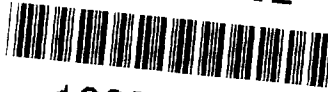


03-22-2002



102028265

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

1. Name of conveying party(ies):

**BLUE CORAL, INC. (DE Corporation)**

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

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

Name: **The Chase Manhattan Bank, as Administrative Agent**

Internal Address: \_\_\_\_\_

Street Address: P.O. Box 2558

City: Houston State: TX ZIP: 77252

Additional name(s) & addresses attached?  Yes  No

3. Nature of conveyance:

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

Execution Date: November 2, 2001

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

If this document is being filed together with a new application, the execution date of the application is: \_\_\_\_\_

A. Patent Application No.(s)

B. Patent No.(s)

5,759,980 ; 5,700,312 ; 5,470,500 ; 5,565,516 ; 5,445,670

Additional numbers attached?  Yes  No

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

Name: Lori Lesser, Esq.

Internal Address: Simpson Thacher & Bartlett

Street Address: 425 Lexington Avenue

City: New York State: NY ZIP: 10017

6. Total number of applications and patents involved: 5

7. Total fee (37 CFR 3.41): ..... \$200.00

- Enclosed
- Authorized to be charged to credit card

8. Deposit account number: \_\_\_\_\_

**DO NOT USE THIS SPACE**

9. Signature.

Lori Lesser, Esq.  
Name of Person Signing

[Signature]  
Signature

3-21-02  
Date

Total number of pages including cover sheet, attachments, and documents: 54

03/25/2002 6T0N11 00000053 5759980

01 FC:581

200.00 OP

Mail documents to be recorded with required cover sheet information to:  
Commissioner of Patents and Trademarks, Box Assignments  
Washington, D.C. 20231

**PATENT**  
**REEL: 012691 FRAME: 0126**

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GUARANTEE AND COLLATERAL AGREEMENT

made by

PENNZOIL-QUAKER STATE COMPANY

and certain of its Subsidiaries

in favor of

THE CHASE MANHATTAN BANK,  
as Collateral Agent

Dated as of November 2, 2001

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## GUARANTEE AND COLLATERAL AGREEMENT

GUARANTEE AND COLLATERAL AGREEMENT, dated as of November 2, 2001, made by each of the signatories hereto (together with any other entity that may become a party hereto as provided herein, the "Grantors"), in favor of THE CHASE MANHATTAN BANK, as Collateral Agent (in such capacity, the "Collateral Agent") for the Secured Parties (as defined herein).

### WITNESSETH:

WHEREAS, pursuant to the Credit Agreement, dated as of November 2, 2001 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Pennzoil-Quaker State Company (the "Company"), the Subsidiary Borrowers (as defined therein) from time to time parties thereto, the banks and other financial institutions or entities from time to time parties thereto (the "Lenders"), the Co-Documentation Agents and Syndication Agent named therein, and The Chase Manhattan Bank, as administrative agent (in such capacity, the "Administrative Agent"), the Lenders have severally agreed to make extensions of credit to the Company and the Subsidiary Borrowers upon the terms and subject to the conditions set forth therein;

WHEREAS, the Company and each Subsidiary Borrower is a member of an affiliated group of companies that includes each other Grantor;

WHEREAS, the proceeds of the extensions of credit under the Credit Agreement will be used in part to enable the Company and the Subsidiary Borrowers to make valuable transfers to one or more of the other Grantors in connection with the operation of their respective businesses;

WHEREAS, the Company, the Subsidiary Borrowers and the other Grantors are engaged in related businesses, and each Grantor will derive substantial direct and indirect benefit from the making of the extensions of credit under the Credit Agreement;

WHEREAS, it is a condition precedent to the obligation of the Lenders to make their respective extensions of credit to the Company and the Subsidiary Borrowers under the Credit Agreement that the Grantors shall have executed and delivered this Agreement to the Collateral Agent for the ratable benefit of the Lenders (as defined below);

WHEREAS, the Company desires, to the extent permitted by the Credit Agreement, to extend the benefits of this Agreement to the holders of the Additional Pari Passu Obligations (as defined below);

WHEREAS, the proceeds of the extensions of credit under the Additional Pari Passu Obligations will be used in part to enable the Company and the Subsidiary Borrowers to make valuable transfers to one or more of the other Grantors in connection with the operation of their respective businesses;

WHEREAS, the Company, the Subsidiary Borrowers and the other Grantors are engaged in related businesses, and each Grantor will derive substantial direct and indirect benefit from the making of the extensions of credit under the Additional Pari Passu Obligations; and

WHEREAS, it is a condition precedent to the continued availability of the Additional Pari Passu Obligations that the Grantors shall have executed and delivered this Agreement to the Collateral Agent for the ratable benefit of the holders of the Additional Pari Passu Obligations;

NOW, THEREFORE, in consideration of the premises and to induce the Administrative Agent and the Lenders to enter into the Credit Agreement and to induce the Lenders to make their respective extensions of credit to the Company and the Subsidiary Borrowers thereunder and induce the holders of the Additional Pari Passu Obligations to continue to extend credit under the Additional Pari Passu Documents (as defined below), each Grantor hereby agrees with the Collateral Agent, for the ratable benefit of the Secured Parties, as follows:

#### SECTION 1. DEFINED TERMS

1.1 Definitions. (a) Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement, and the following terms are used herein as defined in the New York UCC: Accounts, Certificated Security, Chattel Paper, Documents, Farm Products, General Intangibles, Instruments, Inventory and Supporting Obligations.

(b) The following terms shall have the following meanings:

"Additional Pari Passu Documents": collectively, (i) the agreements identified on Schedule 7 attached hereto and (ii) the agreements governing any other Additional Pari Passu Obligations designated by the Company in writing to the Administrative Agent and the Collateral Agent (attaching a copy of such agreements), in each case as amended from time to time, and any refinancings, refundings, renewals or extensions thereof (without increasing the principal amount thereof in excess of that permitted by Section 7.2(r) of the Credit Agreement).

"Additional Pari Passu Obligations": the collective reference to the unpaid principal of and interest on the loans and reimbursement obligations and all other obligations and liabilities of the Company or any Subsidiary (including, without limitation, interest accruing at the then applicable rate provided in the Additional Pari Passu Documents after the maturity of such loans and reimbursement obligations and interest accruing at the then applicable rate provided therein after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, relating to the Company or any Subsidiary, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding) to the creditors under the Additional Pari Passu Documents, whether direct or indirect, absolute or contingent, due or to become due, or now existing or hereafter incurred, which may arise under, out of, or in connection with, the Additional Pari Passu Documents or any other document made,

delivered or given in connection therewith, in each case whether on account of principal, interest, reimbursement obligations, fees, indemnities, costs, expenses or otherwise (including, without limitation, all fees and disbursements of counsel to the creditors under the Additional Pari Passu Documents that are required to be paid by the Company or any Subsidiary pursuant to the terms of any of the foregoing agreements), provided that the maximum principal amount of Additional Pari Passu Obligations secured hereunder shall not exceed the amount permitted by Section 7.2(r) of the Credit Agreement.

"Agreement": this Guarantee and Collateral Agreement, as the same may be amended, supplemented or otherwise modified from time to time.

"Borrower Obligations": the collective reference to the unpaid principal of and interest on the Loans and Reimbursement Obligations and all other obligations and liabilities of the Company or any Subsidiary Borrower (including, without limitation, interest accruing at the then applicable rate provided in the Credit Agreement after the maturity of the Loans and Reimbursement Obligations and interest accruing at the then applicable rate provided in the Credit Agreement after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, relating to the Company or any Subsidiary Borrower, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding) to the Collateral Agent, the Administrative Agent or any Lender (or, in the case of any Specified Hedge Agreement, any Affiliate of any Lender), whether direct or indirect, absolute or contingent, due or to become due, or now existing or hereafter incurred, which may arise under, out of, or in connection with, the Credit Agreement, this Agreement, the other Loan Documents, any Letter of Credit, any Specified Hedge Agreement or any other document made, delivered or given in connection with any of the foregoing, in each case whether on account of principal, interest, reimbursement obligations, fees, indemnities, costs, expenses or otherwise (including, without limitation, all fees and disbursements of counsel to the Collateral Agent, the Administrative Agent or any Lender that are required to be paid by the Company or any Subsidiary Borrower pursuant to the terms of any of the foregoing agreements).

"Collateral": as defined in Section 3.

"Collateral Account": any collateral account established by the Collateral Agent as provided in Section 6.1 or 6.4.

"Collateral Agent Fees": as defined in the Collateral Sharing Agreement.

"Collateral Sharing Agreement": the Collateral Sharing Agreement, dated as of November 2, 2001, between the Company and the Collateral Agent, as the same may from time to time be amended, supplemented or otherwise modified.

"Copyrights": (i) all copyrights arising under the laws of the United States, whether registered or unregistered and whether published or unpublished (including, without limitation, any of the foregoing listed in Schedule 6), all registrations and recordings thereof, and all applications in connection therewith, including, without

limitation, all registrations, recordings and applications in the United States Copyright Office, and (ii) the right to obtain all renewals thereof.

**“Copyright Licenses”**: any written agreement naming any Grantor as licensor or licensee (including, without limitation, any of the foregoing listed in Schedule 6, granting any right under any Copyright, including, without limitation, the grant of rights to manufacture, distribute, exploit and sell materials derived from any Copyright.

**“Credit Agreement Obligations”**: (i) in the case of the Company, the Borrower Obligations, and (ii) in the case of each Guarantor, its Guarantor Obligations.

**“Distribution Date”**: each date fixed by the Collateral Agent in its sole discretion for a distribution to the Secured Parties of funds held in the Collateral Account.

**“Foreign Subsidiary Voting Stock”**: the voting Capital Stock of any Foreign Subsidiary.

**“Guarantor Obligations”**: with respect to any Guarantor, all obligations and liabilities of such Guarantor which may arise under or in connection with this Agreement (including, without limitation, Section 2) or any other Loan Document to which such Guarantor is a party, in each case whether on account of guarantee obligations, reimbursement obligations, fees, indemnities, costs, expenses or otherwise (including, without limitation, all fees and disbursements of counsel to the Collateral Agent, the Administrative Agent or any Lender that are required to be paid by such Guarantor pursuant to the terms of this Agreement or any other Loan Document).

**“Guarantors”**: the collective reference to each Grantor other than the Company.

**“Holder Representative”**: in respect of the Additional Pari Passu Obligations, the Person identified as such by the Company to the Collateral Agent in Schedule 7 or pursuant to a notice delivered in accordance with the terms hereof.

**“Holders”**: in respect of the Additional Pari Passu Obligations, the holders of the Additional Pari Passu Obligations (including, when the context permits, any agent or trustee acting on behalf of such holders).

