

Form PTO-1595 (Rev. 06/04)
OMB No. 0651-0027 (exp. 6/30/2005)

U.S. DEPARTMENT OF COMMERCE
United States Patent and Trademark Office

RECORDATION FORM COVER SHEET PATENTS ONLY

To the Director of the U.S. Patent and Trademark Office: Please record the attached documents or the new address(es) below.

1. Name of conveying party(ies)/Execution Date(s):

Blue Bird Body Company

2. Name and address of receiving party(ies)

Name: The Royal Bank of Scotland plc

Internal Address: Loans Administration Unit

Street Address: 2 1/2 Devonshire Square

City: London

State: _____

Country: United Kingdom

Zip: EC2M4BB

Additional name(s) & address(es) attached? ☐ Yes ☒ No

Execution Date(s) 12/09/03

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

3. Nature of conveyance:

☐ Assignment

☐ Merger

☒ Security Agreement

☐ Change of Name

☐ Government Interest Assignment

☐ Executive Order 9424, Confirmatory License

☐ Other _____

4. Application or patent number(s):

A. Patent Application No.(s)

☐ This document is being filed together with a new application.

B. Patent No.(s)

5,169,205

5,178,323

Additional numbers attached? ☐ Yes ☒ No

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

Name: Jacqueline M. Stelling

Internal Address: _____

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599 Lexington Avenue

City: New York

State: NY

Zip: 10022

Phone Number: 212-536-4032

Fax Number: 212-536-3901

Email Address: jstelling@kl.com

6. Total number of applications and patents involved:

2

7. Total fee (37 CFR 1.21(h) & 3.41) \$

☐ Authorized to be charged by credit card

☐ Authorized to be charged to deposit account

☐ Enclosed

☒ None required *Corrected cover sheet*
(government interest not affecting title)

8. Payment Information

doc id # 102633657

a. Credit Card Last 4 Numbers _____

Expiration Date _____

b. Deposit Account Number _____

Authorized User Name _____

9. Signature:



Signature

August 11, 2004

Date

Jacqueline M. Stelling

Name of Person Signing

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

37

Documents to be recorded (including cover sheet) should be faxed to (703) 308-5995, or mailed to:
Mail Stop Assignment Recordation Services, Director of the USPTO, P.O.Box 1450, Alexandria, V.A. 22313-1450

12/16/03

12-29-2003

Form PTO-1595
(Rev. 10/02)RECORDATION
DATE

OMB No. 0651-0027 (exp. 6/30/2005)

Tab settings

DEPARTMENT OF COMMERCE
Patent and Trademark Office

102633657

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

1. Name of conveying party(ies):

Blue Bird Body Company

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

3. Nature of conveyance:

- ☐ Assignment ☐ Merger
☒ Security Agreement ☐ Change of Name
☐ Other _____

Execution Date: 12/09/03

2. Name and address of receiving party(ies)

Name: The Royal Bank of Scotland plc

Internal Address: Loans Administration Unit

Street Address: 2 1/2 Devonshire Square

City: London State: ☒ Zip: EC2M4BBAdditional name(s) & address(es) attached? ☐ Yes ☒ No

4. Application number(s) or patent 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) 5,169,205
5,178,323Additional numbers attached? ☐ Yes ☒ No

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

Name: Jacqueline M. Stelling

Internal Address: Trademark & Patent Counselors
of America, P.C.

Street Address: 915 Broadway

City: New York State: N.Y. Zip: 10010-7108

6. Total number of applications and patents involved: 2

7. Total fee (37 CFR 3.41).....\$ 80.00

- ☒ Enclosed
☐ Authorized to be charged to deposit account

8. Deposit account number:

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

DO NOT USE THIS SPACE

9. Statement and signature.

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

Jacqueline M. Stelling

Name of Person Signing

Signature

December 9, 2003

Date

12/24/2003 DBYRNE 00000109 5169205

01 FC:8021

Total number of pages including cover sheet, attachments, and documents: 36

80.00 documents to be recorded with required cover sheet information to:
Commissioner of Patents & Trademarks, Box Assignments
Washington, D.C. 20231PATENT
REEL: 015017 FRAME: 0520

EXECUTION COPY

SECURITY AGREEMENT

DATED DECEMBER 9, 2003

Between

BLUE BIRD BODY COMPANY

and

**THE ROYAL BANK OF SCOTLAND plc,
as Secured Party**

11398-01648 NY:120109.5

**PATENT
REEL: 015017 FRAME: 0521**

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THIS AGREEMENT is dated December 9, 2003

BETWEEN:

- (1) **BLUE BIRD BODY COMPANY** (the Debtor); and
- (2) **THE ROYAL BANK OF SCOTLAND plc**, as Agent for the Finance Parties party to the Credit Agreement described below (in that capacity the **Secured Party**).

BACKGROUND:

- (A) The Debtor, the other Obligors, the Secured Party and the other Finance Parties are concurrently entering into the Amendment and Restatement Agreement dated December 9, 2003 (the **Amendment and Restatement Agreement**), pursuant to which a US\$325,800,000 credit agreement dated 14th September, 1999 (as amended by a supplemental agreement dated 14th June, 2002) will be amended and restated on the Restatement Date (as so amended and restated, the **Credit Agreement**).
- (B) It is a condition precedent to the obligations of the Secured Party and the other Finance Parties under the Amendment and Restatement Agreement that the Debtor enter into this Agreement and grant the security described in this Agreement.

IT IS AGREED as follows:

1. INTERPRETATION

1.1 UCC and Credit Agreement Defined Terms

Any term defined in the Uniform Commercial Code as in effect from time to time in the State of New York (the **UCC**) and not defined in this Agreement has the meaning given to the term in the **UCC**. Any term defined in the Credit Agreement and not defined in this Agreement or the **UCC** has the meaning given to the term in the Credit Agreement.

1.2 Other Definitions

In this Agreement:

Bailee means any bailee, processor, shipper, warehouseman, agent or other third party at any time having possession of any Collateral.

Collateral means all personal property, wherever located, in which the Debtor now has or later acquires any right title or interest, including all:

accounts,
chattel paper (including tangible chattel paper and electronic chattel paper),
goods (including equipment, inventory and fixtures),
health-care-insurance receivables,
instruments (including promissory notes),
investment property,

documents,
deposit accounts (including the Wachovia Deposit Accounts),
letter-of-credit rights,
general intangibles (excluding Intellectual Property Collateral (defined below) and
including payment intangibles),
software,
supporting obligations, and
other assets (including the Intellectual Property Collateral),

and to the extent not listed above as original Collateral, proceeds and products of, and accessions to, the foregoing.

Notwithstanding the foregoing, Collateral shall not include (i) any property, right or interest in which a security interest may not be granted under applicable law or pursuant to the negative pledge provisions contained in the agreements governing the Permitted Transactions, as such agreements are in effect on the date hereof, subject to the condition contained in Clause 3.2(b) of the Amendment and Restatement Agreement; and (ii) any personal property subject to an existing financing statement filed in a Relevant State, as set forth in Schedule 1 hereto, provided that any security interest covered by such financing statements is a security interest solely over goods acquired by the Debtor in the ordinary course of business arising out of title retention provisions in a supplier's standard conditions of supply entered into by the Debtor in the ordinary course of its business.

Control Agreements has the meaning given to that term in Clause 2.4 (Control).

Event of Default has the meaning given to that term in Clause 5.1 (Events of Default).

