

PATENT ASSIGNMENT COVER SHEET

Electronic Version v1.1
Stylesheet Version v1.2

EPAS ID: PAT6852998

SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	SECURITY AGREEMENT
CONVEYING PARTY DATA	
Name	Execution Date
SAXX UNDERWEAR (USA) CO.	08/06/2021
RECEIVING PARTY DATA	
Name:	ROYAL BANK OF CANADA, AS AGENT
Street Address:	20 KING STREET WEST, 4TH FLOOR
City:	TORONTO, ONTARIO
State/Country:	CANADA
Postal Code:	M5H 1C4
PROPERTY NUMBERS Total: 3	
Property Type	Number
Patent Number:	7958571
Patent Number:	9375035
Application Number:	16539010
CORRESPONDENCE DATA	
Fax Number:	
<i>Correspondence will be sent to the e-mail address first; if that is unsuccessful, it will be sent using a fax number, if provided; if that is unsuccessful, it will be sent via US Mail.</i>	
Phone:	240-392-0017
Email:	requests@independencellegalsupport.com
Correspondent Name:	ELSPETH CALLAHAN
Address Line 1:	PO BOX 1807
Address Line 4:	GREENBELT, MARYLAND 20768
NAME OF SUBMITTER:	DIANDRA M. LAMANTIA
SIGNATURE:	/Diandra M. LaMantia/
DATE SIGNED:	08/06/2021
Total Attachments: 35	
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Exhibit A

Patents

Title	Jurisdiction	Application No	Filing Date	Patent No.	Issue Date	Status	Expiration Date	Current Owner of Record
Underwear garment for a male.	USA	12000966	2007-12-19	7958571	2011-06-14	Granted	2030 Feb 04	Saxx Underwear (USA) Co.
System for male genital support and enhancing appearance.	USA	14529800	2014-10-31	9375035	2016-06-28	Granted	2034 Oct 31	Saxx Underwear (USA) Co.
Fixed-waist Short with Underwear Attached.	USA	16539010	2019-08-13	--	--	Pending	--	Saxx Underwear (USA) Co.

SECURITY AGREEMENT

This Security Agreement (as amended, restated, supplemented or otherwise modified from time to time, the “*Agreement*”) is dated as of August 6, 2021, between SAXX UNDERWEAR (USA) CO., a Delaware corporation (together with its successors, by amalgamation or otherwise, and permitted assigns, the “*Debtor*”), with its mailing address as set forth in Section 14(b) hereof, and ROYAL BANK OF CANADA, a Canadian chartered bank (“*RBC*”), with its mailing address as set forth in Section 14(b) hereof, acting as administrative agent hereunder for the Secured Creditors hereinafter identified and defined (RBC acting as such administrative agent and any successor or successors to RBC acting in such capacity being hereinafter referred to as the “*Agent*”).

PRELIMINARY STATEMENTS

A. SAXX US ACQUISITION INC., a Delaware corporation (“*US Borrower*”) and SAXX CAN ACQUISITION INC., a corporation existing under the laws of British Columbia (“*Canadian Borrower*”; Canadian Borrower and US Borrower shall together be referred to as the “*Borrowers*”), the Lenders (as defined below) and the Agent have entered into a Credit Agreement dated as of August 6, 2021 (such Credit Agreement, as the same may be amended or modified from time to time, including amendments and restatements thereof in its entirety, being hereinafter referred to as the “*Credit Agreement*”), pursuant to which RBC and other banks and financial institutions and letter of credit issuers from time to time party to the Credit Agreement and other banks and financial institutions from time to time party to the Credit Agreement that accept a Bankers’ Acceptance (RBC, and such other banks and financial institutions being hereinafter referred to collectively as the “*Lenders*” and individually as a “*Lender*” and such letter of credit issuers being hereinafter referred to collectively as the “*Issuing Lenders*” and individually as an “*Issuing Lender*” and such other banks and financial institutions that accept a Bankers’ Acceptance being hereinafter referred to collectively as the “*BA Lenders*” and individually as a “*BA Lender*”) have agreed, subject to certain terms and conditions, to extend credit and make certain other financial accommodations available to the Borrowers (the Agent, the Issuing Lenders, the BA Lenders and the Lenders, together with Affiliates of the Lenders with respect to obligations under Hedge Arrangements and obligations under Service Agreements referred to below and all agreements relating to VISA, MasterCard and any other charge cards issued by any Lender, and any unpaid balance thereof, being hereinafter referred to collectively as the “*Secured Creditors*” and individually as a “*Secured Creditor*”).

B. In addition, one or more Obligors may from time to time be liable to the Lenders and/or their Affiliates with respect to the Obligations (including but not limited to the obligations under Hedge Arrangements and/or obligations under Service Agreements and all agreements relating to VISA, MasterCard and other charge cards issued by any Lender, and any unpaid balance thereof).

C. As a condition to extending credit or otherwise making financial accommodations available to or for the account of the Borrowers under the Credit Agreement and the other Loan Documents, the Secured Creditors require, among other things, that the Debtor grants to the Agent for the benefit of the Secured Creditors a lien on and security interest in certain personal property and fixtures of the Debtor described herein subject to the terms and conditions hereof.

D. The Debtor is an Affiliate of the Borrowers.

E. The Borrowers provide the Debtor with financial, management, administrative and technical support which enables the Debtor to conduct its business in an orderly and efficient manner in the ordinary course.

F. The Debtor will benefit, directly or indirectly, from credit and other financial accommodations extended by the Secured Creditors to the Borrowers.