**“Intellectual Property”**: the collective reference to all rights, priorities and privileges relating to intellectual property, arising under United States laws, including, without limitation, the Copyrights, the Copyright Licenses, the Patents, the Patent Licenses, the Trademarks and the Trademark Licenses, and all rights to sue at law or in equity for any infringement or other impairment thereof, including the right to receive all proceeds and damages therefrom.

**“Issuers”**: the collective reference to each issuer of any Pledged Stock.

**“New York UCC”**: the Uniform Commercial Code as from time to time in effect in the State of New York.

**"1995 Indenture Collateral"**: as defined in the Shared Collateral Agreement.

**"1995 Indenture Material Subsidiary"**: as defined in the Shared Collateral Agreement.

**"1999 Indenture Material Subsidiary"**: as defined in the Shared Collateral Agreement.

**"1995 Indenture Principal Property Subsidiary"**: as defined in the Shared Collateral Agreement.

**"Patents"**: (i) all letters patent of the United States, all reissues and extensions thereof and all goodwill associated therewith, including, without limitation, any of the foregoing referred to in Schedule 6, (ii) all applications for letters patent of the United States and all divisions, continuations and continuations-in-part thereof, including, without limitation, any of the foregoing referred to in Schedule 6, and (iii) all rights to obtain any reissues or extensions of the foregoing.

**"Patent License"**: all agreements, whether written or oral, providing for the grant by or to any Grantor of any right to manufacture, use or sell any invention covered in whole or in part by a Patent, including, without limitation, any of the foregoing referred to in Schedule 6.

**"Pledged Stock"**: the shares of Capital Stock listed on Schedule 2, together with any other shares, stock certificates, options, interests or rights of any nature whatsoever in respect of the Capital Stock of any Material Subsidiary or any Receivables Entity that may be issued or granted to, or held by, any Grantor while this Agreement is in effect; provided that in no event shall more than 66-2/3% of the total outstanding Foreign Subsidiary Voting Stock of any Foreign Subsidiary be required to be pledged hereunder.

**"Proceeds"**: all "proceeds" as such term is defined in Section 9-102(a)(64) of the New York UCC and, in any event, shall include, without limitation, all dividends or other income from the Pledged Stock, collections thereon or distributions or payments with respect thereto.

**"Receivable"**: any right to payment for goods sold or leased or for services rendered, whether or not such right is evidenced by an Instrument or Chattel Paper and whether or not it has been earned by performance (including, without limitation, any Account).

**"Receivables Collateral"**: Receivables which constitute Collateral.

**"Receivables Entity Indebtedness"**: any Indebtedness of any Receivables Entity owed to any Grantor.

**"Secured Obligations"**: the collective reference to the Credit Agreement Obligations and the Additional Pari Passu Obligations.

**“Secured Parties”**: the collective reference to (a) the Collateral Agent, (b) the Administrative Agent, (c) the Lenders and (d) the Holders.

**“Securities Act”**: the Securities Act of 1933, as amended.

**“Shared Collateral”**: the collective reference to all “Collateral”, as such term is defined in the Shared Collateral Agreement.

**“Shared Collateral Agreement”**: the Guarantee and Shared Collateral Agreement, dated as of November 2, 2001, made by the grantors party thereto in favor of the Collateral Agent, as the same may from time to time be amended, supplemented or otherwise modified.

**“Trademarks”**: (i) all trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos and other source or business identifiers, and all goodwill associated therewith, now existing or hereafter adopted or acquired, all registrations and recordings thereof, and all applications in connection therewith, whether in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof, or otherwise, and all common-law rights related thereto, including, without limitation, any of the foregoing referred to in Schedule 6, and (ii) the right to obtain all renewals thereof.

**“Trademark License”**: any agreement, whether written or oral, providing for the grant by or to any Grantor of any right to use any Trademark, including, without limitation, any of the foregoing referred to in Schedule 6.

**“Transferred Receivables”**: Receivables (including, without limitation, Documents and Instruments and Proceeds thereof) that are sold, contributed or otherwise transferred in connection with a Qualified Receivables Transaction entered into in accordance with the Credit Agreement.

1.2 **Other Definitional Provisions.** (a) The words “hereof,” “herein,” “hereto” and “hereunder” and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and Section and Schedule references are to this Agreement unless otherwise specified.

(b) The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms.

(c) Where the context requires, terms relating to the Collateral or any part thereof, when used in relation to a Grantor, shall refer to such Grantor’s Collateral or the relevant part thereof.

## SECTION 2. GUARANTEE

2.1 **Guarantee.** (a) Each of the Guarantors hereby, jointly and severally, unconditionally and irrevocably, guarantees to the Collateral Agent, for the ratable benefit of the Administrative Agent, the Lenders and their respective successors, indorsees, transferees and



assigns, the prompt and complete payment and performance by the Company and each Subsidiary Borrower when due (whether at the stated maturity, by acceleration or otherwise) of the Borrower Obligations.

(b) Anything herein or in any other Loan Document to the contrary notwithstanding, the maximum liability of each Guarantor hereunder and under the other Loan Documents shall in no event exceed the amount which can be guaranteed by such Guarantor under applicable federal and state laws relating to the insolvency of debtors (after giving effect to the right of contribution established in Section 2.2).

(c) Each Guarantor agrees that the Borrower Obligations may at any time and from time to time exceed the amount of the liability of such Guarantor hereunder without impairing the guarantee contained in this Section 2 or affecting the rights and remedies of the Collateral Agent, the Administrative Agent or any Lender hereunder.

(d) The guarantee contained in this Section 2 shall remain in full force and effect until all the Borrower Obligations and the obligations of each Guarantor under the guarantee contained in this Section 2 shall have been satisfied by payment in full, no Letter of Credit shall be outstanding (unless such Letter of Credit shall have been cash collateralized or otherwise supported in a manner satisfactory to the Collateral Agent) and the Revolving Commitments shall be terminated, notwithstanding that from time to time during the term of the Credit Agreement the Company or any Subsidiary Borrower may be free from any Borrower Obligations.

(e) No payment made by the Company, any Subsidiary Borrower, any of the Guarantors, any other guarantor or any other Person or received or collected by the Collateral Agent or any Lender from the Company, any Subsidiary Borrower, any of the Guarantors, any other guarantor or any other Person by virtue of any action or proceeding or any set-off or appropriation or application at any time or from time to time in reduction of or in payment of the Borrower Obligations shall be deemed to modify, reduce, release or otherwise affect the liability of any Guarantor hereunder which shall, notwithstanding any such payment (other than any payment made by such Guarantor in respect of the Borrower Obligations or any payment received or collected from such Guarantor in respect of the Borrower Obligations), remain liable for the Borrower Obligations up to the maximum liability of such Guarantor hereunder until the Borrower Obligations are paid in full, no Letter of Credit shall be outstanding (unless such Letter of Credit shall have been cash collateralized or otherwise supported in a manner satisfactory to the Collateral Agent) and the Revolving Commitments are terminated.

2.2 Right of Contribution. Each Guarantor hereby agrees that to the extent that a Guarantor shall have paid more than its proportionate share of any payment made hereunder, such Guarantor shall be entitled to seek and receive contribution from and against any other Guarantor hereunder which has not paid its proportionate share of such payment. Each Guarantor's right of contribution shall be subject to the terms and conditions of Section 2.3. The provisions of this Section 2.2 shall in no respect limit the obligations and liabilities of any Guarantor to the Collateral Agent and the Lenders, and each Guarantor shall remain liable to the Collateral Agent and the Lenders for the full amount guaranteed by such Guarantor hereunder.

2.3 No Subrogation. Notwithstanding any payment made by any Guarantor hereunder or any set-off or application of funds of any Guarantor by the Collateral Agent or any Lender, no Guarantor shall be entitled to be subrogated to any of the rights of the Collateral Agent or any Lender against the Company, any Subsidiary Borrower or any other Guarantor or any collateral security or guarantee or right of offset held by the Collateral Agent or any Lender for the payment of the Borrower Obligations, nor shall any Guarantor seek or be entitled to seek any contribution or reimbursement from the Company, any Subsidiary Borrower or any other Guarantor in respect of payments made by such Guarantor hereunder, until all amounts owing to the Collateral Agent and the Lenders by the Company and each Subsidiary Borrower on account of the Borrower Obligations are paid in full, no Letter of Credit shall be outstanding (unless such Letter of Credit shall have been cash collateralized or otherwise supported in a manner satisfactory to the Collateral Agent) and the Revolving Commitments are terminated. If any amount shall be paid to any Guarantor on account of such subrogation rights at any time when all of the Borrower Obligations shall not have been paid in full, such amount shall be held by such Guarantor in trust for the Collateral Agent and the Lenders, segregated from other funds of such Guarantor, and shall, forthwith upon receipt by such Guarantor, be turned over to the Collateral Agent in the exact form received by such Guarantor (duly indorsed by such Guarantor to the Collateral Agent, if required), to be applied against the Borrower Obligations, whether matured or unmatured, in such order as the Collateral Agent may determine.

2.4 Amendments, etc. with respect to the Borrower Obligations. Each Guarantor shall remain obligated hereunder notwithstanding that, without any reservation of rights against any Guarantor and without notice to or further assent by any Guarantor, any demand for payment of any of the Borrower Obligations made by the Collateral Agent or any Lender may be rescinded by the Collateral Agent or such Lender and any of the Borrower Obligations continued, and the Borrower Obligations, or the liability of any other Person upon or for any part thereof, or any collateral security or guarantee therefor or right of offset with respect thereto, may, from time to time, in whole or in part, be renewed, extended, amended, modified, accelerated, compromised, waived, surrendered or released by the Collateral Agent or any Lender, and the Credit Agreement and the other Loan Documents and any other documents executed and delivered in connection therewith may be amended, modified, supplemented or terminated pursuant to the terms thereof, in whole or in part, as the Collateral Agent (or the Administrative Agent, the Required Lenders or all Lenders, as the case may be) may deem advisable from time to time, and any collateral security, guarantee or right of offset at any time held by the Collateral Agent or any Lender for the payment of the Borrower Obligations may be sold, exchanged, waived, surrendered or released pursuant to the terms thereof. Neither the Collateral Agent nor any Lender shall have any obligation to any Grantor to protect, secure, perfect or insure any Lien at any time held by it as security for the Borrower Obligations or for the guarantee contained in this Section 2 or any property subject thereto.