Intellectual Property Collateral means each patent and patent application identified in Schedule 2 attached hereto and made a part hereof (the **Patents**) and all other patents, patent applications and patentable inventions, each registration and application identified in Schedule 3 attached hereto and made a part hereof (the **Trademarks**) and all other trademarks, service marks, trade names, trade dress or other indicia of trade origin, trademark and service mark registrations, and applications for trademark or service mark registrations and any renewals thereof and including without limitation (i) the right to sue or otherwise recover for any and all past, present and future infringements and misappropriations thereof, (ii) all income, royalties, damages and other payments now and hereafter due and/or payable with respect thereto (including, without limitation, payments under all licenses entered into in connection therewith, and damages and payments for past or future infringements thereof), and (iii) all rights corresponding thereto, throughout the world and all other rights of any kind whatsoever of the Debtor accruing thereunder or pertaining thereto, and with respect to each of the foregoing trademarks and service marks, together with the goodwill of the business connected with the use of, and symbolized by, each trademark, service mark, trade name, trade dress or other indicia of trade origin.

Lien means any security interest, lien, mortgage, pledge, encumbrance, charge, assignment, hypothecation, agreement or arrangement having the effect of conferring security, adverse claim, claim, or restriction on assignment, transfer or pledge.

Possessory Collateral means all Collateral consisting of:

- (a) certificated securities;
- (b) instruments;
- (c) tangible chattel paper, other than tangible chattel paper that has been legended in compliance with Clause 4.3(c) (The Collateral); and
- (d) negotiable documents.

Relevant States means the State of the Debtor's incorporation, the State where the Debtor has its chief executive office and the States in which Collateral consisting of goods is located.

Secured Obligations means the following (whether now existing or later arising):

- (a) the Credits and all other amounts payable under the Finance Documents;
- (b) all other present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or in any capacity whatsoever) of the Debtor and the other Obligors under the Finance Documents;
- (c) all obligations of the Debtor under this Agreement and the Control Agreements;
- (d) all amounts owed under any amendments, modifications, renewals, extensions or novations of any of the foregoing obligations; and
- (e) any of the foregoing that arises after the filing of a petition by or against the Debtor or any other Obligor under the U.S. Bankruptcy Code of 1978, even if the obligations do not accrue because of the automatic stay under section 362 of the U.S. Bankruptcy Code of 1978 or otherwise.

Wachovia Deposit Accounts means the Debtor's deposit accounts which are subject to the Wachovia Security Interest.

1.3 Construction

- (a) No reference to **proceeds** in this Agreement authorizes any sale, transfer or other disposition of Collateral by the Debtor.
- (b) **Includes** and **including** are not limiting.
- (c) **Or** is not exclusive.
- (d) **All** includes **any** and **any** includes **all**.
- (e) The term **law** includes any law, statute, regulation, regulatory requirement, rule, ordinance, ruling, decision, treaty, directive, order, guideline, regulation, policy, writ, judgment, injunction or request of any court or other governmental, inter-governmental or supranational body, officer or official, fiscal or monetary authority, or other ministry or public entity (and their interpretation, administration and application), whether or not having the force of law.
- (f) A reference to a law is a reference to that law as amended or re-enacted.

- (g) A reference to an agreement is a reference to that agreement as amended, supplemented, restated or novated.
- (h) Clause headings used in this Agreement are for convenience only. They are not a part of this Agreement and shall not be used in construing it.

2. CREATION AND PERFECTION OF SECURITY INTEREST

2.1 Grant

As security for the prompt and complete payment and performance of the Secured Obligations when due (whether due because of stated maturity, acceleration, mandatory prepayment, or otherwise) and to induce the Lenders to make available the Facilities, the Debtor grants to the Secured Party for the benefit of the Finance Parties a continuing security interest in the Collateral.

2.2 Continuing security interest

- (a) This Agreement creates a continuing security interest in the Collateral and will remain in full force and effect until the irrevocable and indefeasible payment in full of the ultimate balance of the Secured Obligations, regardless of any intermediate payment or discharge in whole or in part.
- (b) If, at any time for any reason (including the bankruptcy, insolvency, receivership, reorganization, dissolution or liquidation of the Debtor or any other Obligor or the appointment of any receiver, intervenor or conservator of, or agent or similar official for, the Debtor or any other Obligor or any of their respective properties), any payment received by the Secured Party or any other Finance Party in respect of the Secured Obligations is rescinded or avoided or must otherwise be restored or returned by the Secured Party or any other Finance Party, that payment shall not be considered to have been made for purposes of this Agreement, and this Agreement will continue to be effective or will be reinstated, if necessary, as if that payment had not been made.

2.3 Filing of financing statements

- (a) The Debtor authorizes the Secured Party to prepare and file, at the Debtor's expense, financing statements describing the Collateral, as well as continuation statements and amendments in respect of those financing statements. The Debtor expressly authorizes the Secured Party, if it so elects, to file financing statements with the collateral description "all assets of the Debtor", "all personal property of the Debtor" or other words to that effect.
- (b) Promptly after the filing of an initial financing statement in respect of the Collateral, the Debtor shall provide the Secured Party with an official report from the Secretary of State of each Relevant State which report establishes to the satisfaction of the Secured Party that the Secured Party's security interest in any Collateral with respect to which a security interest can be perfected by filing a financing statement is prior to all other security interests or other interests reflected in the report.

2.4 Control

The Debtor and all other necessary parties shall, within 30 days after the date hereof, enter into appropriate control agreements with the Secured Party in form and substance satisfactory to the Secured Party (Control Agreements) and in accordance with Clause 3.2 (e) of the Amendment

and Restatement Agreement, and shall take all other actions necessary for the Secured Party to have control of any Collateral in which the Debtor has an interest on the date hereof consisting of:

- (a) deposit accounts;
- (b) investment property;
- (c) letter-of-credit rights; and
- (d) electronic chattel paper.

If after the date of this Agreement the Debtor acquires Collateral consisting of any of the foregoing types of collateral, and this new Collateral is not covered by a then-existing Control Agreement, the Debtor will promptly enter into a Control Agreement in respect of this new Collateral and take all other actions necessary for the Secured Party to have control of this new Collateral.

This Clause 2.4 shall not be applicable to the Wachovia Deposit Accounts.

2.5 Delivery of Possessory Collateral

The Debtor has delivered to the Secured Party (or as directed by the Secured Party) the originals of all Possessory Collateral existing on the date of this Agreement, and the Debtor agrees to deliver to the Secured Party (or as directed by the Secured Party), immediately upon receipt, originals of any other Possessory Collateral arising or acquired by the Debtor after the date of this Agreement. All Possessory Collateral delivered under this Agreement will be either duly endorsed and in suitable form for transfer by delivery or accompanied by undated instruments of transfer endorsed in blank, as directed by the Secured Party, and in form and substance satisfactory to the Secured Party. The Secured Party will hold (directly or through an agent) all Possessory Collateral and related instruments of transfer delivered to it until the Secured Party's security interest has been released.

2.6 Notice of security interest

- (a) The Debtor shall execute a notice in the form of Exhibit 1 (an **Assignment Notice**) in respect of each account and each contract or agreement comprising a payment intangible to which it is a party and deliver each of these notices to the appropriate account debtors and contract parties on or before, with respect to each such account contract or agreement, the earlier of (i) the earliest date on which an invoice or notice of payment due in respect thereof is sent by the Debtor to the account debtor and contract party thereto occurring after the date of this Agreement or (ii) the date which is 90 days from the date of this Agreement. The Debtor shall not be required to execute or deliver an Assignment Notice pursuant to the preceding sentence in respect of any account or agreement under the terms of which an amount less than \$15,000 is owing to the Debtor by the date on or before the termination date of such account or agreement (each an **Excepted Account**); provided that the aggregate value of all such Excepted Accounts shall not exceed \$2,000,000 at any given time. On the date which is 90 days after the date hereof, the Debtor shall deliver to the Secured Party a list of all accounts, contracts and agreements in respect of which the Debtor was required to deliver an executed Assignment Notice pursuant to this Sub-clause 2.6(a), together with a copy of each notice delivered pursuant to the foregoing. The Debtor shall use reasonable efforts to cause each of these account debtors and contract parties to

deliver to the Secured Party an acknowledgement in the form of Exhibit 2 (an **Assignment Acknowledgement**), or otherwise in form and substance satisfactory to the Secured Party, within 30 days of the date an Assignment Notice is sent to such account debtor or contract party. The Debtor will give notice to the Secured Party of each material account, contract or agreement entered into after the date of this Agreement, and upon the Secured Party's request will send an Assignment Notice to the relevant account debtor or contract party and use reasonable efforts to cause that account debtor or contract party to deliver a signed Assignment Acknowledgement promptly to the Secured Party.