NOW, THEREFORE, for good and valuable consideration, receipt whereof is hereby acknowledged, the parties hereto agree as follows:

Section 1. Terms Defined in Credit Agreement. Except as otherwise provided above and in Section 2 below, all capitalized terms used herein without definition (including in the Preliminary Statements) shall have the same meanings herein as such terms have in the Credit Agreement. The term "Debtor" as used herein shall mean and include the Debtor individually, with all grants, representations, warranties, and covenants of and by the Debtor herein contained to constitute grants, representations, warranties, and covenants of and by the Debtor; *provided, however,* that unless the context in which the same is used shall otherwise require, any grant, representation, warranty or covenant contained herein related to the Collateral shall be made by the Debtor only with respect to the Collateral owned by it or represented by the Debtor as owned by it. The terms "including" (and its variants) shall be interpreted to mean "including, but not limited to," regardless of whether the phrase ", but not limited to," is used in connection with the same.

Section 2. Grant of Security Interest in the Collateral. As collateral security for the Secured Obligations defined below, the Debtor hereby grants to the Agent for the benefit of the Secured Creditors a lien on and security interest in, and right of set-off against, and acknowledges and agrees that the Agent has and shall continue to have for the benefit of the Secured Creditors a continuing lien on and security interest in, and right of set-off against, all right, title, and interest of the Debtor, whether now owned or existing or hereafter created, acquired or arising, in and to all of the following:

- (a) Accounts;
- (b) Chattel Paper;
- (c) Instruments (including Promissory Notes);
- (d) Documents;
- (e) General Intangibles (including Payment Intangibles and software, patents, trademarks, trade names, trade dress, copyrights, and all other intellectual property rights, including all applications, registration, and licenses therefor, and all goodwill of the business connected therewith or represented thereby);

- (f) Letter-of-Credit Rights and letters of credit;
- (g) Supporting Obligations;
- (h) Deposit Accounts;
- (i) Investment Property (including certificated and uncertificated Securities, Securities Accounts, Security Entitlements, Commodity Accounts, and Commodity Contracts);
- (j) Equipment (including all software, whether or not the same constitutes embedded software, used in the operation thereof);
- (k) Fixtures;
- (l) Commercial Tort Claims (as described on Schedule F hereto or on one or more supplements to this Agreement);
- (m) Inventory, rights to merchandise and other Goods (including rights to returned or repossessed Goods and rights of stoppage in transit) which are represented by, arise from, or relate to any of the foregoing;
- (n) Monies, personal property, and interests in personal property of the Debtor of any kind or description now held by any Secured Creditor or at any time hereafter transferred or delivered to, or coming into the possession, custody or control of, any Secured Creditor, or any agent or Affiliate of any Secured Creditor, whether expressly as collateral security or for any other purpose (whether for safekeeping, custody, collection or otherwise), and all dividends and distributions on or other rights in connection with any such property;
- (o) Supporting evidence and documents relating to any of the above-described property, including, without limitation, computer programs, disks, tapes and related electronic data processing media, and all rights of the Debtor to retrieve the same from third parties, written applications, credit information, account cards, payment records, correspondence, delivery and installation certificates, invoice copies, delivery receipts, notes and other evidences of indebtedness, insurance certificates and the like, together with all books of account, ledgers, and cabinets in which the same are reflected or maintained;
- (p) Accessions and additions to, and substitutions and replacements of, any and all of the foregoing; and
- (q) Proceeds and products of the foregoing, and all insurance of the foregoing and proceeds thereof;

all of the foregoing being herein sometimes referred to as the "*Collateral*". All terms which are used in this Agreement which are defined in the Uniform Commercial Code of the State of New

York as in effect from time to time (the “UCC”) shall (whether or not such terms are capitalized in the UCC) have the same meanings herein as such terms are defined in the UCC, unless this Agreement shall otherwise specifically provide. For purposes of this Agreement, the term (x) “*Receivables*” means all rights to the payment of a monetary obligation, whether or not earned by performance, and whether evidenced by an Account, Chattel Paper, Instrument, General Intangible, or otherwise and (y) “*Subsidiary Interests*” means all equity interests held by the Debtor in its directly-owned Subsidiaries that does not constitute Excluded Property, whether such equity interests constitute Investment Property or General Intangibles under the UCC, it being acknowledged and agreed, subject to the next succeeding sentence, that all Receivables and Subsidiary Interests that do not constitute Excluded Property constitute Collateral hereunder. Notwithstanding anything herein or in any other Loan Document to the contrary, the security interest created by this Agreement shall not extend to, and the definition of Collateral shall specifically exclude the following (collectively “Excluded Property”) (i) any item of General Intangibles or other contractual right, permit or license issued to the Debtor as the permit holder or licensee thereof or any lease to which the Debtor is lessee thereof, in each case only to the extent and for so long as the terms of such General Intangible, contract right, permit, license, or lease effectively (after giving effect to Sections 9-406 through 9-409, inclusive, of the UCC (or any successor provision or provisions) or any other Applicable Law) prohibits the creation by the Debtor of a security interest in such General Intangible, contract right, permit, license, or lease in favor of the Agent or would result in an effective invalidation, termination or breach of the terms of any such General Intangible, contract right, permit, license or lease (after giving effect to Sections 9-406 through 9-409, inclusive, of the UCC (or any successor provision or provisions) or any other Applicable Law), in each case unless and until any required consents are obtained, provided that (x) the Collateral shall include and the security interest granted in the Collateral shall attach to, (1) all proceeds, substitutions or replacements of any such excluded items referred to herein unless such proceeds, substitutions or replacements would constitute excluded items hereunder, and (2) all rights to payment due or to become due under any such excluded items referred to herein, and (y) if and when the prohibition which prevents the granting of a security interest in any such property is removed, terminated, or otherwise becomes unenforceable as a matter of law, the Agent will be deemed to have, and at all times to have had, a security interest in such property, and the Collateral will be deemed to include, and at all times to have included, such property without further action or notice by any Person; (ii) any property to the extent that such grant of a security interest is prohibited by Applicable Law, requires a consent not obtained of any Governmental Authority pursuant to such Applicable Law or is prohibited by such Applicable Law; and (iii) any United States intent-to-use trademark or service mark application to the extent that, and solely during the period in which, the grant of a security interest therein would impair the validity or enforceability of such intent-to-use application under Applicable Law.

