforcement of this Agreement), except to the extent such claims, losses or liabilities result from the Lender's gross negligence or willful misconduct.

18. Amendments, Etc. No amendment or waiver of any provision of this Agreement nor consent to any departure by the Grantor herefrom (other than supplements to the Schedules hereto in accordance with the terms of this Agreement) shall in any event be effective unless the

same shall be in writing and made in accordance with Section 10 of the Promissory Note, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

19. Notices. All notices and other communications provided for hereunder shall be given in the manner, and to the respective addresses, set forth in Section 12 of the Promissory Note.

20. Continuing Security Interest; Successors and Assigns. This Agreement shall create a continuing security interest in the Collateral and shall (i) remain in full force and effect until indefeasible payment in full in cash of the Obligations and the Secured Obligations and the termination or expiration of the Revolving Loan Commitment, (ii) be binding upon the Grantor, its successors and assigns and (iii) inure, together with the rights and remedies of the Lender hereunder, to the benefit of the Lender and its successors and assigns. Nothing set forth herein or in any other Loan Document is intended or shall be construed to give to any other party any right, remedy or claim under, to or in respect of this Agreement or any other Loan Document or any Collateral. The Grantor's successors and assigns shall include a receiver, trustee or debtor-in-possession thereof or therefor, provided that, none of the rights or obligations of the Grantor hereunder may be assigned or otherwise transferred provided that the Grantor may consummate the LLC Conversion.

21. **GOVERNING LAW. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF CALIFORNIA, WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES.**

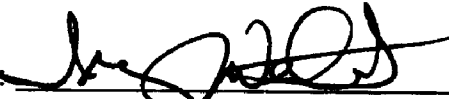
22. Signature Page. Delivery of an executed signature page to this Agreement by telecopier shall be effective as delivery of a manually executed counterpart of this Agreement.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

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

GRANTOR

WILLIAM MORRIS AGENCY INC.

By: 

Irving J. Weintraub
Executive Vice President and Chief Financial
Officer

UCC FILING OFFICES

New York Department of State
41 State Street
Albany, New York 12231-0001

LOCATIONS OF BUSINESS AND RECORDS

<u>Location</u>	<u>Qualified to do business in such location?</u>
1325 Avenue of the Americas New York, New York 10019	Yes
151 El Camino Drive Beverly Hills, California 90212	Yes
2100 West End Avenue, Suite 1000 Nashville, Tennessee 37203	Yes
119 Washington Avenue Miami Beach, FL 33139	Yes
52/53 Poland Street London W1F 7LX England	*
Shanghai, China	*

* - no representation is made with respect to qualification to do business in this jurisdiction.

STATE ORGANIZATIONAL IDENTIFICATION NUMBER

New York does not assign identification numbers.

COPYRIGHTS, PATENTS AND MARKS

COPYRIGHTS

None

PATENTS

None

MARKS

See Attached

U.S. TRADEMARK	Serial No. Registration No.	Filing Date Issue Date	Status / Assignee
SMOKIN' GROOVES	78/311,045	10/08/03	Pending William Morris Agency, Inc.
SMOKIN' GROOVES	78/309,292	10/03/04	Pending William Morris Agency, Inc.
SMOKIN' GROOVES	76/194,356	01/16/01	Pending William Morris Agency, Inc.
SMOKIN' GROOVES	75/939,870	03/09/00	Pending William Morris Agency, Inc.
WMA	2,508,370	11/20/01	Registered William Morris Agency, Inc.
WILLIAM MORRIS AGENCY	2,307,188	01/11/00	Registered William Morris Agency, Inc.
SMOKIN' GROOVES	2,449,363	05/08/01	Registered William Morris Agency, Inc. <i>[Assigned to William Morris Agency, Inc. - November 9, 2000]</i> <i>[Security Agreement from House of Blues Brands Corp. to Bank of America N.A. - 09/10/99]</i>
WILLIAM MORRIS AGENCY	1,811,052	12/14/93	Registered William Morris Agency, Inc.
XXXX	1,811,051	12/14/1993	Registered William Morris Agency, Inc.

Schedules A - D for Security Agreement
la-765264

RECORDED: 12/22/2004

TRADEMARK
REEL: 003098 FRAME: 0343