- (b) The Debtor has executed and delivered to each Bailee a notice in the form of Exhibit 3 (a **Bailee Notice**). The Debtor shall cause each Bailee to deliver to the Secured Party an acknowledgement in the form of Exhibit 4 (a **Bailee Acknowledgement**), or otherwise in form and substance satisfactory to the Secured Party, within 45 days of the date of this Agreement, and if any Bailee fails to deliver a Bailee Acknowledgement within that period, the Debtor will immediately take possession of all Collateral held by that Bailee. After the date of this Agreement the Debtor will not permit any Bailee to hold Collateral unless and until it has delivered to that Bailee a Bailee Notice and the Secured Party has received from that Bailee a signed Bailee Acknowledgement.

2.7 No liability

The Debtor represents, warrants and agrees that:

- (a) its liabilities and obligations under contractual obligations that constitute part of the Collateral shall not be affected by this Agreement or the exercise by the Secured Party of its rights under this Agreement;
- (b) neither the Secured Party nor any other Finance Party, unless it expressly agrees in writing, shall have any liabilities or obligations under any contractual obligation that constitutes part of the Collateral as a result of this Agreement, the exercise by the Secured Party of its rights under this Agreement or otherwise; and
- (c) neither the Secured Party nor any other Finance Party has or shall have any obligation to collect upon or enforce any contractual obligation or claim that constitutes part of the Collateral, or to take any other action with respect to the Collateral.

3. REPRESENTATIONS AND WARRANTIES

3.1 Representations and warranties

The Debtor makes the representations and warranties set out in this Clause 3 to each Finance Party.

3.2 The Debtor

- (a) The Debtor is incorporated in the State of Georgia.
- (b) The Debtor's exact legal name, as it appears in the public records of its jurisdiction of incorporation, is Blue Bird Body Company. The Debtor has not changed its name, whether by amendment of its charter, reorganization, merger or otherwise, since its date of incorporation.

- (c) The Debtor's organizational identification number, as issued by its jurisdiction of incorporation, is J406529.
- (d) The Debtor's chief executive office is located at 402 Blue Bird Boulevard, Fort Valley, Georgia 30130. The Debtor has not changed its chief executive office within the past five years.
- (e) The Debtor keeps at its address indicated in Clause 3.2 (The Debtor), paragraph (c) above its corporate records and all records, documents and instruments constituting, relating to or evidencing Collateral, except for the Possessory Collateral delivered to the Secured Party in compliance with Clause 2.5 (Delivery of Possessory Collateral) above.
- (f) The Debtor has no commercial tort claims in existence as of the date of this Agreement.

3.3 The Collateral

- (a) The Debtor has exclusive possession and control of all Collateral except for Collateral subject to a Control Agreement in compliance with Clause 2.4 (Control) above and Possessory Collateral delivered to the Secured Party in compliance with Clause 2.5 (Delivery of Possessory Collateral) above.
- (b) Except as permitted under the Credit Agreement:
 - (i) the Debtor is the sole legal and beneficial owner of, and has the power to transfer and grant a security interest in, the Collateral;
 - (ii) none of the Collateral is subject to any Lien other than the Secured Party's security interest and the Agent's Lien created pursuant to the U.S. Stock Pledge Agreement to which the Debtor is party;
 - (iii) the Debtor has not agreed or committed to sell, assign, pledge, transfer, license, lease or encumber any of the Collateral, or granted any option, warrant or right with respect to any of the Collateral; and
 - (iv) no effective mortgage, deed of trust, financing statement, security agreement or other instrument similar in effect is on file or of record with respect to any Collateral, except for those that create, perfect or evidence the Secured Party's security interest.
- (c) All Collateral consisting of goods is located solely in the States listed in Schedule 3 (States in which Collateral Consisting of Goods is Located).

3.4 The Intellectual Property Collateral

- (a) The Debtor is the legal and beneficial owner of the entire right, title and interest in and to the Intellectual Property Collateral free and clear of any Lien, claim, option or right of others, except for the liens and security interests created by this Agreement. No effective financing statement or other instrument similar in effect covering all or any part of such Intellectual Property Collateral or listing the Debtor or any trade name of the Debtor is on file in any recording office (including, without limitation, the United States Patent and Trademark Office), except such as may have been filed in favor of the Secured Party relating to the Finance Documents.

- (b) Set forth in Schedule 2 is a complete and accurate list of all U.S. patents owned by the Debtor. Set forth in Schedule 3 is a complete and accurate list of all U.S. trademark and service mark registrations and all U.S. trademark and service mark applications owned by the Debtor. The Debtor has made all necessary filings and recordations previously due to protect and maintain its interest in the patents, trademark and service mark registrations, trademark and service mark applications set forth in Schedules 2 and 3.
- (c) Each Patent and Trademark is subsisting and has not been adjudged invalid, unregistrable or unenforceable, in whole or in part, and to Debtor's knowledge, is valid, registrable and enforceable. As of the date of this Agreement, the Debtor is not aware of any uses of any item of Intellectual Property Collateral which could be expected to lead to such item becoming invalid or unenforceable, including unauthorized uses by third parties and uses which were not supported by the goodwill of the business connected with such Intellectual Property Collateral.
- (d) The Debtor has not made a previous assignment, transfer or agreement constituting a present or future assignment, transfer or encumbrance of any of the Intellectual Property Collateral. The Debtor has not granted any license, release, covenant not to sue, or non-assertion assurance to any person with respect to any part of the Intellectual Property Collateral.
- (e) This Agreement creates in favor of the Secured Party for the benefit of the Finance Parties a valid and perfected first priority security interest in the Intellectual Property Collateral of the Debtor, securing the payment of the Secured Obligations, and all filings and other actions necessary or desirable to perfect and protect such security interest have been duly taken.
- (f) No consent of any other person and no authorization, approval or other action by, and no notice to or filing with, any governmental authority or regulatory body or other person, is required (i) for the assignment and grant by the Debtor of the security interest assigned and granted hereby in the Patents and Trademarks, (ii) for the perfection or maintenance of the security interest in the Patents and Trademarks created hereunder (including the first priority nature of such security interest), except for the filing of financing and continuation statements under the UCC, and the filing and recordal of this Agreement with the United States Patent and Trademark Office.