Section 3. Secured Obligations. This Agreement is made and given to secure, and shall secure, the prompt payment and performance, without duplication, of (a) all Obligations, and (b) any and all expenses and charges, legal or otherwise, suffered or incurred by the Secured Creditors, and any of them individually, in collecting or enforcing any of such indebtedness, obligations, and liabilities or in realizing on or protecting or preserving any security therefor, including, without limitation, the lien and security interest granted hereby in connection with the Credit Agreement or the other Loan Documents (all of the indebtedness, obligations, liabilities, expenses, and charges described above being hereinafter referred to as the “*Secured*

Obligations”). For purposes herein, “*Obligations*” means all of the present and future indebtedness, liabilities and obligations of the Debtor of any and every kind, nature or description whatsoever (whether direct or indirect, joint or several or joint and several, absolute or contingent, matured or unmatured, in any currency, and whether as principal debtor, guarantor, surety or otherwise, including without limitation any interest that accrues thereon after or would accrue thereon but for the commencement of any case, proceeding or other action, whether voluntary or involuntary, relating to the bankruptcy, insolvency or reorganization of the Debtor whether or not allowed or allowable as a claim in any such case, proceeding or other action) to the Lender Parties under, in connection with, relating to or with respect to each of the Loan Documents and any and all Hedge Arrangements and Service Agreements and all agreements relating to VISA, MasterCard and other charge cards issued by any Lender, and any unpaid balance thereof. Notwithstanding anything in this Agreement to the contrary, (a) the right of recovery against the Debtor under this Agreement shall not exceed \$1.00 less than the lowest amount that would render the Debtor’s obligations under this Agreement void or voidable under Applicable Law, including fraudulent conveyance law and (b) the Secured Obligations with respect to the Debtor shall not include any Excluded Hedge Obligation as defined below.

“*Excluded Hedge Obligation*” means, with respect to the Debtor, any Swap Obligation if, and to the extent that, all or a portion of the grant by the Debtor of a security interest to secure any such Swap Obligation (or any guaranty thereof) is or becomes illegal under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) by virtue of the Debtor’s failure for any reason to constitute an “eligible contract participant” as defined in the Commodity Exchange Act at the time the guaranty of the guarantor becomes effective with respect to such related Swap Obligation. If a Swap Obligation arises under a master agreement governing more than one swap, such exclusion shall apply only to the portion of such Swap Obligation that is attributable to swaps for which such guaranty or security interest is or becomes illegal.

“*Swap Obligation*” means, with respect to the Debtor, any obligation to pay or perform under any agreement, contract or transaction that constitutes a “swap” within the meaning of section 1a(47) of the Commodity Exchange Act.

“*Commodity Exchange Act*” means the Commodity Exchange Act (7 U.S.C. § 1 et seq.), as amended from time to time, and any successor statute.

Section 4. Covenants, Agreements, Representations and Warranties. The Debtor hereby covenants and agrees with, and represents and warrants to, the Secured Creditors that:

(a) The Debtor’s chief executive office is at the location listed under Column 2 on Schedule A attached hereto opposite the Debtor’s name; and the Debtor has no other executive offices or places of business other than those listed under Column 3 on Schedule A attached hereto opposite the Debtor’s name. The Collateral is and shall remain in the Debtor’s possession or control at the locations listed under Columns 2 and 3 on Schedule A attached hereto opposite the Debtor’s name, as the same may be updated from time to time in accordance with following provisions in this clause (a) (collectively for the Debtor, the “*Permitted Collateral Locations*”), except as otherwise permitted by the Credit Agreement

or for (i) Collateral which in the ordinary course of the Debtor's business is in transit between Permitted Collateral Locations or otherwise is in transit in the ordinary course of business, (ii) Collateral aggregating less than \$100,000 in fair market value outstanding at any one time that constitutes intangible personal property and (iii) Collateral required by this Agreement to be in the possession of the Agent. If for any reason any Collateral is at any time kept or located at a location other than a Permitted Collateral Location, the Agent shall nevertheless have and retain a lien on and security interest therein. The Debtor own or lease the Permitted Collateral Locations except to the extent otherwise disclosed under Columns 2 and 3 on Schedule A. The Debtor shall not move its chief executive office or maintain a place of business at a location other than those specified under Column 2 or 3 on Schedule A or, unless otherwise permitted under the Credit Agreement, permit any Collateral (other than the Collateral referred to in clauses (i), (ii) and (iii) above) to be located at a location other than a Permitted Collateral Location, in each case without first providing the Agent at least 15 days prior written notice (or such shorter period as the Agent may agree) of the Debtor's intent to do so (or, if such cessation of perfection would not occur upon such movement, at least 15 days prior to the date such cessation would occur (or such shorter period as the Agent may agree)); *provided* that, other than as specified under Columns 2 or 3 on Schedule A, the Debtor shall at all times maintain its chief executive office, places of business, and Permitted Collateral Locations in the United States of America or Canada unless otherwise specifically agreed to in writing by the Agent and the Debtor shall have taken all action reasonably requested by the Agent in writing to maintain the lien and security interest of the Agent in the Collateral at all times fully perfected and in full force and effect (at which time Schedule A hereof shall be deemed amended to include each such additional Permitted Collateral Location, and the Debtor agrees to furnish to the Agent from time to time promptly after its written request, acting reasonably, an updated Schedule A listing all such Permitted Collateral Locations).