2.5 Guarantee Absolute and Unconditional. Each Guarantor waives any and all notice of the creation, renewal, extension or accrual of any of the Borrower Obligations and notice of or proof of reliance by the Collateral Agent or any Lender upon the guarantee contained in this Section 2 or acceptance of the guarantee contained in this Section 2; the Borrower Obligations, and any of them, shall conclusively be deemed to have been created, contracted or incurred, or renewed, extended, amended or waived, in reliance upon the guarantee contained in this Section 2; and all dealings between the Company, the Subsidiary Borrowers and any of the

Guarantors, on the one hand, and the Collateral Agent and the Lenders, on the other hand, likewise shall be conclusively presumed to have been had or consummated in reliance upon the guarantee contained in this Section 2. Each Guarantor waives diligence, presentment, protest, demand for payment and notice of default or nonpayment to or upon the Company, any Subsidiary Borrower or any of the Guarantors with respect to the Borrower Obligations. To the fullest extent permitted by applicable law, each Guarantor understands and agrees that the guarantee contained in this Section 2 shall be construed as a continuing, absolute and unconditional guarantee of payment without regard to (a) the validity or enforceability of the Credit Agreement or any other Loan Document, any of the Borrower Obligations or any other collateral security therefor or guarantee or right of offset with respect thereto at any time or from time to time held by the Collateral Agent or any Lender, (b) any defense, set-off or counterclaim (other than a defense of payment or performance) which may at any time be available to or be asserted by the Company, any Subsidiary Borrower or any other Person against the Collateral Agent or any Lender (provided that the foregoing shall not constitute a waiver of any defense or counterclaim that such Person may have), or (c) any other circumstance whatsoever (with or without notice to or knowledge of the Company, such Subsidiary Borrower or such Guarantor) which constitutes, or might be construed to constitute, an equitable or legal discharge of the Company or any Subsidiary Borrower for the Borrower Obligations, or of such Guarantor under the guarantee contained in this Section 2, in bankruptcy or in any other instance. When making any demand hereunder or otherwise pursuing its rights and remedies hereunder against any Guarantor, the Collateral Agent or any Lender may, but shall be under no obligation to, make a similar demand on or otherwise pursue such rights and remedies as it may have against the Company, any other Guarantor or any Subsidiary Borrower or any other Person or against any collateral security or guarantee for the Borrower Obligations or any right of offset with respect thereto, and any failure by the Collateral Agent or any Lender to make any such demand, to pursue such other rights or remedies or to collect any payments from the Company, any other Guarantor, any Subsidiary Borrower or any other Person or to realize upon any such collateral security or guarantee or to exercise any such right of offset, or any release of the Company, any other Guarantor, any Subsidiary Borrower or any other Person or any such collateral security, guarantee or right of offset, shall not relieve any Guarantor of any obligation or liability hereunder, and shall not impair or affect the rights and remedies, whether express, implied or available as a matter of law, of the Collateral Agent or any Lender against any Guarantor. For the purposes hereof "demand" shall include the commencement and continuance of any legal proceedings.

2.6 Reinstatement. To the fullest extent permitted by applicable law, the guarantee contained in this Section 2 shall continue to be effective, or be reinstated, as the case may be, if at any time payment, or any part thereof, of any of the Borrower Obligations is rescinded or must otherwise be restored or returned by the Collateral Agent or any Lender upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of the Company, any Subsidiary Borrower or any Guarantor, or upon or as a result of the appointment of a receiver, intervenor or conservator of, or trustee or similar officer for, the Company, any Subsidiary Borrower or any Guarantor or any substantial part of its property, or otherwise, all as though such payments had not been made.

2.7 Payments. Each Guarantor hereby guarantees that payments hereunder will be paid to the Collateral Agent without set-off or counterclaim in Dollars at the office of the Collateral Agent located at 270 Park Avenue, New York, New York 10017.

### SECTION 3. GRANT OF SECURITY INTEREST

Each Grantor hereby assigns and transfers to the Collateral Agent, and hereby grants to the Collateral Agent, for the ratable benefit of the Secured Parties, a security interest in, all of the following property now owned or at any time hereafter acquired by such Grantor or in which such Grantor now has or at any time in the future may acquire any right, title or interest (collectively, the "Collateral"), as collateral security for the prompt and complete payment and performance when due (whether at the stated maturity, by acceleration or otherwise) of the Secured Obligations:

- (a) all Receivables;
- (b) all Intellectual Property;
- (c) all Inventory;
- (d) all Pledged Stock;
- (e) all Receivables Entity Indebtedness;
- (e) all Documents, Instruments and General Intangibles related to or evidencing any of the foregoing;
- (f) all books and records pertaining to the Collateral; and
- (g) to the extent not otherwise included, all Proceeds, Supporting Obligations and products of any and all of the foregoing and all collateral security and guarantees given by any Person with respect to any of the foregoing;

provided, however, the Collateral shall not include:

(i) rights of any Grantor in respect of any Intellectual Property, General Intangible or Supporting Obligations to the extent such Intellectual Property, General Intangible or Supporting Obligations by its terms, by the terms of any related agreement with a Person other than a Subsidiary or by the terms of any applicable law under which it arises (A) validly prohibits the creation of a security interest therein by such Grantor, (B) validly requires the consent of any third party to the creation of a security interest therein or (C) validly gives rise to any right of termination or default remedy by reason of the creation of a security interest therein;

(ii) rights of any Grantor in respect of property and assets which (x) are subject to a Lien permitted to be granted under Section 7.3(l), (m), (p), (s), (u) or (w) of the Credit Agreement and in favor of a Person other than a Subsidiary and (y) in respect of which the agreement pursuant to which such Lien arises (A) validly prohibits the creation of a Lien therein by such Grantor, (B) validly requires the consent of any third party to the creation of a Lien

therein or (C) validly gives rise to any right of termination or default remedy by reason of the creation of a Lien therein;

(iii) any Inventory located outside the United States (except to the extent a security interest therein may be perfected under the laws of the United States or any State thereof);

(iv) Transferred Receivables and (A) security interests or liens and property subject thereto purporting to secure payment of such Transferred Receivables, (B) guaranties, insurance and other arrangements supporting payment of such Transferred Receivables, (C) rights to payment and collections in respect of such Transferred Receivables, (D) books, records and similar information relating to such Transferred Receivables or the obligors thereon and (E) with respect to any such Transferred Receivables, the transferee's interest in goods the sale of which gave rise to such Transferred Receivables;

(v) any intellectual property registrations and other intellectual property, in each case to the extent arising and existing under the laws of a country other than the United States (except to the extent a security interest therein may be perfected under the laws of the United States); and

(vi) rights of any Grantor in respect of the Capital Stock of any Receivables Entity or any Receivables Entity Indebtedness to the extent that the terms of any agreement relating to the relevant Qualified Receivables Transaction (A) validly prohibit the creation of a security interest therein by such Grantor, (B) validly requires the consent of any third party to the creation of a security interest therein or (C) validly gives rise to any right of termination or default remedy by reason of the creation of a security interest therein.

#### SECTION 4. REPRESENTATIONS AND WARRANTIES

To induce the Administrative Agent and the Lenders to enter into the Credit Agreement and to induce the Lenders to make their respective extensions of credit to the Company and the Subsidiary Borrowers thereunder, each Grantor hereby represents and warrants to the Collateral Agent and each other Secured Party that:

4.1 Title; No Other Liens. Except for the security interest granted to the Collateral Agent for the ratable benefit of the Secured Parties pursuant to this Agreement and the other Liens permitted to exist on the Collateral by the Credit Agreement, such Grantor owns each item of the Collateral free and clear of any and all Liens or claims of others. No effective financing statement or other similar public notice with respect to all or any part of the Collateral is on file or of record in any public office, except such as have been filed in favor of the Collateral Agent, for the ratable benefit of the Secured Parties, pursuant to this Agreement or as are permitted by the Credit Agreement. For the avoidance of doubt, it is understood and agreed that any Grantor may, as part of its business, grant licenses to third parties to use Intellectual Property owned or developed by a Grantor. For purposes of this Agreement and the other Loan Documents, such licensing activity shall not constitute a "Lien" on such Intellectual Property.

4.2 Perfected First Priority Liens. The security interests granted pursuant to this Agreement (a) upon completion of the filings and other actions specified on Schedule 3 (which, in the case of all filings and other documents referred to on said Schedule, have been delivered to the Collateral Agent in completed and duly executed form) will constitute valid perfected security interests in all of the Collateral in favor of the Collateral Agent, for the ratable benefit of the Secured Parties, as collateral security for the Secured Obligations, enforceable in accordance with the terms hereof against all creditors of such Grantor and any Persons purporting to purchase any Collateral from such Grantor and (b) are prior to all other Liens on the Collateral in existence on the date hereof except for unrecorded Liens permitted by the Credit Agreement which have priority over the Liens on the Collateral by operation of law.

4.3 Jurisdiction of Organization; Chief Executive Office. On the date hereof, such Grantor's jurisdiction of organization, identification number from the jurisdiction of organization (if any), and the location of such Grantor's chief executive office or sole place of business or principal residence, as the case may be, are specified on Schedule 4.

4.4 Inventory. On the date hereof, the Inventory constituting Collateral (other than mobile goods) is kept in one or more of the jurisdictions locations listed on Schedule 5 (other than Inventory with an aggregate value not in excess of \$100,000).

4.5 Farm Products. None of the Collateral constitutes, or is the Proceeds of, Farm Products.

4.6 Pledged Stock. (a) The shares of Pledged Stock pledged by such Grantor hereunder constitute all the issued and outstanding shares of all classes of the Capital Stock of each Issuer owned by such Grantor or, in the case of Foreign Subsidiary Voting Stock, if less, 66-2/3% of the outstanding Foreign Subsidiary Voting Stock of each relevant Issuer.

(b) All the shares of the Pledged Stock have been duly and validly issued and are fully paid and nonassessable.

(c) Such Grantor is the record and beneficial owner of, and has good and marketable title to, the Pledged Stock pledged by it hereunder, free of any and all Liens or options in favor of, or claims of, any other Person, except the security interest created by this Agreement.

4.7 Intellectual Property. (a) Schedule 6 lists all United States patents, registered copyrights and registered trademarks owned by such Grantor in its own name on the date hereof.

(b) On the date hereof, all material patented or registered Intellectual Property is valid, subsisting, unexpired and enforceable, has not been abandoned and to such Grantor's knowledge does not infringe the intellectual property rights of any other Person.

(c) Except as set forth in Schedule 6, on the date hereof, none of the material Intellectual Property is the subject of any licensing or franchise agreement pursuant to which such Grantor is the licensor or franchisor.

(d) No holding, decision or judgment has been rendered by any Governmental Authority which would limit, cancel or question the validity of, or such Grantor's rights in, any Intellectual Property in any respect that could reasonably be expected to have a Material Adverse Effect.

(e) Except as set forth in Schedule 6, no action or proceeding is pending, or, to the knowledge of such Grantor, threatened, on the date hereof (i) seeking to limit, cancel or question the validity of any material Intellectual Property or such Grantor's ownership interest therein, or (ii) which, if adversely determined, would have a material adverse effect on the value of any material Intellectual Property.

4.8 Receivables. (a) No amount payable to such Grantor under or in connection with any Receivables Collateral is evidenced by any individual Instrument or Chattel Paper in excess of \$100,000 which has not been delivered to the Collateral Agent, to the extent required by Section 5.1.