3.5 Security Interest

- (a) This Agreement confers the security interest it purports to confer over the Collateral in favor of the Secured Party, and, subject to the provisions of section 552 of the U.S. Bankruptcy Code, that security interest is not liable to avoidance on liquidation or bankruptcy, composition or any other similar insolvency proceedings.
- (b) The description of the Collateral contained in this Agreement is true, correct, and complete and is sufficient to describe the Collateral for the purpose of creating, attaching, and perfecting the security interest in favor of the Secured Party intended to be created by this Agreement.
- (c) As of the first Utilisation Date, all necessary and appropriate deliveries, notices, recordings, filings, and registrations have been effected to perfect a second-priority security interest in the Wachovia Deposit Accounts (provided that Wachovia N.A. has consented to such security interest and subject to Clause 34 of the Credit Agreement) and a first-priority security interest in all other Collateral (other than for Intellectual Property Collateral comprising foreign patents, patent applications, trademark or service mark registrations or trademark or service mark applications), in each case in favor of the Secured Party in all relevant jurisdictions securing

payment of the Secured Obligations, and the Secured Party has as of the first Utilisation Date, and will continue to have until the Finance Parties have been repaid in full and the Secured Party's security interest has been released, a duly and validly created, attached, perfected and enforceable second-priority security interest in the Wachovia Deposit Accounts (provided that Wachovia N.A. has consented to such security interest and subject to Clause 34 of the Credit Agreement) and first-priority security interest in all other Collateral, (other than for Intellectual Property Collateral comprising foreign patents, patent applications, trademark or service mark registrations or trademark or service mark applications), in each case in all relevant jurisdictions securing payment of the Secured Obligations. If Wachovia N.A. does not consent to the Debtor granting a second-priority security interest in the Wachovia Deposit Accounts, the Debtor is under no obligation to obtain such consent in order to provide the Secured Party with a second-priority security interest in the Wachovia Deposit Accounts.

3.6 Times for making representations and warranties

The representations and warranties set out in this Clause 3 (Representations and Warranties):

- (a) are made on the date of this Agreement; and
- (b) are deemed to be repeated by the Debtor on the date of each Request, each Utilisation Date and the first day of each Term with reference to the facts and circumstances then existing.

3.7 Survival

The representations and warranties of the Debtor contained in this Agreement or made by the Debtor in any certificate, notice or report delivered under this Agreement will survive each Utilisation Date, the making and repayment of the Credits, and any novation, transfer or assignment of the Credits.

4. UNDERTAKINGS

4.1 Undertakings

The Debtor covenants and agrees that, so long as any Bank has any commitment under the Credit Agreement and until payment in full of the Secured Obligations, it will perform and observe each of the undertakings in this Clause 4 (Undertakings).

4.2 The Debtor

- (a) Except as otherwise provided in Clauses 20.10 and 20.11 of the Credit Agreement, the Debtor will preserve its corporate existence and will not, in one transaction or a series of related transactions, merge into or consolidate with any other entity, or sell all or substantially all of its assets.
- (b) The Debtor will not change the jurisdiction of its incorporation.
- (c) The Debtor will not change its name without providing the Secured Party with 30 days' prior written notice.

- (d) The Debtor will keep at its address indicated in Clause 3.2(c) above its corporate records and all records, documents and instruments constituting, relating to or evidencing Collateral, except for the Possessory Collateral delivered to the Secured Party in compliance with Clause 2.5 (Delivery of Possessory Collateral) above.
- (e) The Debtor agrees to permit the Secured Party and its agents and representatives, during normal business hours and upon reasonable notice, to inspect the Collateral, to examine and make copies of and abstracts from the records referred to in paragraph (d) above, and to discuss matters relating to the Collateral directly with the Debtor's officers and employees.
- (f) Upon request, the Debtor shall provide the Secured Party with such information concerning the Collateral as the Secured Party shall reasonably request.

4.3 The Collateral

- (a) Except as permitted by the Credit Agreement:
 - (i) the Debtor will maintain sole legal and beneficial ownership of the Collateral;
 - (ii) the Debtor will not permit any Collateral to be subject to any Lien other than the Secured Party's security interest and will at all times warrant and defend the Secured Party's security interest in the Collateral against all other Liens; and
 - (iii) the Debtor will not, and is not authorized to, sell, assign, transfer, pledge, license, lease or encumber, or grant any option, warrant, or right with respect to, any of the Collateral, or agree or contract to do any of the foregoing; except that Debtor may license the Intellectual Property Collateral in the ordinary course of its business.
- (b) The Collateral shall remain personal property at all times. The Debtor shall not affix any of the Collateral to any real property in any manner which would change its nature from that of personal property to real property or to a fixture.
- (c) The Debtor shall mark conspicuously all Collateral consisting of chattel paper with a legend, in form and substance satisfactory to the Secured Party, indicating that the Secured Party has a security interest in the chattel paper.
- (d) The Debtor shall pay when due (and in any case before any penalties are assessed or any Lien is imposed on any Collateral) all taxes, assessments and charges imposed on or in respect of Collateral and all claims against the Collateral, including claims for labor, materials and supplies.
- (e) In any suit, legal action, arbitration or other proceeding involving the Collateral or the Secured Party's security interest, the Debtor will take all lawful action to avoid impairment of the Secured Party's security interest or the Secured Party's rights under this Agreement or the imposition of a Lien on any Collateral.

4.4 The Intellectual Property Collateral

- (a) The Debtor agrees that from time to time, at the expense of the Debtor, the Debtor will promptly execute and deliver, and use commercially reasonable efforts to cause to be executed and delivered, all further instruments and documents (including, without limitation, any consents,

waivers or other action), and take all further action that the Secured Party reasonably believes may be necessary, or that the Secured Party may reasonably request, in order to perfect and protect any security interest assigned and granted or purported to be assigned and granted hereby or to enable the Secured Party to exercise and enforce its rights and remedies hereunder with respect to any part of the Intellectual Property Collateral. Without limiting the generality of the foregoing, the Debtor will execute and file such financing or continuation statements, or amendments thereto, and such other instruments or notices, as may be necessary, or as the Secured Party may reasonably request, in order to perfect and preserve the security interest assigned and granted or purported to be assigned and granted hereunder.

- (b) The Debtor hereby authorizes the Secured Party to file one or more financing or continuation statements, and amendments thereto, relating to all or any part of the Intellectual Property Collateral without the signature of the Debtor where permitted by law. A photocopy or other reproduction of this Agreement or any financing statement covering the Intellectual Property Collateral or any part thereof shall be sufficient as a financing statement where permitted by law.
- (c) The Debtor agrees that, should it obtain an ownership interest in any patent, patent application, patentable invention, trademark, service mark, trade name, trade dress, other indicia of trade origin, trademark or service mark registration, trademark or service mark application, which is not now a part of the Intellectual Property Collateral, (i) the provisions of Clause 2.1 shall automatically apply thereto, (ii) any such patent, patent application, patentable invention, trademark, service mark, trade name, trade dress, indicia of trade origin, trademark or service mark registration or trademark or service mark application (together with the goodwill of the business connected with the use of same and symbolized by same), shall automatically become part of the Intellectual Property Collateral, (iii) Schedules 2 and 3 hereto shall be automatically updated to include any intellectual property which becomes part of the Intellectual Property Collateral pursuant to Clause 4.4(c)(ii) above, which is a U.S. Patent or U.S. Trademark, and which is material to the Debtor's conducting its business and (iv) with respect to any ownership interest in any patent, patent application, trademark or service mark registration, trademark or service mark application that the Debtor should obtain, it shall give prompt written notice thereof to the Secured Party in accordance with Clause 6.8 hereof. The Debtor authorizes the Secured Party to amend in writing Schedules 2 and 3 hereto to reflect such updating pursuant to Clause 4.4(c)(iii) above and, upon request of the Secured Party, the Debtor shall acknowledge in writing such amendment (provided that a failure of the Secured Party to make such amendment or of the Debtor to provide such acknowledgement shall not affect the effectiveness of such updating or such amendments).
- (d) With respect to each Patent and Trademark that is material to Debtor's conducting its business, whether now existing or later acquired by the Debtor, the Debtor agrees to take all necessary steps, including, without limitation, in the United States Patent and Trademark Office or in any court, to (i) maintain each such patent, trademark or service mark registration of the Debtor, and (ii) pursue each such patent application, trademark or service mark, including, without limitation, the filing of responses to office actions issued by the United States Patent and Trademark Office, the filing of applications for renewal or extension, the filing of affidavits under Sections 8 and 15 of the United States Trademark Act, the filing of divisional, continuation, continuation-in-part and substitute applications, the filing of applications for re-issue, renewal or extensions, the payment of maintenance fees, and the participation in interference, reexamination, opposition, cancellation, infringement and misappropriation proceedings. Any expenses incurred in connection with such activities shall be borne by the Debtor. The Debtor shall not, without the

written consent of the Secured Party, discontinue use of or otherwise abandon any trademark or service mark identified in Schedule 2 or 3 that is material to Debtor's conducting its business, or abandon any pending application for a letters patent, trademark or service mark registration identified in Schedules 2 and 3 that is material to Debtor's conducting its business.