(b) The Debtor's legal name, jurisdiction of organization and organizational number (if any) are correctly set forth under Column 1 on Schedule A of this Agreement (unless as otherwise amended from time to time pursuant to the last sentence in Section 4(a) above). The Debtor has not transacted business at any time during the immediately preceding five-year period, and does not currently transact business, under any other legal names or trade names other than the prior legal names and trade names (if any) set forth on Schedule B attached hereto (unless as otherwise amended from time to time by the Debtor at which time Schedule B hereof shall be deemed amended to include such additional legal names or trade names). The Debtor shall not change its jurisdiction of organization without first giving 15 days' prior written notice (or such shorter period as the Agent may agree) of its intent to do so to the Agent. The Debtor shall not change its legal name or transact business under any other trade name without first giving 10 days' prior written notice (or such shorter period as the Agent may agree) of its intent to do so to the Agent.

(c) The Collateral and every part thereof is and shall be free and clear of all security interests, liens, attachments, levies, and encumbrances of every kind, nature, and description and whether voluntary or involuntary, except for the lien and security interest of the Agent therein and other Permitted Encumbrances as defined in the Credit Agreement (herein, the "*Permitted Encumbrances*"). The Debtor shall warrant and defend the

Collateral against any material claims and demands of all persons (other than in respect of Permitted Encumbrances) at any time claiming the same or any interest in the Collateral materially adverse to any of the Secured Creditors.

(d) Subject to the terms of the Credit Agreement and other than with respect to any Collateral that in reasonable business judgment of the Debtor has become obsolete or worn out or is no longer necessary for the proper conduct of the business of the Debtor, the Debtor agrees it will not waste or destroy any of the Collateral and will not be grossly negligent in the care or use of any of the Collateral. The Debtor agrees it will not, in any material respect, use, manufacture, sell or distribute any Collateral in violation of any statute, ordinance or other governmental requirement where any such violation, individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect. The Debtor will perform in all material respects its obligations under any contract or other agreement constituting part of the Collateral except to the extent that any non-compliance would not reasonably be expected to result in a Material Adverse Effect, it being understood and agreed that the Secured Creditors have no responsibility to perform such obligations.

(e) Except to the extent not prohibited by the Credit Agreement, the Debtor agrees it will not, without the Agent's prior written consent, sell, assign, mortgage, lease, or otherwise dispose of the Collateral or any interest therein in contravention of the Credit Agreement.

(f) The Debtor will insure its Collateral consisting of tangible personal property as and to the extent required by the Credit Agreement. All insurance proceeds shall be subject to the lien and security interest of the Agent hereunder.

UNLESS THE DEBTOR PROVIDES THE AGENT WITH EVIDENCE OF THE INSURANCE COVERAGE REQUIRED BY THIS AGREEMENT PROMPTLY AFTER WRITTEN REQUEST BY THE AGENT FOR SUCH EVIDENCE, THE AGENT MAY, DURING THE CONTINUANCE OF AN EVENT OF DEFAULT OR IF REQUIRED BY APPLICABLE LAW, PURCHASE INSURANCE AT THE DEBTOR'S EXPENSE TO PROTECT THE AGENT'S INTERESTS IN THE COLLATERAL. THIS INSURANCE MAY, BUT NEED NOT, PROTECT THE DEBTOR'S INTERESTS IN THE COLLATERAL. THE COVERAGE PURCHASED BY THE AGENT MAY NOT PAY ANY CLAIMS THAT THE DEBTOR MAKES OR ANY CLAIM THAT IS MADE AGAINST THE DEBTOR IN CONNECTION WITH THE COLLATERAL. THE DEBTOR MAY LATER CANCEL ANY SUCH INSURANCE PURCHASED BY THE AGENT, BUT ONLY AFTER PROVIDING THE AGENT WITH EVIDENCE THAT THE DEBTOR HAS OBTAINED INSURANCE AS REQUIRED BY THIS AGREEMENT. IF THE AGENT PURCHASES INSURANCE FOR THE COLLATERAL, THE DEBTOR WILL BE RESPONSIBLE FOR THE REASONABLE AND DOCUMENTED OUT-OF-POCKET COSTS OF THAT INSURANCE, INCLUDING INTEREST THAT THE AGENT MAY IMPOSE IN CONNECTION WITH THE PLACEMENT OF THE INSURANCE, UNTIL THE EFFECTIVE DATE OF THE CANCELLATION OR EXPIRATION OF THE INSURANCE. THE REASONABLE AND DOCUMENTED OUT-OF-POCKET COSTS OF THE INSURANCE MAY BE ADDED TO THE SECURED OBLIGATIONS SECURED HEREBY. THE COSTS OF THE INSURANCE MAY BE MORE THAN THE COST OF INSURANCE THE DEBTOR MAY BE ABLE TO OBTAIN ON ITS OWN.

(g) [Reserved].