(b) None of the obligors on any Receivables Collateral in an individual amount in excess of \$400,000 is a Governmental Authority (unless the requirements of the Federal Assignment of Claims Act have otherwise been complied with).

(c) The amounts represented by such Grantor to the Lenders from time to time as owing to such Grantor in respect of the Receivables will at such times be accurate.

## SECTION 5. COVENANTS

Each Grantor covenants and agrees with the Collateral Agent and the other Secured Parties that, from and after the date of this Agreement until the Credit Agreement Obligations shall have been paid in full, no Letter of Credit shall be outstanding (unless such Letter of Credit shall have been cash collateralized or otherwise supported in a manner satisfactory to the Collateral Agent) and the Revolving Commitments shall have terminated:

5.1 Delivery of Instruments, Certificated Securities and Chattel Paper. (a) Except as shall be sold, transferred or otherwise disposed of by any Grantor in a transaction permitted by the Credit Agreement (including without limitation by means of merger, consolidation, amalgamation or liquidation) or shall otherwise be released in accordance with the Credit Agreement, upon the occurrence and during the continuance of an Event of Default, all Instruments, Certificated Securities and Chattel Paper that evidence any amount payable under or in connection with any of the Collateral individually exceeding \$100,000 shall be promptly delivered to the Collateral Agent, duly indorsed in a manner reasonably satisfactory to the Collateral Agent, to be held as Collateral pursuant to this Agreement.

(b) Except as shall be sold, transferred or otherwise disposed of by any Grantor in a transaction permitted by the Credit Agreement (including without limitation by means of merger, consolidation, amalgamation or liquidation) or shall otherwise be released in accordance with the Credit Agreement, no Instrument, Certificated Security or Chattel Paper that evidences any amount payable under or in connection with any of the Collateral shall be delivered to any Person other than the Collateral Agent.

5.2 Maintenance of Insurance. (a) All insurance insuring the Collateral and such Grantor shall (i) provide that no cancellation, material reduction in amount or material change in coverage thereof shall be effective until at least 30 days after receipt by the Collateral Agent of written notice thereof, (ii) name the Collateral Agent as additional insured party or loss payee, (iii) if reasonably requested by the Collateral Agent, include a breach of warranty clause and (iv) be reasonably satisfactory in all other respects to the Collateral Agent.

(b) The Company shall deliver to the Collateral Agent a report of a reputable insurance broker with respect to such insurance substantially concurrently with each delivery of the Company's audited annual financial statements and such supplemental reports with respect thereto as the Collateral Agent may from time to time reasonably request.

5.3 Maintenance of Perfected Security Interest; Further Documentation.

(a) Such Grantor shall maintain the security interest created by this Agreement as a perfected security interest having at least the priority described in Section 4.2 and shall defend such security interest against the claims and demands of all Persons whomsoever, subject to the rights of such Grantor under the Loan Documents to dispose of the Collateral.

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

(c) At any time and from time to time, upon the written request of the Collateral Agent, and at the sole expense of such Grantor, such Grantor will promptly and duly execute and deliver, and have recorded, such further instruments and documents and take such further actions as the Collateral Agent may reasonably request for the purpose of obtaining or preserving the full benefits of this Agreement and of the rights and powers herein granted, including, without limitation, (i) filing any financing or continuation statements under the Uniform Commercial Code (or other similar laws) in effect in any jurisdiction with respect to the security interests created hereby and (ii) in the case of Pledged Stock and any other relevant Collateral, taking any actions necessary to enable the Collateral Agent to obtain "control" (within the meaning of the applicable Uniform Commercial Code) with respect thereto.

5.4 Notices. Such Grantor will advise the Collateral Agent promptly, in reasonable detail, of the occurrence of:

(a) any Lien (other than security interests created hereby or Liens permitted under the Credit Agreement) on any of the Collateral which would adversely affect the ability of the Collateral Agent to exercise any of its remedies hereunder; and

(b) of the occurrence of any other event which could reasonably be expected to have a material adverse effect on the aggregate value of the Collateral or on the security interests created hereby.

5.5 Pledged Stock. (a) If such Grantor shall become entitled to receive or shall receive any certificate (including, without limitation, any certificate representing a dividend



or a distribution in connection with any reclassification, increase or reduction of capital or any certificate issued in connection with any reorganization), option or rights in respect of the Capital Stock of any Issuer, whether in addition to, in substitution of, as a conversion of, or in exchange for, any shares of the Pledged Stock, or otherwise in respect thereof, such Grantor shall accept the same as the agent of the Collateral Agent and the other Secured Parties, hold the same in trust for the Collateral Agent and the other Secured Parties and deliver the same forthwith to the Collateral Agent in the exact form received, duly indorsed by such Grantor to the Collateral Agent, if required, together with an undated stock power covering such certificate duly executed in blank by such Grantor and with, if the Collateral Agent so requests, signature guaranteed, to be held by the Collateral Agent, subject to the terms hereof, as additional collateral security for the Secured Obligations. If an Event of Default shall have occurred and be continuing and the Collateral Agent, upon the request of the Required Lenders or the Administrative Agent, shall have given notice to the Grantors thereof, any sums paid upon or in respect of the Pledged Stock upon the liquidation or dissolution of any Issuer shall be paid over to the Collateral Agent to be held by it hereunder as additional collateral security for the Secured Obligations, and in case any distribution of capital shall be made on or in respect of the Pledged Stock or any property shall be distributed upon or with respect to the Pledged Stock pursuant to the recapitalization or reclassification of the capital of any Issuer or pursuant to the reorganization thereof, the property so distributed shall, unless otherwise subject to a perfected security interest in favor of the Collateral Agent, be delivered to the Collateral Agent to be held by it hereunder as additional collateral security for the Secured Obligations. If an Event of Default shall have occurred and be continuing and the Collateral Agent, upon the request of the Required Lenders or the Administrative Agent, shall have given notice to the relevant Grantor, any sums of money or property so paid or distributed in respect of the Pledged Stock shall be received by such Grantor, such Grantor shall, until such money or property is paid or delivered to the Collateral Agent, hold such money or property in trust for the Collateral Agent and the other Secured Parties, segregated from other funds of such Grantor, as additional collateral security for the Secured Obligations. The Grantors will not be obligated to comply with the provisions of this Section at any time with respect to any voting Capital Stock in a Foreign Subsidiary if and to the extent (but only to the extent) that such voting Capital Stock is excluded from the Collateral at such time pursuant to the definition of "Pledged Stock".

(b) Without the prior written consent of the Collateral Agent, such Grantor will not (i) vote to enable, or take any other action to permit, any Issuer to issue any Capital Stock of any nature or to issue any other securities convertible into or granting the right to purchase or exchange for any Capital Stock of any nature of any Issuer (except pursuant to a transaction expressly permitted by the Credit Agreement), (ii) sell, assign, transfer, exchange, or otherwise dispose of, or grant any option with respect to, the Pledged Stock or Proceeds thereof (except pursuant to a transaction expressly permitted by the Credit Agreement), (iii) create, incur or permit to exist any Lien or option in favor of, or any claim of any Person with respect to, any of the Pledged Stock or Proceeds thereof, or any interest therein, except for the security interests created by this Agreement or (iv) enter into any agreement or undertaking restricting the right or ability of such Grantor or the Collateral Agent to sell, assign or transfer any of the Pledged Stock or Proceeds thereof (except as expressly permitted by Section 7.13 of the Credit Agreement)..

(c) In the case of each Grantor which is an Issuer, such Issuer agrees that (i) it will be bound by the terms of this Agreement relating to the Pledged Stock issued by it and will

comply with such terms insofar as such terms are applicable to it, (ii) it will notify the Collateral Agent promptly in writing of the occurrence of any of the events described in Section 5.5(a) with respect to the Pledged Stock issued by it and (iii) the terms of Sections 6.3(c) and 6.7 shall apply to it, mutatis mutandis, with respect to all actions that may be required of it pursuant to Section 6.3(c) or 6.7 with respect to the Pledged Stock issued by it.

5.6 Receivables. (a) Other than in the ordinary course of business consistent with its past practice, such Grantor will not (i) grant any extension of the time of payment of more than 5% of the aggregate amount of the then outstanding Receivables Collateral, (ii) compromise or settle more than 5% of the aggregate amount of the then outstanding Receivables Collateral for less than the full amount thereof, (iii) release, wholly or partially, any Person liable for the payment of more than 5% of the aggregate amount of the then outstanding Receivables Collateral, (iv) allow any credit or discount whatsoever on more than 5% of the aggregate amount of the then outstanding Receivables Collateral or (v) amend, supplement or modify more than 5% of the aggregate amount of the then outstanding Receivables Collateral in any manner that could adversely affect the value thereof.

(b) Such Grantor will deliver to the Collateral Agent a copy of each material demand, notice or document received by it that questions or calls into doubt the validity or enforceability of more than 5% of the aggregate amount of the then outstanding Receivables Collateral.

5.7 Intellectual Property. (a) Such Grantor (either itself or through licensees) will, except where the failure to do so could not reasonably be expected to have a Material Adverse Effect, (i) continue to use each registered Trademark on each and every trademark class of goods applicable to its current line as reflected in its current catalogs, brochures and price lists in order to maintain such Trademark in full force free from any claim of abandonment for non-use, (ii) maintain as in the past the quality of products and services offered under such Trademark, (iii) use such Trademark with the appropriate notice of registration and all other notices and legends required by applicable Requirements of Law, (iv) not adopt or use any mark which is confusingly similar or a colorable imitation of such Trademark unless the Collateral Agent, for the ratable benefit of the Secured Parties, shall obtain a perfected security interest in such mark pursuant to this Agreement, and (v) not (and not permit any licensee or sublicensee thereof to) do any act or knowingly omit to do any act whereby such Trademark may become invalidated.

(b) Such Grantor (either itself or through licensees) will not do any act, or omit to do any act, whereby any Patent may become forfeited, abandoned or dedicated to the public, except where the failure to do so could not reasonably be expected to have a Material Adverse Effect.

(c) Notwithstanding anything to the contrary, any breach of clauses (a) or (b) of this Section 5.7 by a licensee shall not be a breach by any Grantor if the terms of the license granted to such licensee prohibit or require the licensee to abide by the acts set forth therein and such Grantor is diligently taking all reasonable action to cause such licensee to comply with the terms of such licensee.

(d) Such Grantor (either itself or through licensees) will not (and will not permit any licensee or sublicensee thereof to) do any act or knowingly omit to do any act whereby any portion of the Copyrights may become invalidated or fall into the public domain, except where such act or failure to act could not reasonably be expected to have a Material Adverse Effect. Such Grantor will not (either itself or through licensees) do any act whereby any material portion of the Copyrights may fall into the public domain.

(e) Such Grantor (either itself or through licensees) will not do any act that knowingly uses any material Intellectual Property to infringe the intellectual property rights of any other Person.