- (e) The Debtor agrees to notify the Secured Party promptly and in writing if it learns (i) that any item of the Intellectual Property Collateral that is material to Debtor's conducting its business may be determined to have become abandoned or dedicated or (ii) of any adverse determination or the institution of any proceeding (including, without limitation, the institution of any proceeding in the United States Patent and Trademark Office or any court) regarding any item of the Intellectual Property Collateral that is material to Debtor's conducting its business.
- (f) In the event that the Debtor becomes aware that any material item of the Intellectual Property Collateral is infringed or misappropriated by a third party, the Debtor shall promptly notify the Secured Party and shall take such actions as the Debtor or the Secured Party deems reasonable and appropriate under the circumstances to protect such Intellectual Property Collateral, including, without limitation, suing for infringement or misappropriation and for an injunction against such infringement or misappropriation. Any expense incurred in connection with such activities shall be borne by the Debtor.
- (g) The Debtor shall use commercially reasonable efforts to ensure proper statutory notice is used in connection with its use of each of its U.S. patents, registered trademarks and service marks contained in Schedules 2 and 3.
- (h) The Debtor shall take all steps which it or the Secured Party deems reasonable and appropriate under the circumstances to preserve and protect each item of its Intellectual Property Collateral that is material to Debtor's conducting its business, including, without limitation, maintaining the quality of any and all products or services used or provided in connection with any of the Trademarks (to the extent such products or services are used or provided by Debtor), consistent with the quality of the products and services as of the date hereof, and taking all steps necessary to ensure that all licensed users of any of the Trademarks use such consistent standards of quality.
- (i) The Debtor agrees that it shall not (i) sell, assign (by operation of law or otherwise) or otherwise dispose of, or grant any option with respect to, any item of the Intellectual Property Collateral of the Debtor (other than sales, assignments, options and other dispositions permitted under the terms of the Credit Agreement) or (ii) create or suffer to exist any Lien upon or with respect to any of the Intellectual Property Collateral of the Debtor, except for the Liens created under the Security Documents or permitted by the Credit Agreement.

4.5 Security Interest

The Debtor shall take all actions necessary to insure that the Secured Party has and continues to have in all relevant jurisdictions a duly and validly created, attached, perfected and enforceable second-priority security interest in the Wachovia Deposit Accounts (provided that Wachovia N.A. has consented to such security interest and subject to Clause 34 of the Credit Agreement) and first-priority security interest in all other Collateral (including after-acquired Collateral but excluding Intellectual Property Collateral comprising foreign patents, patent applications, trademark or service mark registrations or trademark or service mark applications). Immediately upon acquiring rights in any such Collateral, the Debtor shall deliver possession of such Collateral to the Secured Party or its designated agent to the extent the Secured Party is required

under applicable law to perfect its interest in that Collateral by taking possession. If Wachovia N.A. does not consent to the Debtor granting a second-priority security interest in the Wachovia Deposit Accounts, the Debtor is under no obligation to obtain such consent in order to provide the Secured Party with a second-priority security interest in the Wachovia Deposit Accounts.

4.6 Notices

The Debtor will give the Secured Party prompt notice of the occurrence of any of the following events;

- (a) any pending or threatened claim, suit, legal action, arbitration or other proceeding involving or affecting the Debtor or any Collateral which could reasonably be expected to materially impair the Secured Party's security interest or the Secured Party's rights under this Agreement or result in the imposition of a Lien on any Collateral;
- (b) any loss or damage to any material portion of the Collateral; or
- (c) any representation or warranty contained in this Agreement is or becomes untrue, incorrect or incomplete in any material respect.

In each notice delivered under this Clause, the Debtor will include reasonable details concerning the occurrence that is the subject of the notice as well as the Debtor's proposed course of action, if any. Delivery of a notice under this Clause will not affect the Debtor's obligations to comply with any other provision of this Agreement.

5. RIGHTS AND REMEDIES

5.1 Events of Default

Event of Default for purposes of this Agreement means:

- (a) failure to comply with Clause 4.3(a) (The Collateral) above;
- (b) failure to comply with any other provision of this Agreement, the U.S. Stock Pledge Agreement to which the Debtor is party or any Control Agreement if the failure continues for 10 days after notice from the Secured Party;
- (c) failure, in any material respect, of any representation or warranty contained in this Agreement or any Control Agreement to be true and correct on the date made or deemed to be repeated;
- (d) any attachment, execution or levy on any of the Collateral; or
- (e) an "Event of Default", as that term is defined in the Credit Agreement.

5.2 Collections after an Event of Default

After the occurrence and during the continuation of an Event of Default, the Debtor will hold all funds and other property received or collected in respect of the Collateral in trust for the Secured Party, and will keep these funds and this other property separate and apart from all other funds

and property so as to be capable of identification. The Debtor will deliver these funds and this other property to the Secured Party in the identical form received, properly endorsed or assigned when required to enable the Secured Party to complete collection. After the occurrence and during the continuation of an Event of Default, the Debtor shall not settle, compromise, adjust, discount or release any claim in respect of Collateral and shall not accept any returns of merchandise.

5.3 Secured Party's rights upon default

- (a) Upon the occurrence and during the continuation of an Event of Default, the Secured Party may, in its sole discretion, take any of the following actions, in each case at the Debtor's expense, and without prior notice to the Debtor except as required under applicable law:
- (i) transfer or assign to, or register in the name of, the Secured Party or its nominees any of the Collateral;
 - (ii) exercise all consent and other rights relating to any Collateral;
 - (iii) perform or comply with any contractual obligation that constitutes part of the Collateral;
 - (iv) receive, endorse, negotiate, execute and deliver or collect upon any check, draft, note, acceptance, chattel paper, account, instrument, document, letter of credit, contract, agreement, receipt, release, bill of lading, invoice, endorsement, assignment, bill of sale, deed, security, share certificate, stock power, proxy, or instrument of conveyance or transfer constituting or relating to any Collateral;
 - (v) assert, institute, file, defend, settle, compromise, adjust, discount or release any suit, action, claim, counterclaim or right of set-off relating to any Collateral;
 - (vi) execute and deliver acquittances, receipts and releases in respect of Collateral; and
 - (vii) exercise any other right or remedy available to the Secured Party under applicable law, the other Finance Documents, or any other agreement between the parties.
- (b) The Debtor agrees that the Secured Party will have, with respect to the Collateral, in addition to the rights and remedies described in this Agreement, all of the rights and remedies available to a secured party under applicable law and under the UCC (whether or not the UCC applies to the affected Collateral and regardless of whether or not the UCC is the law of the jurisdiction where the rights or remedies are asserted) as if those rights and remedies were fully set forth in this Agreement.
- (c) The Secured Party may exercise the rights and remedies described in this Agreement and those available under applicable law in such order, at such times and in such manner as the Secured Party may, in its sole discretion, determine from time to time. The Secured Party may at any time and from time to time release or relinquish any right, remedy, or security interest it has with respect to a particular item of Collateral without releasing, relinquishing, or in any way affecting its rights, remedies, or security interests with respect to any other item of Collateral.
- (d) The Debtor irrevocably constitutes and appoints the Secured Party, with full power of substitution, as the Debtor's true and lawful attorney-in-fact, in the Debtor's name or in the

Secured Party's name or otherwise, and at the Debtor's expense, to take any of the actions authorized by this Agreement or permitted under applicable law upon the occurrence and during the continuation of an Event of Default, without notice to or the consent of the Debtor. This power of attorney is a power coupled with an interest and cannot be revoked. The Debtor ratifies and confirms all actions taken by the Secured Party or its agents under this power of attorney.