(h) If any Collateral is in the possession or control of any agents or processors of the Debtor and the Agent so requests in writing upon the occurrence and during the continuation of an Event of Default, the Debtor agrees to notify such agents or processors in writing of the Agent's lien and security interest therein and, upon the occurrence and continuance of an Event of Default, instruct them to hold all such Collateral for the Agent's account and subject to the Agent's instructions. The Debtor will, upon the written request of the Agent during the existence of an Event of Default, authorize and instruct all bailees and any other parties, if any, at any time processing, labeling, packaging, holding, storing, shipping or transferring all or any part of the Collateral to permit the Agent, on behalf of the Secured Creditors, and its representatives to examine and inspect any of the Collateral then in such party's possession and to verify from such party's own books and records any information concerning the Collateral or any part thereof which the Agent or its representatives may seek to verify. As to any premises not owned by the Debtor wherein leased Collateral is located, if any, the Debtor shall, upon the Agent's reasonable written request, use commercially reasonable efforts to cause the owner of any of such premises to enter into an agreement (any such agreement to contain a legal description of such premises) whereby such party disclaims (or agrees to subordinate) any right, title, and interest in and lien on the Collateral, allows the removal of such Collateral by the Agent or its agents or representatives, and otherwise is in form and substance reasonably acceptable to the Agent.

(i) Reasonably promptly after the Agent's request, the Debtor agrees from time to time to deliver to the Agent such evidence of the existence, identity, and location of its Collateral and of its availability as collateral security pursuant hereto (including, without limitation, schedules describing all Receivables created or acquired by the Debtor, copies of customer invoices or the equivalent and copies of shipping or delivery receipts for all merchandise and other goods sold or leased or services rendered by it, together with the Debtor's warranty of the genuineness thereof, and reports stating the book value of its Inventory and Equipment by major category and location), in each case as the Agent may reasonably request in writing. The Agent shall have the right to verify all or any part of the Collateral in any reasonable manner, and through any reasonable medium, and the Debtor agrees to furnish all assistance and information, and perform any acts, which the Agent may reasonably require in connection therewith.

(j) Schedule C attached hereto contains a true and complete listing of all patents, trademarks, trade names, trade dress and copyrights (including all registrations and applications therefor) owned by the Debtor as of the date hereof that are registered with any U.S. governmental authority. Concurrently with the delivery of a Compliance Certificate pursuant to Section 10.1(i) of the Credit Agreement, the Debtor shall notify the Agent in writing of any additional patents, trademarks, trade names, trade dress and copyrights acquired or arising after the date hereof (to the extent not previously disclosed in any prior Compliance Certificate delivered pursuant to Section 10.1(i) of the Credit Agreement) that are registered with the United States Patent and Trademark Office or the United States Copyright Office, and, upon Agent's reasonable request, shall submit to the

Agent a supplement to Schedule C to reflect such additional rights (provided the Debtor's failure to do so shall not impair the Agent's security interest therein). The Debtor owns or possesses rights to use all patents, trademarks, trade names, trade dress, copyrights, and other intellectual property rights which are material to the conduct of their business. To the knowledge of the Debtor, no event has occurred which permits, or after notice or lapse of time or both would permit, the revocation or termination of any such rights, and to the knowledge of the Debtor, the Debtor is not liable to any person for infringement of intellectual property rights under Applicable Law with respect to any such rights as a result of its business operations.

(k) Schedule F attached hereto contains a true, complete and current listing of all Commercial Tort Claims with a value in excess of \$100,000 held by the Debtor as of the date hereof, each described by referring to a specific incident giving rise to the claim. The Debtor agrees to execute and deliver to the Agent an agreement in the form attached hereto as Schedule G, or in such other form reasonably acceptable to the Agent, within 30 days of becoming aware of any Commercial Tort Claim of the Debtor with a value in excess of \$100,000 arising after the date hereof (provided the Debtor's failure to do so shall not impair the Agent's security interest therein).

(l) The Debtor agrees to execute and deliver to the Agent such further agreements, assignments, instruments, and documents, and to do all such other things, as the Agent may reasonably deem necessary or appropriate to assure the Agent its lien and security interest hereunder on the Collateral, including, without limitation, (i) such financing statements, and amendments thereof or supplements thereto, or other instruments and documents as the Agent may from time to time reasonably require to comply with the UCC and any other Applicable Law, (ii) such agreements with respect to patents, trademarks, copyrights, and similar intellectual property rights as the Agent may from time to time reasonably require to comply with the filing requirements of the United States Patent and Trademark Office and the United States Copyright Office, and (iii) such control agreements with respect to Deposit Accounts, Investment Property, Letter-of-Credit Rights, and electronic Chattel Paper, and to cause the relevant depository institutions, financial intermediaries, and issuers to execute and deliver such control agreements, as the Agent may from time to time reasonably require, provided the Agent shall only require control agreements to the extent required under the Credit Agreement. The Debtor hereby agrees that a carbon, photographic or other reproduction of this Agreement or any such financing statement is sufficient for filing as a financing statement by the Agent without notice thereof to the Debtor wherever the Agent in its sole discretion decides to file the same. The Debtor hereby authorizes the Agent to file any and all financing statements covering the Collateral or any part thereof as the Agent may require, including financing statements describing the Collateral as "all assets" or "all personal property" or words of like meaning. The Agent, in its reasonable discretion, may order lien searches against the Debtor and the Collateral, and the Debtor shall promptly reimburse the Agent for all reasonable and documented out-of-pocket costs and expenses incurred in connection with such lien searches. In the event for any reason the law of any jurisdiction other than New York becomes or is applicable to the Collateral or any part thereof, or to any of the Secured Obligations, the Debtor agrees to execute and deliver all such agreements, assignments,

instruments, and documents and to do all such other things as the Agent reasonably deems necessary or appropriate to preserve, protect, and enforce the security interest of the Agent under the law of such other jurisdiction.