(f) Such Grantor will timely notify the Collateral Agent if it knows, or has reason to know, that any application or registration relating to any Intellectual Property may become abandoned or dedicated to the public, or of any adverse determination or development (including, without limitation, the institution of, or any such determination or development in, any proceeding in the United States Patent and Trademark Office, the United States Copyright Office or any court or tribunal in any country) regarding such Grantor's ownership of, or the validity of, any Intellectual Property or such Grantor's right to register the same or to own and maintain the same, if such could reasonably be expected to have a Material Adverse Effect.

(g) Upon request of the Collateral Agent, such Grantor shall execute and deliver, and have recorded, any and all agreements, instruments, documents, and papers as the Collateral Agent may reasonably request to evidence the Collateral Agent's and the other Secured Parties' security interest in Collateral constituting any copyright, Patent or trademark registration or application and the goodwill and general intangibles of such Grantor relating thereto or represented thereby.

(h) Such Grantor will take all reasonable and necessary steps, including, without limitation, in any proceeding before the United States Patent and Trademark Office, the United States Copyright Office or any similar office or agency in any other country or any political subdivision thereof, to maintain and pursue each application (and to obtain the relevant registration) and to maintain each registration of the Intellectual Property, including, without limitation, filing of applications for renewal, affidavits of use and affidavits of incontestability, except where such act or failure to act could not reasonably be expected to have a Material Adverse Effect.

(i) In the event that any material Intellectual Property is infringed, misappropriated or diluted by a third party, such Grantor shall (i) take such actions as such Grantor shall reasonably deem appropriate under the circumstances to protect such Intellectual Property, including, without limitation, recovering any and all damages for such infringement, misappropriation or dilution and (ii) if such Intellectual Property is of material economic value, promptly notify the Collateral Agent after it learns thereof and sue for infringement, misappropriation or dilution and seek injunctive relief as appropriate.

5.8 Changes in Locations, Name, etc. Such Grantor will not, except upon at least 15 days' prior written notice to the Collateral Agent and delivery to the Collateral Agent of all additional executed financing statements and other documents reasonably requested by the

Collateral Agent to maintain the validity, perfection and priority of the security interests provided for herein:

(i) change its jurisdiction of organization or the location of its chief executive office or sole place of business or principal residence from that referred to in Section 4.3; or

(ii) change its name.

5.9 1999 Indenture Material Subsidiaries, 1995 Indenture Material Subsidiaries and 1995 Indenture Principal Property Subsidiaries. (a) If such Grantor is or becomes a 1999 Indenture Material Subsidiary and the Collateral of such Grantor is or becomes part of the Shared Collateral pursuant to the Shared Collateral Agreement, then, for so long as such Grantor remains a 1999 Indenture Material Subsidiary and the Collateral of such Grantor remains part of the Shared Collateral pursuant to the Shared Collateral Agreement, the Collateral of such Grantor shall be part of the Shared Collateral and shall be subject to the Shared Collateral Agreement and the Collateral Sharing Agreement.

(b) If such Grantor is or becomes a 1995 Indenture Material Subsidiary and the Collateral of such Grantor is or becomes part of the Shared Collateral pursuant to the Shared Collateral Agreement, then, for so long as such Grantor remains a 1995 Indenture Material Subsidiary and the Collateral of such Grantor remains part of the Shared Collateral pursuant to the Shared Collateral Agreement, the Collateral of such Grantor shall be part of the Shared Collateral and shall be subject to the Shared Collateral Agreement and the Collateral Sharing Agreement.

(c) If any Issuer is or becomes a 1995 Indenture Principal Property Subsidiary and such Issuer's Capital Stock is or becomes part of the Shared Collateral pursuant to the Shared Collateral Agreement, then, for so long as such Issuer remains a 1995 Indenture Principal Property Subsidiary and such Issuer's Capital Stock remains part of the Shared Collateral pursuant to the Shared Collateral Agreement, the Pledged Stock of such Issuer shall be part of the Shared Collateral and shall be subject to the Shared Collateral Agreement and the Collateral Sharing Agreement.

5.10 Negative Pledge Clauses. Except as otherwise permitted by Section 7.12 of the Credit Agreement, such Grantor will use reasonable efforts to cause any agreement with respect to Intellectual Property, General Intangibles and Supporting Obligations entered into after the date hereof not to contain any provision that (A) prohibits the creation of a Lien by such Grantor in such property, (B) validly requires the consent of any third party to the creation of a Lien in such property or (C) validly gives rise to any right of termination or default remedy by reason of the creation of a Lien in such property.

## SECTION 6. REMEDIAL PROVISIONS

6.1 Certain Matters Relating to Receivables. (a) From time to time after the occurrence and during the continuance of an Event of Default, upon the Collateral Agent's request and at the expense of the relevant Grantor, such Grantor shall cause independent public accountants or others satisfactory to the Collateral Agent to furnish to the Collateral Agent

reports showing reconciliations, aging and test verifications of, and trial balances for, the Receivables.

(b) The Collateral Agent hereby authorizes each Grantor to collect such Grantor's Receivables Collateral, and the Collateral Agent may curtail or terminate said authority at any time after the occurrence and during the continuance of an Event of Default upon the request of the Required Lenders or the Administrative Agent. If required by the Collateral Agent, upon the request of the Required Lenders, or the Administrative Agent at any time after the occurrence and during the continuance of an Event of Default, any payments of Receivables Collateral, when collected by any Grantor, (i) shall be forthwith (and, in any event, within two Business Days) deposited by such Grantor in the exact form received, duly indorsed by such Grantor to the Collateral Agent if required, in a Collateral Account maintained under the sole dominion and control of the Collateral Agent, subject to withdrawal by the Collateral Agent for the account of the Secured Parties only as provided in Section 6.5, and (ii) until so turned over, shall be held by such Grantor in trust for the Collateral Agent and the other Secured Parties, segregated from other funds of such Grantor. Each such deposit of Proceeds of Receivables Collateral shall be accompanied by a report identifying in reasonable detail the nature and source of the payments included in the deposit.

(c) Upon the occurrence and during the continuance of an Event of Default, at the Collateral Agent's request, each Grantor shall deliver to the Collateral Agent all original and other documents evidencing, and relating to, the agreements and transactions which gave rise to the Receivables, including, without limitation, all original orders, invoices and shipping receipts.

6.2 Communications with Obligors; Grantors Remain Liable. (a) The Collateral Agent in its own name or in the name of others may at any time after the occurrence and during the continuance of an Event of Default communicate with obligors under the Receivables Collateral to verify with them to the Collateral Agent's satisfaction the existence, amount and terms of any Receivables Collateral.

(b) Upon the request of the Collateral Agent, at the direction of the Required Lenders, at any time after the occurrence and during the continuance of an Event of Default, each Grantor shall notify obligors on the Receivables Collateral that the Receivables Collateral have been assigned to the Collateral Agent for the ratable benefit of the Secured Parties and that payments in respect thereof shall be made directly to the Collateral Agent.

(c) Anything herein to the contrary notwithstanding, each Grantor shall remain liable under each of the Receivables Collateral to observe and perform all the conditions and obligations to be observed and performed by it thereunder, all in accordance with the terms of any agreement giving rise thereto. Neither the Collateral Agent nor any other Secured Party shall have any obligation or liability under any Receivable Collateral (or any agreement giving rise thereto) by reason of or arising out of this Agreement or the receipt by the Collateral Agent or any other Secured Party of any payment relating thereto, nor shall the Collateral Agent or any other Secured Party be obligated in any manner to perform any of the obligations of any Grantor under or pursuant to any Receivable Collateral (or any agreement giving rise thereto), to make any payment, to make any inquiry as to the nature or the sufficiency of any payment received by it or as to the sufficiency of any performance by any party thereunder, to present or file any

claim, to take any action to enforce any performance or to collect the payment of any amounts which may have been assigned to it or to which it may be entitled at any time or times.

6.3 Pledged Stock. (a) Unless an Event of Default shall have occurred and be continuing and the Collateral Agent shall have given notice to the relevant Grantor of the Collateral Agent's intent to exercise its corresponding rights pursuant to Section 6.3(b), each Grantor shall be permitted to receive all cash dividends paid in respect of the Pledged Stock, to the extent permitted in the Credit Agreement, and to exercise all voting and corporate or other organizational rights with respect to the Pledged Stock; provided, however, that no vote shall be cast or corporate or other organizational right exercised or other action taken which would be inconsistent with or result in any violation of any provision of the Credit Agreement, this Agreement or any other Loan Document.

(b) If an Event of Default shall occur and be continuing and the Collateral Agent shall give notice of its intent to exercise such rights to the relevant Grantor or Grantors, (i) the Collateral Agent shall have the right to receive any and all cash dividends, payments or other Proceeds paid in respect of the Pledged Stock and make application thereof to the Secured Obligations in accordance with Section 6.5, and (ii) to the extent permitted by law (and, in the case of a pledged partnership interests, by the relevant partnership agreement), any or all of the Pledged Stock shall be registered in the name of the Collateral Agent or its nominee, and the Collateral Agent or its nominee may thereafter exercise (x) all voting, corporate and other rights pertaining to such Pledged Stock at any meeting of shareholders of the relevant Issuer or Issuers or otherwise and (y) any and all rights of conversion, exchange and subscription and any other rights, privileges or options pertaining to such Pledged Stock as if it were the absolute owner thereof (including, without limitation, the right to exchange at its discretion any and all of the Pledged Stock upon the merger, consolidation, reorganization, recapitalization or other fundamental change in the corporate or other organizational structure of any Issuer, or upon the exercise by any Grantor or the Collateral Agent of any right, privilege or option pertaining to such Pledged Stock, and in connection therewith, the right to deposit and deliver any and all of the Pledged Stock with any committee, depository, transfer agent, registrar or other designated agency upon such terms and conditions as the Collateral Agent may determine), all without liability to the Company or any Subsidiary thereof except to account for property actually received by it, but the Collateral Agent shall have no duty to any Grantor to exercise any such right, privilege or option and shall not be responsible for any failure to do so or delay in so doing.

(c) Each Grantor hereby authorizes and instructs each Issuer of any Pledged Stock pledged by such Grantor hereunder to (i) comply with any instruction received by it from the Collateral Agent in writing that (x) states that an Event of Default has occurred and is continuing and (y) is otherwise in accordance with the terms of this Agreement, without any other or further instructions from such Grantor, and each Grantor agrees that each Issuer shall be fully protected in so complying, and (ii) unless otherwise expressly permitted hereby, pay any dividends or other payments with respect to the Pledged Stock directly to the Collateral Agent.