- (e) The Secured Party may comply with any applicable state or federal law requirements in connection with a disposition of Collateral and compliance will not be considered adversely to affect the commercial reasonableness of any sale of Collateral.
- (f) The grant to the Secured Party under this Agreement of any right or power does not impose upon the Secured Party any duty to exercise that right or power. The Secured Party will have no obligation to take any steps to preserve any claim or other right against any person or with respect to any Collateral.
- (g) All risk of loss, damage, diminution in value, or destruction of the Collateral will be borne by the Debtor.
- (h) The Debtor agrees that the sale, transfer or other disposition under this Agreement of any right, title, or interest of the Debtor in any item of Collateral will operate to permanently divest the Debtor and all persons claiming under or through the Debtor of that right, title, or interest, and will be a perpetual bar, both at law and in equity, to any claims by the Debtor or any person claiming under or through the Debtor with respect to that item of Collateral.

5.4 No marshaling

The Secured Party has no obligation to attempt to satisfy the Secured Obligations by collecting them from any other person liable for them and the Secured Party may release, modify or waive any collateral provided by any other person to secure any of the Secured Obligations, all without affecting the Secured Party's rights against the Debtor. The Debtor waives any right it may have to require the Secured Party to pursue any third person for any of the Secured Obligations. Except to the extent required by applicable law, the Secured Party will not be required to marshal any collateral securing, or any guaranties of, the Secured Obligations, or to resort to any item of collateral or any guaranty in any particular order, and the Secured Party's rights with respect to any collateral and any guaranties will be cumulative and in addition to all other rights, however existing or arising. To the extent permitted by applicable law, the Debtor irrevocably waives, and agrees that it will not invoke or assert, any law requiring or relating to the marshaling of collateral or any other law which might cause a delay in or impede the enforcement of the Secured Party's rights under this Agreement or any other agreement.

6. MISCELLANEOUS

6.1 Further assurances

At any time and from time to time upon the request of the Secured Party, the Debtor will execute and deliver such further documents and instruments and do such other acts as the Secured Party may reasonably request in order to effect fully the purposes of this Agreement, to create, perfect, maintain, and preserve a second-priority security interest in the Wachovia Deposit Accounts (provided that Wachovia N.A. has consented to such security interest and subject to Clause 34 of the Credit Agreement) and a first-priority security interest in all other Collateral, in each case in

favor of the Secured Party for the benefit of the Finance Parties, to facilitate any sale, transfer or other disposition of Collateral and to make any sale, transfer or other disposition of Collateral valid, binding, and in compliance with applicable law.

6.2 Costs and indemnity

- (a) The Debtor will pay to the Secured Party on demand all costs incurred by the Secured Party for the purpose of enforcing its rights under this Agreement, including:
- (i) costs of foreclosure and of disposition and sale of the Collateral;
 - (ii) costs of maintaining or preserving the Collateral or assembling it or preparing it for sale;
 - (iii) costs of obtaining money damages; and
 - (iv) fees and expenses of attorneys employed by the Secured Party for any purpose related to this Agreement or the Secured Obligations, including consultation, drafting documents, sending notices or instituting, prosecuting or defending litigation or arbitration.
- (b) The Debtor agrees to indemnify the Secured Party, the other Finance Parties and their respective affiliates, directors, officers, representatives and agents from and against all claims, liabilities, obligations, losses, damages, penalties, judgments, costs and expenses of any kind (including attorney's fees and expenses) which may be imposed on, incurred by or asserted against any of them by any person (including any Finance Party) in any way relating to or arising out of:
- (i) this Agreement;
 - (ii) the Collateral;
 - (iii) the Secured Party's security interest in the Collateral;
 - (iv) any Event of Default;
 - (v) any action taken or omitted by the Secured Party under this Agreement or any exercise or enforcement of rights or remedies under this Agreement; or
 - (vi) any sale or other disposition of or any realization on Collateral,

but the Debtor will not be liable to an indemnified party to the extent any liability results from that indemnified party's gross negligence or willful misconduct. Payment by an indemnified party will not be a condition precedent to the obligations of the Debtor under this indemnity.

- (c) This Clause 6.2 will survive the initial Utilisation Date, the making and repayment of the Credits, any novation, transfer or assignment of the Credits and the termination of this Agreement.

6.3 Successors

This Agreement shall be binding upon and inure to the benefit of the Debtor and the Secured Party and their respective successors and assigns, except that the Debtor may not assign or transfer all or any part of its rights or obligations under this Agreement without the prior written

consent of the Secured Party, and any assignment by the Debtor in violation of this provision shall be void and of no effect. The Debtor waives and will not assert against any assignee of the Secured Party any claims, defenses or set-offs which the Debtor could assert against the Secured Party except for defenses which cannot be waived under applicable law.

6.4 Amendments and waivers

Any term of this Agreement may be amended or waived only by the written agreement of the Debtor and the Secured Party.

6.5 Rights cumulative

The rights and remedies of the Secured Party under this Agreement:

- (a) may be exercised as often as necessary;
- (b) are cumulative and not exclusive of its rights under applicable law; and
- (c) may be waived only in writing and specifically.

The Secured Party's delay in exercising, or failure to exercise, any right or remedy under this Agreement is not a waiver of that right or remedy.

6.6 Severability

If any provision of this Agreement is or becomes illegal, invalid or unenforceable in any jurisdiction, that shall not affect:

- (a) the legality, validity or enforceability in that jurisdiction of any other provision of this Agreement; or
- (b) the legality, validity or enforceability in any other jurisdiction of that or any other provision of this Agreement.

6.7 Counterparts

This Agreement may be executed in counterpart, and this has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.

6.8 Notices

- (a) All notices or other communications under or in connection with this Agreement shall be given in writing. Any such notice will be deemed to be given:
 - (i) if by mail or courier, when delivered; and
 - (ii) if by facsimile, when sent with confirmation of transmission,

except that a notice given on a non-working day or after business hours in the place of receipt will only be deemed to be given on the next working day in that place.

- (b) The address and facsimile number of the Debtor are:

Blue Bird Body Company
c/o Henlys Group plc
1 Imperial Place
Elstree Way
Borehamwood
Hertfordshire WD6 1JJ

Fax: Number: (011) 44 20 8905 1769 (Finance Director)
(011) 44 20 8207 2477 (Company Secretary)
Attention: Finance Director and Company Secretary

- (c) The address and facsimile number of the Secured Party are:

- (i) in respect of operational and mechanical matters:

The Royal Bank of Scotland plc
Loans Administration Unit
2 ½ Devonshire Square
London EC2M 4BB

Fax Number: (011) 44 20 7615 7673
Attention: Neil Burrough

- (ii) in respect of non-operational matters (waivers):

The Royal Bank of Scotland plc
Syndicated Loans Agency
Level 7
135 Bishopsgate
London EC2M 3UR

Fax Number: (011) 44 20 7375 4564
Attention: Malcolm Reynolds

- (d) Either party may change its address or facsimile number for notices by a notice to the other party given in accordance with this Clause 6.8 (Notices).