(m) On failure of the Debtor to perform any of the covenants and agreements herein contained, upon the occurrence and during the continuance of an Event of Default, the Agent may, at its option, perform the same and in so doing may expend such sums as the Agent reasonably deems advisable in the performance thereof, including, without limitation, the payment of any insurance premiums, the payment of any taxes, liens, and encumbrances, expenditures made in defending against any adverse claims, and all other expenditures which the Agent may be compelled to make by operation of law or which the Agent may make by agreement or otherwise for the protection of the security hereof. All such sums and amounts so expended shall be repayable by the Debtor upon demand, shall constitute additional Secured Obligations secured hereunder, and shall bear interest from the date said amounts are expended at the rate per annum (computed on the basis of a year of 360 days for the actual number of days elapsed) determined by adding 2.00% per annum to the Applicable Margin from time to time in effect for Advances, with any change in such rate per annum as so determined by reason of a change in such Applicable Margin to be effective on the date of such change in said Applicable Margin (such rate per annum as so determined being hereinafter referred to as the "*Default Rate*"). No such performance of any covenant or agreement by the Agent on behalf of the Debtor, and no such advancement or expenditure therefor, shall relieve the Debtor of any default under the terms of this Agreement or in any way obligate any Secured Creditor to take any further or future action with respect thereto. The Agent, in making any payment hereby authorized, may do so according to any bill, statement or estimate procured from the appropriate public office or holder of the claim to be discharged without inquiry into the accuracy of such bill, statement or estimate or into the validity of any tax assessment, sale, forfeiture, tax lien or title or claim.

Section 5. Special Provisions Re: Receivables. (a) Other than as permitted by clauses (b) and (c) below, the Debtor will not (i) amend, modify, terminate or waive any provision applicable to any Receivable in any manner which could reasonably be expected to have a Material Adverse Effect, or (ii) fail to exercise promptly and diligently its rights under each Receivable and each document giving rise to a Receivable if such failure could reasonably be expected to have a Material Adverse Effect.

(b) Other than in the ordinary course of business of the Debtor or in Debtor's commercially reasonable business judgment, the Debtor will not (i) grant any extension of the time for payment of any Receivable, (ii) compromise, compound or settle any Receivable for less than its full amount, (iii) release, wholly or partially, any Person liable for the payment of any Receivable, or (iv) allow any credit or discount of any Receivable.

(c) Unless and until an Event of Default has occurred and is continuing any merchandise or other goods which are returned by a customer or account debtor or otherwise recovered may be resold by the Debtor in the ordinary course of its business as presently conducted in accordance with Section 7(b) hereof; and, during the continuance of any Event of Default, such merchandise

and other goods shall be set aside at the reasonable written request of the Agent and held by the Debtor as trustee for the Secured Creditors and shall remain part of the Secured Creditors' Collateral. Unless and until an Event of Default has occurred and is continuing, the Debtor may settle and adjust disputes and claims with its customers and account debtors, handle returns and recoveries, and grant discounts, credits, and allowances in the ordinary course of its business for amounts and on terms which the Debtor in good faith considers advisable; and, during the existence of any Event of Default, at the Agent's reasonable written request, the Debtor shall notify the Agent promptly of all returns and recoveries and, on the Agent's reasonable written request, deliver any such merchandise or other goods to the Agent. During the existence of any Event of Default, at the Agent's reasonable request, the Debtor shall also notify the Agent promptly of all disputes and claims and settle or adjust them at no expense to the Agent, but no discount, credit or allowance other than on normal trade terms in the ordinary course of business shall be granted to any customer or account debtor and no returns of merchandise or other goods shall be accepted by the Debtor without the Agent's consent. The Agent may, at all times during the existence of any Event of Default, settle or adjust disputes and claims directly with customers or account debtors for amounts and upon terms which the Agent considers advisable.

(d) Promptly upon the reasonable written request from time to time by the Agent, to the extent any Receivable or other item of Collateral, in each case, with a value or related to an amount payable in excess of \$10,000, is evidenced by an Instrument or tangible Chattel Paper, the Debtor shall cause such Instrument or tangible Chattel Paper to be pledged and delivered (or cause to be delivered) to the Agent, endorsed and/or accompanied by such instruments of assignment and transfer in such form and substance reasonably satisfactory to the Agent and as the Agent may reasonably request in writing.

Section 6. Collection of Receivables. (a) Except as otherwise provided in this Agreement, the Debtor shall make collection of its Receivables and may use the same to carry on its business in the ordinary course and otherwise subject to the terms hereof.

(b) In the event the Agent requests the Debtor to do so upon the occurrence and during the continuance of an Event of Default:

(i) all Instruments and tangible Chattel Paper at any time constituting part of the Receivables (including any postdated checks) that constitute Collateral shall, upon receipt by the Debtor, be immediately endorsed to and deposited with Agent; and/or

(ii) the Debtor shall instruct all customers and account debtors to remit all payments in respect of Receivables that constitute Collateral or any other Collateral to a lockbox or lockboxes under the sole custody and control of the Agent and which are maintained at one or more post offices selected by the Agent.