6.4 Proceeds to be Turned Over To Collateral Agent. In addition to the rights of the Collateral Agent and the other Secured Parties specified in Section 6.1 with respect to payments of Receivables Collateral, if an Event of Default shall occur and be continuing and the

Collateral Agent, upon the request of the Required Lenders or the Administrative Agent, shall have give notice thereof to the Grantors, all Proceeds of Collateral received by any Grantor consisting of cash, checks and other near-cash items shall be held by such Grantor in trust for the Collateral Agent and the other Secured Parties, segregated from other funds of such Grantor, and shall, forthwith upon receipt by such Grantor, be turned over to the Collateral Agent in the exact form received by such Grantor (duly indorsed by such Grantor to the Collateral Agent, if required). All Proceeds of Collateral received by the Collateral Agent hereunder shall be held by the Collateral Agent in a Collateral Account maintained under its sole dominion and control. All Proceeds of Collateral while held by the Collateral Agent in a Collateral Account (or by such Grantor in trust for the Collateral Agent and the other Secured Parties) shall continue to be held as collateral security for all the Secured Obligations and shall not constitute payment thereof until applied as provided in Section 6.5.

**6.5 Application of Proceeds.** Subject to Section 5.9:

(a) The Collateral Agent shall have the right at any time to apply moneys held by it in the Collateral Account to the payment of due and unpaid Collateral Agent Fees.

(b) All remaining moneys held by the Collateral Agent in the Collateral Account or received by the Collateral Agent with respect to the Collateral shall, to the extent available for distribution (it being understood that the Collateral Agent may liquidate investments prior to maturity in order to make a distribution pursuant to this Section 6.5), be distributed by the Collateral Agent on each Distribution Date in the following order of priority:

First: to the Collateral Agent for any unpaid Collateral Agent Fees and then to any Secured Party which has theretofore advanced or paid any Collateral Agent Fees constituting administrative expenses allowable under Section 503(b) of the Bankruptcy Code, an amount equal to the amount thereof so advanced or paid by such Secured Party and for which such Secured Party has not been reimbursed prior to such Distribution Date, and, if such moneys shall be insufficient to pay such amounts in full, then ratably (without priority of any one over any other) to such Secured Parties in proportion to the amounts of such Collateral Agent Fees advanced by the respective Secured Parties and remaining unpaid on such Distribution Date;

Second: to any Secured Party which has theretofore advanced or paid any Collateral Agent Fees other than such administrative expenses, an amount equal to the amount thereof so advanced or paid by such Secured Party and for which such Secured Party has not been reimbursed prior to such Distribution Date, and, if such moneys shall be insufficient to pay such amounts in full, then ratably (without priority of any one over any other) to such Secured Parties in proportion to the amounts of such Collateral Agent Fees advanced by the respective Secured Parties and remaining unpaid on such Distribution Date;

Third: to the Secured Parties in an amount equal to the unpaid principal, interest, premium, fees and other charges in respect of the Secured Obligations then outstanding whether or not then due and payable, and, if such moneys shall be insufficient to pay such

amounts in full, then ratably (without priority of any one over any other) to such Secured Parties in proportion to the unpaid amounts thereof on such Distribution Date;

Fourth: to the Secured Parties, amounts equal to all other sums which constitute Secured Obligations, including without limitation the costs and expenses of such Secured Parties and their representatives which are due and payable under the Loan Documents or the Additional Pari Passu Documents, as applicable, and which constitute Secured Obligations as of such Distribution Date, and, if such moneys shall be insufficient to pay such amounts in full, then ratably to such Secured Parties in proportion to the unpaid amounts thereof on such Distribution Date; and

Fifth: after the Additional Pari Passu Obligations and the Credit Agreement Obligations have been paid in full, the Revolving Commitments have been terminated and no Letters of Credit shall be outstanding (unless such Letters of Credit shall have been cash collateralized or otherwise supported in a manner satisfactory to the Collateral Agent), any surplus then remaining shall be paid to the Grantors or their successors or assigns or to whomsoever may be lawfully entitled to receive the same or as a court of competent jurisdiction may direct.

(c) The term "unpaid" as used in clause Third of Section 6.5(b) refers:

(i) in the absence of a bankruptcy proceeding with respect to the relevant Grantor(s), to all amounts of Additional Pari Passu Obligations or Credit Agreement Obligations, as the case may be, outstanding as of a Distribution Date, and

(ii) during the pendency of a bankruptcy proceeding with respect to the relevant Grantor(s), to all amounts allowed by the bankruptcy court in respect of Additional Pari Passu Obligations or Credit Agreement Obligations, as the case may be, as a basis for distribution (including estimated amounts, if any, allowed in respect of contingent claims),

to the extent that prior distributions have not been made in respect thereof.

(d) The Collateral Agent shall make all payments and distributions under this Section 6.5: (i) on account of Credit Agreement Obligations to the Administrative Agent, pursuant to directions of the Administrative Agent, for re-distribution in accordance with the provisions of the Credit Agreement; and (ii) on account of the Additional Pari Passu Obligations, to the applicable Holder Representative, for re-distribution in accordance with the provisions of the applicable Additional Pari Passu Documents.

6.6 Code and Other Remedies. If an Event of Default shall occur and be continuing, the Collateral Agent, upon the request of the Required Lenders or the Administrative Agent, on behalf of the Secured Parties, may exercise, in addition to all other rights and remedies granted to them in this Agreement and in any other instrument or agreement securing, evidencing or relating to the Secured Obligations, all rights and remedies of a secured party under the New York UCC or any other applicable law. Without limiting the generality of the foregoing, the Collateral Agent, without demand of performance or other demand, presentment, protest, advertisement or notice of any kind (except any notice provided in the Loan Documents or



required by law referred to below) to or upon any Grantor or any other Person (all and each of which demands, defenses, advertisements and notices are hereby waived), may in such circumstances forthwith collect, receive, appropriate and realize upon the Collateral, or any part thereof, and/or may forthwith sell, lease, assign, give option or options to purchase, or otherwise dispose of and deliver the Collateral or any part thereof (or contract to do any of the foregoing), in one or more parcels at public or private sale or sales, at any exchange, broker's board or office of the Collateral Agent or any other Secured Party or elsewhere upon such terms and conditions as it may deem advisable and at such prices as it may deem best, for cash or on credit or for future delivery without assumption of any credit risk. The Collateral Agent or any other Secured Party shall have the right upon any such public sale or sales, and, to the extent permitted by law, upon any such private sale or sales, to purchase the whole or any part of the Collateral so sold, free of any right or equity of redemption in any Grantor, which right or equity is hereby waived and released. Each Grantor further agrees, at the Collateral Agent's request, to assemble the Collateral and make it available to the Collateral Agent at places which the Collateral Agent shall reasonably select, whether at such Grantor's premises or elsewhere. The Collateral Agent shall apply the net proceeds of any action taken by it pursuant to this Section 6.6, after deducting all reasonable costs and expenses of every kind incurred in connection therewith or incidental to the care or safekeeping of any of the Collateral or in any way relating to the Collateral or the rights of the Collateral Agent and the other Secured Parties hereunder, including, without limitation, reasonable attorneys' fees and disbursements, to the payment in whole or in part of the Secured Obligations, in accordance with Section 6.5, and only after such application and after the payment by the Collateral Agent of any other amount required by any provision of law, including, without limitation, Section 9-615(a)(3) of the New York UCC, need the Collateral Agent account for the surplus, if any, to any Grantor. To the extent permitted by applicable law, each Grantor waives all claims, damages and demands it may acquire against the Collateral Agent or any other Secured Party arising out of the exercise by them of any rights hereunder. If any notice of a proposed sale or other disposition of Collateral shall be required by law, such notice shall be deemed reasonable and proper if given at least 10 days before such sale or other disposition.

6.7 Registration Rights. (a) If the Collateral Agent shall determine to exercise its right to sell any or all of the Pledged Stock pursuant to Section 6.6, and if in the reasonable opinion of the Collateral Agent it is necessary or advisable to have the Pledged Stock, or that portion thereof to be sold, registered under the provisions of the Securities Act, the relevant Grantor will cause the Issuer thereof to (i) execute and deliver, and cause the directors and officers of such Issuer to execute and deliver, all such instruments and documents, and do or cause to be done all such other acts as may be, in the reasonable opinion of the Collateral Agent, necessary or advisable to register the Pledged Stock, or that portion thereof to be sold, under the provisions of the Securities Act, (ii) use its best efforts to cause the registration statement relating thereto to become effective and to remain effective for a period of one year from the date of the first public offering of the Pledged Stock, or that portion thereof to be sold, and (iii) make all amendments thereto and/or to the related prospectus which, in the reasonable opinion of the Collateral Agent, are necessary or advisable, all in conformity with the requirements of the Securities Act and the rules and regulations of the Securities and Exchange Commission applicable thereto. Each Grantor agrees to cause such Issuer to comply with the provisions of the securities or "Blue Sky" laws of any and all jurisdictions which the Collateral Agent shall designate and to make available to its security holders, as soon as practicable, an earnings

statement (which need not be audited) which will satisfy the provisions of Section 11(a) of the Securities Act.

(b) Each Grantor recognizes that the Collateral Agent may be unable to effect a public sale of any or all the Pledged Stock, by reason of certain prohibitions contained in the Securities Act and applicable state securities laws or otherwise, and may be compelled to resort to one or more private sales thereof to a restricted group of purchasers which will be obliged to agree, among other things, to acquire such securities for their own account for investment and not with a view to the distribution or resale thereof. Each Grantor acknowledges and agrees that any such private sale may result in prices and other terms less favorable than if such sale were a public sale and, notwithstanding such circumstances, agrees that any such private sale shall be deemed to have been made in a commercially reasonable manner. The Collateral Agent shall be under no obligation to delay a sale of any of the Pledged Stock for the period of time necessary to permit the Issuer thereof to register such securities for public sale under the Securities Act, or under applicable state securities laws, even if such Issuer would agree to do so.

(c) Each Grantor agrees to use its best efforts to do or cause to be done all such other acts as may be necessary to make such sale or sales of all or any portion of the Pledged Stock pursuant to this Section 6.7 valid and binding and in compliance with any and all other applicable Requirements of Law. Each Grantor further agrees that a breach of any of the covenants contained in this Section 6.7 will cause irreparable injury to the Collateral Agent and the other Secured Parties, that the Collateral Agent and the other Secured Parties have no adequate remedy at law in respect of such breach and, as a consequence, that each and every covenant contained in this Section 6.7 shall be specifically enforceable against such Grantor, and such Grantor hereby waives and agrees not to assert any defenses against an action for specific performance of such covenants except for a defense that no Event of Default has occurred under the Credit Agreement.

6.8 Deficiency. Each Grantor shall remain liable for any deficiency if the proceeds of any sale or other disposition of the Collateral are insufficient to pay the Secured Obligations.