6.9 Jurisdiction

- (a) For the benefit of the Secured Party, the Debtor agrees that the courts of England have jurisdiction to settle any disputes in connection with this Agreement and accordingly submits to the jurisdiction of the English courts.
- (b) For the benefit of the Secured Party, the Debtor agrees that any New York State court or Federal court sitting in the City and County of New York has jurisdiction to settle any disputes in connection with this Agreement and accordingly submits to the jurisdiction of those courts.
- (c) Without prejudice to any other mode of service, the Debtor:

- (i) irrevocably appoints:
 - (A) The Company as agent for service of process in relation to any proceedings before the English courts in connection with this Agreement; and
 - (B) Corporation Service Company, 1177 Avenue of the Americas, 17th Floor, New York, New York 10017 as its agent for service of process in relation to proceedings before any courts located in the State of New York in connection with this Agreement;
 - (ii) agrees to maintain an agent for service of process in England and in the State of New York until all Commitments have terminated and the Loans and all other amounts payable under the Finance Documents have been finally, irrevocably and indefeasibly repaid in full;
 - (iii) agrees that failure by a process agent to notify the Debtor of the process will not invalidate the proceedings concerned;
 - (iv) consents to the service of process relating to any proceedings by a notice given in accordance with Clause 6.8 (Notices) above; and
 - (v) agrees that if the appointment of any person mentioned in paragraph (c)(i) above ceases to be effective, the Debtor shall immediately appoint a further person in England or the State of New York, as the case may be, to accept service of process on its behalf in England or the State of New York, respectively, and, if the Debtor does not appoint a process agent within 15 days, the Secured Party is entitled and authorized to appoint a process agent for the Debtor by notice to the Debtor.
- (d) The Debtor:
- (i) waives objection to the English and New York State and Federal courts on grounds of personal jurisdiction, inconvenient forum or otherwise as regards proceedings in connection with this Agreement; and
 - (ii) agrees that a judgment or order of an English or New York State or Federal court in connection with this Agreement is conclusive and binding on it and may be enforced against it in the courts of any other jurisdiction.
- (e) Nothing in this Clause 6.9 limits the right of the Secured Party or any other Finance Party to bring proceedings against the Debtor in connection with this Agreement:
- (i) in any other court of competent jurisdiction; or
 - (ii) concurrently in more than one jurisdiction.

6.10 Complete Agreement

This Agreement contains the complete agreement between the parties on the matters to which it relates and supersedes all prior commitments, agreements and understandings, whether written or oral, on those matters.

6.11 Waiver of Jury Trial

THE DEBTOR AND THE SECURED PARTY (FOR ITSELF AND ON BEHALF OF THE OTHER FINANCE PARTIES) WAIVE ANY RIGHTS THEY MAY HAVE TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED ON OR ARISING FROM THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. In the event of litigation, this Agreement may be filed as a written consent to a trial by the court.

6.12 Governing Law

This Agreement is governed by the laws of the State of New York, except to the extent that the validity, perfection or enforcement of any security interest granted under this Agreement or any remedy in respect of any particular Collateral is mandatorily governed by the law of another jurisdiction.

The undersigned, intending to be legally bound, have executed and delivered this Agreement on the date stated at the beginning of this Agreement.

SIGNATORIES

Debtor

BLUE BIRD BODY COMPANY

By:



Secured Party

THE ROYAL BANK OF SCOTLAND plc, as Agent for the Finance Parties

By:



SCHEDULE 1
PERMITTED LIENS

Name Searcher	Current Secured Party in Record	Jurisdiction	Records found	File #	File Date	File Type	Collateral
BLUE BIRD BODY COMPANY	ASSOCIATES COMMERCIAL CORPORATION	GA-Barrow County Clerk of Superior Court	Records found	007-2000-008004	07/03/2000	Original	Daewoo GC25E Serial No. CV00634 Forklift.
BLUE BIRD BODY COMPANY	ASSOCIATES COMMERCIAL CORPORATION	GA-Barrow County Clerk of Superior Court	Records found	007-2000-008512	07/18/2000	Original	Daewoo Forklift GC30E S/N CV00179 & DAEWOO Forklift GC30 S/N CV00586
BLUE BIRD BODY COMPANY	ASSOCIATES LEASING, INC.	GA-Peach County Clerk of Superior Court	Records found	111-2000-50	01/24/2000	Original	One Clark OP15, One IBC1 Battery Model 12- 125G-15-18 and One IBC1 Charger Model 12G0865- 3Z.
BLUE BIRD BODY COMPANY	ASSOCIATES LEASING, INC.	GA-Peach County Clerk of Superior Court	Records found	111-2000-51	01/24/2000	Original	One Clark OP15, One IBC1 Battery Model 12- 125G-15-18 and One IBC1 Charger Model 12G0865- 3Z.
BLUE BIRD BODY COMPANY	BASF CORPORATION	GA-Barrow County Clerk of Superior Court	Records found	007-2000-004545	04/24/2000	Original	Industrial coatings product carrying trademark(s) owned by BASF.
BLUE BIRD BODY COMPANY	BASF CORPORATION	GA-Barrow County Clerk of Superior Court	Records found	007-2000-004546	04/24/2000	Original	Industrial coatings product carrying trademark(s) owned by BASF.
BLUE BIRD BODY COMPANY	BASF CORPORATION	IA-Secretary of State	Records found	P099838	24/04/2000	Original	Industrial coatings product carrying trademark(s) owned by BASF.
BLUE BIRD BODY COMPANY	BASF CORPORATION	GA-Barrow County Clerk of Superior Court	Records found	007-2001-012561	11/19/2001	Continuation	Industrial coatings product carrying trademark(s) owned by BASF.
BLUE BIRD BODY COMPANY	BYSTRONIC INC.	GA-Peach County Clerk of Superior Court	Records found	111-2000-189	03/24/2000	Original	One Bystar 3015-2-M
BLUE BIRD BODY COMPANY	CROWN CREDIT COMPANY	GA-Walker County Clerk of Superior Court	Records found	146-2000-0992	06/29/2000	Original	One Crown Lift Truck, Model: 20BT, SN: 1A227943
BLUE BIRD BODY COMPANY	GREATAMERICA LEASING	GA-Bibb County Clerk of Superior Court	Records found	3063	09/07/2003	Original	Equipment lease.
BLUE BIRD BODY COMPANY	IBM CREDIT CORPORATION	GA-Barrow County Clerk of Superior Court	Records found	007-98-009188	11/09/1998	Original	All Computer, Information Processing and other Peripheral Equipment and goods wherever located (including all additions, accessions, upgrades, and replacements) (referenced on IBM Supplement #579916.

Name Searched	Current Record Party of Record	Location	Findings	Roll #	Entry #	File Date	File Type	Comments
BLUE BIRD BODY COMPANY	IBM CREDIT CORPORATION	GA-Barrow County Clerk of Superior Court	Records found	007-2001-013847		12/27/2001	Original	All Computer, Information Processing and other Peripheral Equipment and goods wherever located (including all additions, accessions, upgrades, and replacements) (referenced on IBM Supplement #027707.
BLUE BIRD BODY COMPANY	IBM CREDIT CORPORATION	GA-Barrow County Clerk of Superior Court	Records found	007-98-010771		12/29/1998	Original	All Computer, Information Processing and other Peripheral Equipment and goods wherever located (including all additions, accessions, upgrades, and replacements) (referenced on IBM Supplement #606707.
BLUE BIRD BODY COMPANY	NMHG FINANCIAL SERVICES	GA-Bibb County Clerk of Superior Court	Records found	1943		05/03/2001	Original	Equipment lease.
BLUE BIRD BODY COMPANY	NMHG FINANCIAL SERVICES	IA-Secretary of State	Records found	P184763		03/05/2001	Original	Lcased equipment.