(c) Upon the occurrence and during the continuation of any Event of Default, whether or not the Agent has exercised any of its other rights under the other provisions of this Section 6, the Agent or its designee may notify the Debtor's customers and account debtors at any time that Receivables that constitute Collateral have been assigned to the Agent or of the Agent's security interest therein, and either in its own name, or the Debtor's name, or both, demand, collect

(including, without limitation, through a lockbox analogous to that described in Section 6(b)(ii) hereof), receive, receipt for, sue for, compound and give acquittance for any or all amounts due or to become due on Receivables, and in the Agent's reasonable discretion file any claim or take any other action or proceeding which the Agent may deem necessary or appropriate to protect and realize upon the security interest of the Agent in the Receivables that constitute Collateral or any other Collateral.

(d) Any proceeds of Receivables that constitute Collateral or other Collateral transmitted to or otherwise received by the Agent pursuant to any of the provisions of Section 6(b) or 6(c) hereof may be handled and administered by the Agent in and through a remittance account or accounts maintained at the Agent or by the Agent at a commercial bank or banks selected by the Agent (collectively the "*Depository Banks*" and individually a "*Depository Bank*"), and the Debtor acknowledges that the maintenance of such remittance accounts by the Agent is solely for the Agent's convenience and that the Debtor does not have any right, title or interest in such remittance accounts or any amounts at any time standing to the credit thereof, except to the extent such amounts are in excess of the amounts owed under the Loan Documents. The Agent may, after the occurrence and during the continuation of any Default or Event of Default, apply all or any part of any proceeds of Receivables or other Collateral received by it to the payment of the Secured Obligations (whether or not then due and payable), such applications to be made in such amounts and in such manner and order provided in Section 12.11 of the Credit Agreement. The Agent need not apply or give credit for any item included in proceeds of Receivables constituting Collateral or other Collateral until the Depository Bank has received final payment therefor at its office in cash or final solvent credits current at the site of deposit reasonably acceptable to the Agent and the Depository Bank as such. However, if the Agent does permit credit to be given for any item prior to a Depository Bank receiving final payment therefor and such Depository Bank fails to receive such final payment or an item is charged back to the Agent or any Depository Bank for any reason, the Agent may at its election in either instance charge the amount of such item back against any such remittance accounts or any Deposit Account of the Debtor subject to the lien and security interest of this Agreement, together with interest thereon at the Default Rate. Concurrently with each transmission of any proceeds of Receivables or other Collateral to any such remittance account, upon the Agent's reasonable written request, the Debtor shall furnish the Agent with a report in such form as Agent shall reasonably require identifying the particular Receivable or such other Collateral from which the same arises or relates. The Debtor hereby indemnifies the Secured Creditors from and against all liabilities, damages, losses, actions, claims, judgments, and all reasonable and documented out-of-pocket costs, expenses, charges, and attorneys' fees suffered or incurred by any Secured Creditor because of the maintenance of the foregoing arrangements; *provided, however*, that the Debtor shall not be required to indemnify any Secured Creditor for any of the foregoing to the extent they arise solely from (A) the gross negligence, bad faith or willful misconduct of the person seeking to be indemnified as finally determined by a court of competent jurisdiction or (B) the breach of this Agreement or the other Loan Documents by the person seeking to be indemnified. The Secured Creditors shall have no liability or responsibility to the Debtor for the Agent or any Depository Bank accepting any check, draft or other order for payment of money bearing the legend "payment in full" or words of similar import or any other restrictive legend or endorsement whatsoever or be responsible for determining the correctness of any remittance.

Section 7. Special Provisions Re: Inventory and Equipment. (a) Subject to the Credit Agreement, the Debtor shall at its own cost and expense maintain, keep, and preserve its Inventory in good and merchantable condition and keep and preserve its material Equipment in good repair, working order, and condition, ordinary wear and tear, casualty and condemnation excepted, and, without limiting the foregoing, make all necessary and proper repairs, replacements, and additions to its Equipment so that the efficiency thereof shall be fully preserved and maintained except, in each case, to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect.

(b) As of the time any Inventory or Equipment of the Debtor becomes subject to the security interest provided for hereby and at all times thereafter, the Debtor shall be deemed to have warranted as to any and all of such Inventory and Equipment that all warranties of the Debtor set forth in this Agreement are true and correct in all material respects with respect to such Inventory and Equipment; and that all such Inventory and Equipment (other than the Collateral referred to in clauses (i), (ii) and (iii) of Section 4(a) or as otherwise permitted under the Credit Agreement) is located at a location set forth pursuant to Section 4(a) hereof.

(c) Upon the occurrence and during the continuance of an Event of Default, at the Agent's or the Secured Creditors' written request, the Debtor shall at its own cost and expense, cause the lien of the Agent in and to any portion of the Collateral subject to a certificate of title law to be duly noted on such certificate of title or to be otherwise filed in such manner as is prescribed by law in order to perfect such lien and will cause all such certificates of title and evidences of lien to be deposited with the Agent.

(d) Except for Equipment from time to time located on the real estate described on Schedule D attached hereto or as otherwise hereafter disclosed to the Agent and the Secured Creditors in writing, none of the Equipment is or will be attached to real estate in such a manner that the same may become a fixture.

Section 8. Special Provisions Re: Investment Property, Subsidiary Interests, and Deposits. (a) Unless and until an Event of Default has occurred and is continuing and thereafter until notified to the contrary by the Agent pursuant to Section 10(d) hereof:

(i) the Debtor shall be entitled to exercise all voting and/or consensual powers pertaining to its Investment Property and Subsidiary Interests, or any part thereof, for all purposes not inconsistent with the terms of this Agreement, the Credit Agreement or any other document evidencing or otherwise relating to any Secured Obligations; and

(ii) the Debtor shall be entitled to receive and retain all cash dividends paid upon or in respect of its Investment Property and Subsidiary Interests to the extent permitted by the Credit Agreement subject to the lien and security interest of this Agreement.