## SECTION 7. THE COLLATERAL AGENT

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

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

payment of moneys due under any Receivables Collateral or with respect to any other Collateral and file any claim or take any other action or proceeding in any court of law or equity or otherwise reasonably deemed appropriate by the Collateral Agent for the purpose of collecting any and all such moneys due under any Receivable Collateral or with respect to any other Collateral whenever payable;

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

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

(iv) execute, in connection with any sale provided for in Section 6.6 or 6.7, any indorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral; and

(v) (1) direct any party liable for any payment under any of the Collateral to make payment of any and all moneys due or to become due thereunder directly to the Collateral Agent or as the Collateral Agent shall direct; (2) ask or demand for, collect, and receive payment of and receipt for, any and all moneys, claims and other amounts due or to become due at any time in respect of or arising out of any Collateral; (3) sign and indorse any invoices, freight or express bills, bills of lading, storage or warehouse receipts, drafts against debtors, assignments, verifications, notices and other documents in connection with any of the Collateral; (4) commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect the Collateral or any portion thereof and to enforce any other right in respect of any Collateral; (5) defend any suit, action or proceeding brought against such Grantor with respect to any Collateral; (6) settle, compromise or adjust any such suit, action or proceeding and, in connection therewith, give such discharges or releases as the Collateral Agent may deem appropriate; (7) assign any Copyright, Patent or Trademark (along with the goodwill of the business to which any such Copyright, Patent or Trademark pertains), throughout the world for such term or terms, on such conditions, and in such manner, as the Collateral Agent shall in its sole discretion determine; and (8) generally, sell, transfer, pledge and make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though the Collateral Agent were the absolute owner thereof for all purposes, and do, at the Collateral Agent's option and such Grantor's expense, at any time, or from time to time, all acts and things which the Collateral Agent deems necessary to protect, preserve or realize upon the Collateral and the Collateral Agent's and the other Secured Parties' security interests therein and to effect the intent of this Agreement, all as fully and effectively as such Grantor might do.

Anything in this Section 7.1(a) to the contrary notwithstanding, the Collateral Agent agrees that it will not exercise any rights under the power of attorney provided for in this Section 7.1(a) unless an Event of Default shall have occurred and be continuing.

(b) If any Grantor fails to perform or comply with any of its agreements contained herein, the Collateral Agent, at its option, but without any obligation so to do, may, upon prior written notice to such Grantor, perform or comply, or otherwise cause performance or compliance, with such agreement.

(c) The reasonable expenses of the Collateral Agent incurred in connection with actions undertaken as provided in this Section 7.1, together with interest thereon at the rate per annum set forth in Section 3.5(c)(ii) the Credit Agreement, from the date of payment by the Collateral Agent to the date reimbursed by the relevant Grantor, shall be payable by such Grantor to the Collateral Agent on demand.

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

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

7.3 Execution of Financing Statements. Pursuant to any applicable law, each Grantor authorizes the Collateral Agent to file or record financing statements and other filing or recording documents or instruments with respect to the Collateral without the signature of such Grantor in such form and in such offices as the Collateral Agent reasonably determines appropriate to perfect the security interests of the Collateral Agent under this Agreement. Each Grantor hereby ratifies and authorizes the filing by the Collateral Agent of any financing statement with respect to the Collateral made prior to the date hereof.

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

## SECTION 8. MISCELLANEOUS

8.1 Amendments in Writing. None of the terms or provisions of this Agreement may be waived, amended, supplemented or otherwise modified except in accordance with Section 11.1 of the Credit Agreement.

8.2 Notices. All notices, requests and demands to or upon the Collateral Agent hereunder shall be effected in the manner provided for in Section 11.2 of the Credit Agreement, and any such notice, request or demand to or upon any Guarantor shall be addressed to such Guarantor at its notice address set forth on Schedule 1.

8.3 No Waiver by Course of Conduct; Cumulative Remedies. Neither the Collateral Agent nor any other Secured Party shall by any act (except by a written instrument pursuant to Section 8.1), delay, indulgence, omission or otherwise be deemed to have waived any right or remedy hereunder or to have acquiesced in any Default or Event of Default. No failure to exercise, nor any delay in exercising, on the part of the Collateral Agent or any other Secured Party, any right, power or privilege hereunder shall operate as a waiver thereof. No single or partial exercise of any right, power or privilege hereunder shall preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by the Collateral Agent or any other Secured Party of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which the Collateral Agent or such Secured Party would otherwise have on any future occasion. The rights and remedies herein provided are cumulative, may be exercised singly or concurrently and are not exclusive of any other rights or remedies provided by law.

8.4 Enforcement Expenses; Indemnification. (a) Each Guarantor agrees to pay or reimburse the Collateral Agent and each other Secured Party for all its reasonable costs and expenses incurred in collecting against such Guarantor under the guarantee contained in Section 2 or otherwise enforcing or preserving any rights under this Agreement and the other Loan Documents to which such Guarantor is a party, including, without limitation, the fees and disbursements of counsel to the Collateral Agent and of counsel to each other Secured Party.

(b) Each Guarantor agrees to pay, and to save the Collateral Agent and the other Secured Parties harmless from, any and all liabilities with respect to, or resulting from any delay in paying, any and all stamp, excise, sales or other similar taxes which may be payable or

determined to be payable with respect to any of the Collateral or in connection with any of the transactions contemplated by this Agreement (other than Excluded Taxes).

(c) Each Guarantor agrees to pay, and to save the Collateral Agent and the other Secured Parties harmless from, any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever with respect to the execution, delivery, enforcement, performance and administration of this Agreement to the extent the Company and the Subsidiary Borrowers would be required to do so pursuant to Section 11.5 of the Credit Agreement.

(d) The agreements in this Section 8.4 shall survive repayment of the Secured Obligations and all other amounts payable under the Credit Agreement and the other Loan Documents.

8.5 Successors and Assigns. This Agreement shall be binding upon the successors and permitted assigns of each Grantor and shall inure to the benefit of the Collateral Agent and the other Secured Parties and their successors and permitted assigns; provided that no Grantor may assign, transfer or delegate any of its rights or obligations under this Agreement without the prior written consent of the Collateral Agent.

8.6 Set-Off. Each Grantor hereby irrevocably authorizes the Collateral Agent and each Lender at any time and from time to time after the occurrence and during the continuance of an Event of Default and after the Loans shall have been declared due and payable pursuant to the provisions of Section 8 of the Credit Agreement, without notice to such Grantor or any other Grantor, any such notice being expressly waived by each Grantor, to set-off and appropriate and apply any and all deposits (general or special, time or demand, provisional or final), in any currency, and any other credits, indebtedness or claims, in any currency, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by the Collateral Agent or such Lender to or for the credit or the account of such Grantor, or any part thereof in such amounts as the Collateral Agent or such Lender may elect, against and on account of the obligations and liabilities of such Grantor to the Collateral Agent or such Lender hereunder and claims of every nature and description of the Collateral Agent or such Lender against such Grantor, in any currency, whether arising hereunder, under the Credit Agreement, any other Loan Document or otherwise, as the Collateral Agent or such Lender may elect, whether or not the Collateral Agent or any Lender has made any demand for payment and although such obligations, liabilities and claims may be contingent or unmatured. The Collateral Agent and each Lender shall notify such Grantor promptly of any such set-off and the application made by the Collateral Agent or such Lender of the proceeds thereof, provided that the failure to give such notice shall not affect the validity of such set-off and application. The rights of the Collateral Agent and each Lender under this Section 8.6 are in addition to other rights and remedies (including, without limitation, other rights of set-off) which the Collateral Agent or such Lender may have.

8.7 Counterparts. This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts (including by telecopy), and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

8.8 Severability. To the extent permitted by applicable law, 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, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

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

8.10 Integration. (a) This Agreement and the other Loan Documents represent the agreement of the Grantors, the Collateral Agent and the other Secured Parties with respect to the subject matter hereof and thereof, and there are no promises, undertakings, representations or warranties by the Collateral Agent or any other Secured Party relative to subject matter hereof and thereof not expressly set forth or referred to herein or in the other Loan Documents.

(b) By acceptance of the benefits of this Agreement, each Secured Party shall be deemed irrevocably (i) to consent to the appointment of the Collateral Agent as its agent hereunder, (ii) to confirm that the Collateral Agent shall have the authority to act as the exclusive agent of such Secured Party for enforcement of any provisions of this Agreement against any Grantor or the exercise of remedies hereunder or thereunder, (iii) to agree that such Secured Party shall not take any action to enforce any provisions of this Agreement against any Grantor or to exercise any remedy hereunder or thereunder and (iv) to agree to be bound by the terms of this Agreement.

**8.11 GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.**

8.12 Submission To Jurisdiction; Waivers. Each Grantor hereby irrevocably and unconditionally:

(a) submits for itself and its property in any legal action or proceeding relating to this Agreement and the other Loan Documents to which it is a party, or for recognition and enforcement of any judgment in respect thereof, to the non-exclusive general jurisdiction of the Courts of the State of New York, the courts of the United States of America for the Southern District of New York, and appellate courts from any thereof;

(b) consents that any such action or proceeding may be brought in such courts and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;

(c) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to such Grantor at its address referred to in Section 8.2 or at such other address of which the Collateral Agent shall have been notified pursuant thereto;

(d) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction; and

(e) waives, to the maximum extent not prohibited by law, any right it may have to claim or recover in any legal action or proceeding referred to in this Section any special, exemplary, punitive or consequential damages.

8.13 Acknowledgements. Each Grantor hereby acknowledges that:

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

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

(c) no joint venture is created hereby or by the other Loan Documents or otherwise exists by virtue of the transactions contemplated hereby among the Secured Parties or among the Grantors and the Secured Parties.

8.14 Additional Grantors. Each Subsidiary of the Company that is required to become a party to this Agreement pursuant to Section 6.9 of the Credit Agreement shall become a Grantor for all purposes of this Agreement upon execution and delivery by such Subsidiary of an Assumption Agreement in the form of Annex 1 hereto.

8.15 Releases. (a) At such time as the Loans, the Reimbursement Obligations and the other Credit Agreement Obligations (other than obligations in respect of Hedge Agreements) shall have been paid in full, the Revolving Commitments have been terminated and no Letters of Credit shall be outstanding (unless such Letters of Credit shall have been cash collateralized or otherwise supported in a manner satisfactory to the Collateral Agent), the Collateral shall be released from the Liens created hereby, and this Agreement and all obligations (other than those expressly stated to survive such termination) of the Collateral Agent and each Grantor hereunder shall terminate, all without delivery of any instrument or performance of any act by any party, and all rights to the Collateral shall revert to the Grantors. At the request and sole expense of any Grantor following any such termination, the Collateral Agent shall deliver to such Grantor any Collateral held by the Collateral Agent hereunder, and execute and deliver to such Grantor such documents as such Grantor shall reasonably request to evidence such termination.

(b) If any of the Collateral shall be sold, transferred or otherwise disposed of by any Grantor in a transaction permitted by the Credit Agreement (including without limitation by means of merger, consolidation, amalgamation or liquidation) or shall otherwise be released in accordance with the Credit Agreement, then the Collateral Agent, at the request and sole expense of such Grantor, shall execute and deliver to such Grantor all releases or other documents reasonably necessary or desirable for the release of the Liens created hereby on such Collateral.