SCHEDULE 2**PATENTS**

<i>Patent</i>	<i>Title</i>	<i>Filing Date</i>	<i>Issue Date</i>
U.S. Patent No. 5,169,205	Emergency Exit Window	06-Aug- 1991	08-Dec- 1992
U.S. Patent No. 5,178,323	Heating System with Safety Features	02-Jan- 1991	12-Jan- 1993

SCHEDULE 3
TRADEMARKS

SCHEDULE 4

STATES IN WHICH COLLATERAL CONSISTING OF GOODS IS LOCATED

EXHIBIT 1**FORM OF ASSIGNMENT NOTICE**

To: [Relevant party]

[Date]

Dear Sirs,

We give you notice that, by a Security Agreement dated December 9, 2003 (the **Security Agreement**), made by Blue Bird Body Company (we or us) in favor of The Royal Bank of Scotland plc as agent for the Finance Parties referred to in the Security Agreement (the **Secured Party**), we have granted a first-priority security interest to the Secured Party in all of our right, title and interest in, to and arising under the [●] dated [●] by and between [●] (the **Assigned Obligation**).

We irrevocably instruct and authorize you, without any further authorization from us or notice to us:

- (a) to disclose to the Secured Party such information relating to the Assigned Obligation as the Secured Party may at any time and from time to time request;
- (b) to comply with the terms of any written notice or instructions received by you from the Secured Party in any way relating to, or purporting to relate to, the Assigned Obligation, including without limitation instructions relating to the payment of moneys under the Assigned Obligation; and
- (c) to send copies of all notices and other information required or permitted to be sent to us under the Assigned Obligation to the Secured Party as follows:

The Royal Bank of Scotland plc
Loans Administration Unit
2 ½ Devonshire Square
London EC2M 4BB

Fax Number: (011) 44 20 7615 7673
Attention: Neil Burrough

Please note that under the terms of the Security Agreement, we are permitted to exercise our rights under the Assigned Obligation unless and until you receive a notice or instruction from the Secured Party to the contrary. In the event you receive conflicting instructions from us and from the Secured Party, you are instructed to follow the instructions of the Secured Party.

Please also note that these instructions may not be revoked or amended without the prior written consent of the Secured Party.

This letter shall be governed by and construed in accordance with the law of the State of New York.

Please confirm your agreement to the above by sending a signed copy of the attached acknowledgement to the Secured Party with a copy to ourselves.

Yours faithfully,

BLUE BIRD BODY COMPANY

By:
Title:

EXHIBIT 2**FORM OF ASSIGNMENT ACKNOWLEDGEMENT**

To: The Royal Bank of Scotland plc
as Agent

Re: [●] (the Assigned Obligation)

Dear Sirs

We confirm that we have received from Blue Bird Body Company (the **Debtor**) a notice dated [●] informing us that the Debtor has granted to you a first-priority security interest in all of the Debtor's right, title and interest in, to and arising under the Assigned Obligation.

We confirm that:

- (a) we accept the instructions and authorization contained in that notice and we undertake to act in accordance with and comply with the terms of that notice;
- (b) we have not received notice of any interest or claim of any third party in or to the Assigned Obligation; and
- (c) we will not permit any sums to be paid to the Debtor or any other person under or pursuant to the Assigned Obligation if we receive instructions from you to the contrary.

[Relevant party]

By:
Title:

EXHIBIT 3
FORM OF BAILEE NOTICE

To: [Relevant party]

[Date]

Dear Sirs,

We give you notice that, by a Security Agreement dated December 9, 2003 (the **Security Agreement**), made by Blue Bird Body Company (we or us) in favor of The Royal Bank of Scotland plc as agent for the Finance Parties referred to in the Security Agreement (the **Secured Party**), we have granted a first-priority security interest to the Secured Party in all property (the **Property**) belonging to us that is now or later in your possession, including without limitation the following:

[●]

We irrevocably direct you to hold possession of the Property for the Secured Party's benefit. In addition, we irrevocably instruct and authorize you, without any further authorization from us or notice to us:

- (a) to disclose to the Secured Party such information relating to the Property as the Secured Party may at any time and from time to time request;
- (b) to comply with the terms of any written notice or instructions received by you from the Secured Party in any way relating to, or purporting to relate to, the Property, including without limitation instructions relating to the delivery of the Property;
- (c) to permit the Secured Party and its agents and representatives, at any reasonable time and from time to time, to inspect the Property, to examine and make copies of and abstracts from your records concerning the Property and to discuss these records and other matters relating to the Property with your officers and employees; and
- (d) to send copies of all notices and other information required or permitted to be sent to us with respect to the Property to the Secured Party as follows:

The Royal Bank of Scotland plc
Loans Administration Unit
2 ½ Devonshire Square
London EC2M 4BB

Fax Number: (011) 44 20 7615 7673
Attention: Neil Burrough

Please note that under the terms of the Security Agreement, we are permitted to exercise our rights with respect to the Property unless and until you receive a notice or instruction from the Secured Party to the

contrary. In the event you receive conflicting instructions from us and from the Secured Party, you are instructed to follow the instructions of the Secured Party.

Please also note that these instructions may not be revoked or amended without the prior written consent of the Secured Party.

This letter shall be governed by and construed in accordance with the law of the State of New York.

Please confirm your agreement to the above by sending a signed copy of the attached acknowledgement to the Secured Party with a copy to ourselves.

Yours faithfully,

BLUE BIRD BODY COMPANY

By:

Title:

EXHIBIT 4**FORM OF BAILEE ACKNOWLEDGEMENT**

To: The Royal Bank of Scotland plc
as Agent

Dear Sirs

We confirm that we have received from Blue Bird Body Company (the **Debtor**) a notice dated [●] informing us that the Debtor has granted to you a first-priority security interest in all property (the **Property**) belonging to the Debtor that is now or later in our possession.

We acknowledge and confirm that:

- (a) we are holding possession of the Property for your benefit;
- (b) we accept the instructions and authorization contained in that notice and we undertake to act in accordance with and comply with the terms of that notice;
- (c) we will not deliver the Property to the Debtor or any other person if we receive instructions from you to the contrary; and
- (d) we have not received notice of any claim or interest of any third party in or to the Property.

[Relevant party]

By:
Title:

**Kirkpatrick & Lockhart LLP**599 Lexington Avenue
New York, NY 10022-6030
212.536.3900
Fax: 212.536.3901**FAX****Date • August 11, 2004****No. of Pages, 38
including
coversheet •****Transmit To •**

Name	Company	Phone	Fax
Jeffrey Olsen, Examiner	USPTO Assignments – Patent		703-306-5995

From • Jackie Stelling**Phone • 212-536-4032****Secretary • Rebecca Powell****Phone • -4093****COMMENTS:** Corrected cover sheet and supporting documents attached re DOC
ID#102633657When you are sending to us, please be sure to include a cover
sheet with your transmittal and a telephone number where you
can be contacted in case of equipment malfunction.**Transmitted by:****Time:****IMPORTANT:** The materials transmitted by this facsimile are sent by an attorney or his/her agent, and are considered confidential and are intended only for the use of the individual or entity named. If the addressee is a client, these materials may also be subject to applicable privileges. If the recipient of these materials is not the addressee, or the employee or agent responsible for the delivery of these materials to the addressee, please be aware that any dissemination, distribution or copying of this communication is strictly prohibited. If you have received this communication in error, please immediately notify us at 212.536.3982 (collect) and return the transmitted materials to us at the above address via the U.S. Postal Service. We will reimburse you any costs incurred in connection with this erroneous transmission and your return of these materials. Thank you. Please report problems with reception by calling 212.536.3982.**RECORDED: 08/11/2004****PATENT
REEL: 015017 FRAME: 0556**