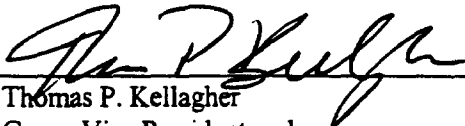


(c) If the Company requests a release of Collateral in accordance with Section 11.14 of the Credit Agreement, the Collateral Agent shall, at the request and sole expense of the Company, execute and deliver to the Company all releases or other documents required to accomplish such release.


**8.16 WAIVER OF JURY TRIAL. EACH GRANTOR HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT AND FOR ANY COUNTERCLAIM THEREIN.**

IN WITNESS WHEREOF, each of the undersigned has caused this Guarantee and Collateral Agreement to be duly executed and delivered as of the date first above written.


PENNZOIL-QUAKER STATE COMPANY

By:   
Thomas P. Kellagher  
Group Vice President and  
Chief Financial Officer

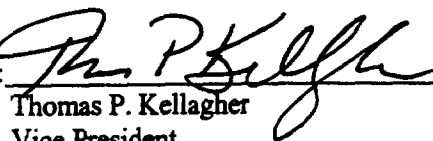
JIFFY LUBE INTERNATIONAL, INC.

By:   
Thomas P. Kellagher  
Vice President

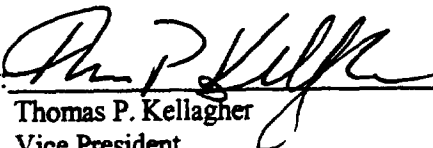
JIFFY LUBE INTERNATIONAL OF MARYLAND,  
INC.

By:   
Thomas P. Kellagher  
Vice President


Q LUBE, INC.

By:   
Thomas P. Kellagher  
Vice President


MEDO INDUSTRIES, INC.

By:   
Thomas P. Kellagher  
Vice President


RAIN-X CORPORATION

By:   
Thomas P. Kellagher  
Vice President


BLUE CORAL-SLICK 50, LTD.

By:   
Thomas P. Kellagher  
Vice President

PENNZOIL-QUAKER STATE CANADA HOLDING  
COMPANY

By:   
Thomas P. Kellagher  
Vice President

BLUE CORAL-SLICK 50, INC.

By:   
Thomas P. Kellagher  
Vice President

BLUE CORAL, INC.

By:   
Thomas P. Kellagher  
Vice President

PENNZOIL-QUAKER STATE INTERNATIONAL  
CORPORATION

By:   
Thomas P. Kellagher  
Vice President

PENNZOIL-QUAKER STATE INVESTMENT  
COMPANY

By: *Gilbert B. Warren*  
Gilbert B. Warren  
President and Secretary

**SCHEDULES 1-5  
HAVE BEEN REDACTED**

[SEE ATTACHED]

**REGISTERED TRADEMARKS**

.....  
Trademarks For Owner: Blue Coral, Inc.  
Date of Report: 11/01/2001  
.....

REDACTED



.....  
Trademarks For Owner: Blue Coral-Slick 50, Ltd.  
Date of Report: 11/01/2001  
.....

REDACTED

**JIFFY LUBE INTERNATIONAL, INC.**

**U.S. Trademark/Service Mark Registrations**

**REDACTED**

\*\*\*\*\*  
Trademarks For Owner: Medo Industries, Inc.  
Date of Report: 11/01/2001  
\*\*\*\*\*

**REDACTED**

\*\*\*\*\*  
Trademarks For Owner: PENNZOIL-QUAKER STATE COMPANY  
Date of Report: 11/01/2001  
\*\*\*\*\*

REDACTED

Q Lube Status Matrix  
Revised: May 25, 2001

REDACTED

**ISSUED PATENTS**

# Blue Coral, Inc. Patent Status Report

Sorted By DOCKET\_NUMBER

J&G Number	Client Status No	Country	Title	Serial # & Date	Patent # & Date	Status Sub-Status	Comments
41239-00264USPT		United States	CAR WASH	08/810398 03/04/1997	5759980 06/02/1998	Granted Issued	
41239-00265USPT		United States	UNIVERSAL AUTO LOTION	812179 03/08/1997	5700312 12/23/1997	Granted Issued	
41239-00266USPT		United States	COMPOSITION FOR CLEANING AND WATERPROOFING A SUBSTRATE AND INHIBITING THE BUILD-UP OF STATIC ELECTRICITY ON SAID SUBSTRATE	179435 01/10/1994	5470500 11/28/1995	Granted Issued	
11239-00267USPT		United States	ATE	08/430335 04/28/1995	5565516 10/15/1996	Granted Issued	
11239-00268USPT		United States	FINISHING COMPOSITIONS	255782 06/08/1994	5445670 08/29/1995	Granted Issued	
			ABRASIVE-CONTAINING SURFACE-FINISH COMPOSITION				

# Pennzoil-Quaker State Company Patent Status Report

Sorted By DOCKET\_NUMBER

**REDACTED**



7/9/1  
DIALOG(R)File 120:U.S. Copyrights

**REDACTED**

**PATENT**  
**REEL: 012691 FRAME: 0174**

ADDITIONAL PARI PASSU OBLIGATIONS

1. Loan Agreement between Pennzoil-Quaker State Limited and Deutsche Bank AG London dated as of July, 2000; together with the Guarantee of Pennzoil-Quaker State Company delivered in connection therewith and the Agreement Regarding Guarantee dated as of November 2, 2001 between Pennzoil-Quaker State Limited and Deutsche Bank AG London and the Agreement Regarding Guarantee dated as of November 2, 2001 between Pennzoil-Quaker State Limited and Deutsche Bank AG London.
2. Guaranty dated as of December 8, 1998 by Pennzoil-Quaker State Company (successor to Pennzoil Products Company) in favor of The Bank of Nova Scotia, as agent for the pro rata benefit of lenders party to that certain Amended and Restated Revolving Term Credit Agreement dated December 8, 1998, among Pennzoil-Quaker State Canada Company and Viscosity Oil of Canada Ltd., each of the entities which is a party thereto as a lender (the "Lenders") and The Bank of Nova Scotia, as agent for the Lenders, as amended by the First, Second and Third Amending Agreements, together with the Agreement Regarding Guaranty dated as of November 2, 2001 among Pennzoil-Quaker State Company and such Lenders, as amended by the First, Second and Third Amending Agreements, together with the Agreement Regarding Guaranty dated as of November 2, 2001 among Pennzoil-Quaker State Company and such Lenders.
3. Guaranty dated as of November 2, 2001 by Pennzoil-Quaker State Company in favor of Citigroup, Inc. and each subsidiary or affiliate thereof, regarding extension of credit to Isopetrol S.A.
4. Guaranty dated as of November 2, 2001 by Pennzoil-Quaker State Company in favor of Citigroup, Inc. and each subsidiary or affiliate thereof, regarding extension of credit to Pennzoil-Quaker State Australia Company.
5. Guaranty dated as of November 2, 2001 by Pennzoil-Quaker State Company in favor of Citigroup, Inc. and each subsidiary or affiliate thereof, regarding extension of credit to Pennzoil Products Mediterráneo, S.L.

ACKNOWLEDGEMENT AND CONSENT

The undersigned hereby acknowledges receipt of a copy of the Guarantee and Collateral Agreement dated as of November 2, 2001 (the "Agreement"), made by the Grantors parties thereto for the benefit of The Chase Manhattan Bank, as Collateral Agent. The undersigned agrees for the benefit of the Collateral Agent and the other Secured Parties as follows:

- (A) The undersigned will be bound by the terms of the Agreement and will comply with such terms insofar as such terms are applicable to the undersigned.
- (B) The undersigned will notify the Collateral Agent promptly in writing of the occurrence of any of the events described in Section 5.5(a) of the Agreement.
- (C) The terms of Sections 6.3(c) and 6.7 of the Agreement shall apply to it, mutatis mutandis, with respect to all actions that may be required of it pursuant to Section 6.3(c) or 6.7 of the Agreement.

[NAME OF ISSUER]

By: \_\_\_\_\_

Name:

Title:

Address for Notices:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Fax:

ASSUMPTION AGREEMENT, dated as of \_\_\_\_\_, 200\_, made by \_\_\_\_\_ (the "Additional Grantor"), in favor of THE CHASE MANHATTAN BANK, as collateral agent (in such capacity, the "Collateral Agent") for the banks and other financial institutions or entities (the "Lenders") parties to the Credit Agreement referred to below. All capitalized terms not defined herein shall have the meaning ascribed to them in such Credit Agreement.

W I T N E S S E T H :

WHEREAS, Pennzoil-Quaker State Company (the "Company"), the Lenders and The Chase Manhattan Bank, as administrative agent (the "Administrative Agent") have entered into a Credit Agreement, dated as of November 2, 2001 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement");

WHEREAS, in connection with the Credit Agreement, the Company and certain of its Affiliates (other than the Additional Grantor) have entered into the Guarantee and Collateral Agreement, dated as of November 2, 2001 (as amended, supplemented or otherwise modified from time to time, the "Guarantee and Collateral Agreement") in favor of the Collateral Agent for the benefit of the Secured Parties (as defined in the Guarantee and Collateral Agreement);

WHEREAS, the Credit Agreement requires the Additional Grantor to become a party to the Guarantee and Collateral Agreement; and

WHEREAS, the Additional Grantor has agreed to execute and deliver this Assumption Agreement in order to become a party to the Guarantee and Collateral Agreement;

NOW, THEREFORE, IT IS AGREED:

1. Guarantee and Collateral Agreement. By executing and delivering this Assumption Agreement, the Additional Grantor, as provided in Section 8.14 of the Guarantee and Collateral Agreement, hereby becomes a party to the Guarantee and Collateral Agreement as a Grantor thereunder with the same force and effect as if originally named therein as a Grantor and, without limiting the generality of the foregoing, hereby expressly assumes all obligations and liabilities of a Grantor thereunder. The information set forth in Annex 1-A hereto is hereby added to the information set forth in the Schedules to the Guarantee and Collateral Agreement. The Additional Grantor hereby represents and warrants that each of the representations and warranties contained in Section 4 of the Guarantee and Collateral Agreement is true and correct on and as the date hereof (after giving effect to this Assumption Agreement) as if made on and as of such date, except for representations and warranties expressly stated to relate to a specific earlier date, in which case such representations and warranties were true and correct in all material respects as of such earlier date.

**2. Governing Law. THIS ASSUMPTION AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.**

IN WITNESS WHEREOF, the undersigned has caused this Assumption Agreement to be duly executed and delivered as of the date first above written.

[ADDITIONAL GRANTOR]

By: \_\_\_\_\_

Name:

Title:

Annex 1-A to  
Assumption Agreement

Supplement to Schedule 1

Supplement to Schedule 2

Supplement to Schedule 3

Supplement to Schedule 4

Supplement to Schedule 5

Supplement to Schedule 6

Supplement to Schedule 7