(b) All Investment Property (including all securities, certificated or uncertificated, securities accounts, and commodity accounts) and Subsidiary Interests of the Debtor on the date hereof are listed and identified on Schedule E attached hereto and made a part hereof. The Debtor

shall promptly notify the Agent of any other Investment Property or Subsidiary Interests acquired or maintained by the Debtor after the date hereof and shall submit to the Agent a supplement to Schedule E to reflect such additional rights (provided the Debtor's failure to do so shall not impair the Agent's security interest therein). Certificates for all certificated securities now or at any time constituting Investment Property, or Subsidiary Interests and part of the Collateral, hereunder shall be promptly delivered by the Debtor to the Agent duly endorsed in blank for transfer or accompanied by an appropriate assignment or assignments or an appropriate undated stock power or powers, in every case sufficient to transfer title thereto, including, without limitation, all stock received in respect of a stock dividend or resulting from a split-up, revision or reclassification of the Investment Property or Subsidiary Interests or any part thereof or received in addition to, in substitution of or in exchange for the Investment Property or Subsidiary Interests or any part thereof as a result of a merger, consolidation or otherwise. With respect to any uncertificated securities or any Investment Property or Subsidiary Interests held by a securities intermediary, commodity intermediary, or other financial intermediary of any kind, at the Agent's reasonable request in writing, the Debtor shall execute and deliver, and shall cause any such issuer or intermediary to execute and deliver, an agreement among the Debtor, the Agent, and such issuer or intermediary in form and substance reasonably satisfactory to the Agent which provides, among other things, for the issuer's or intermediary's agreement that it will comply with such entitlement orders, and apply any value distributed on account of any Investment Property or Subsidiary Interests, as directed by the Agent without further consent by the Debtor. The Agent agrees not to send such directions unless an Event of Default has occurred and is continuing. The Agent may, at any time after the occurrence and during the continuation of any Event of Default, cause to be transferred into its name or the name of its nominee or nominees any and all of the Investment Property and Subsidiary Interests hereunder.

(c) Unless and until an Event of Default has occurred and is continuing, the Debtor may sell or otherwise dispose of any of its Investment Property or Subsidiary Interests to the extent not prohibited by the Credit Agreement, provided that, except to the extent permitted by the Credit Agreement, no Debtor shall sell or dispose of any part of its Investment Property without the prior written consent of the Agent.

(d) The Debtor represents that on the date of this Agreement, none of its Investment Property or Subsidiary Interests consists of margin stock (as such term is defined in Regulation U of the Board of Governors of the Federal Reserve System) except to the extent the Debtor has delivered to the Agent a duly executed and completed Form U-1 with respect to such stock. If at any time the Investment Property or Subsidiary Interests or any part thereof consists of margin stock, the Debtor shall promptly so notify the Agent and deliver to the Agent a duly executed and completed Form U-1 and such other instruments and documents reasonably requested by the Agent in form and substance reasonably satisfactory to the Agent.

(e) The Debtor represents and warrants to, and agrees with, the Secured Creditors as follows: (i) as of the date hereof, the Subsidiary Interests listed and described on Schedule E hereto constitute the percentage of the equity interest in each Subsidiary set forth thereon owned by the Debtor; (ii) as of the date hereof, copies of the certificate or articles of incorporation and by-laws, certificate or articles of organization and operating agreement, and partnership agreement of each Subsidiary, as applicable (each such agreement being hereinafter referred to as an "*Organizational*

Agreement”) heretofore delivered to the Agent are true and correct copies thereof and have not been amended or modified in any respect other than as stated therein, and (iii) without the prior written consent of the Agent, the Debtor hereby agrees not to amend or modify any Organizational Agreement in any manner which would, in any material respect, adversely affect or impair the Subsidiary Interests of the Debtor or reduce or dilute the rights of the Debtor with respect to any Subsidiary Interests. The Debtor shall perform when due all of its material obligations under each Organizational Agreement, except to the extent that the failure to do so would not reasonably be expected to have a Material Adverse Effect.

(f) All Deposit Accounts of the Debtor on the date hereof are listed and identified (by account number and depository institution) on Schedule E attached hereto and made a part hereof. The Debtor shall promptly notify the Agent of any other Deposit Account opened or maintained by the Debtor after the date hereof, and shall submit to the Agent a supplement to Schedule E to reflect such additional accounts (provided the Debtor’s failure to do so shall not impair the Agent’s security interest therein). With respect to any Deposit Account maintained by a depository institution other than the Agent, and other than Excluded Accounts and as a condition to the establishment and maintenance of any such Deposit Account, except as otherwise permitted by the Credit Agreement and except, that in connection with a Permitted Acquisition, the Debtor shall have thirty days (or such longer period as Agent may agree in its sole discretion) after acquisition thereof, the Debtor, the depository institution, and the Agent shall execute and deliver an account control agreement in form and substance reasonably satisfactory to the Agent which provides, among other things, for the depository institution’s agreement that it will comply with instructions originated by the Agent directing the disposition of the funds in the Deposit Account without further consent by the Debtor. The Agent agrees not to send such a directive until an Event of Default has occurred and is continuing.

Section 9. Power of Attorney. In addition to any other powers of attorney contained herein, the Debtor hereby appoints the Agent or its nominee, or any other person whom the Agent may designate as the Debtor’s attorney-in-fact, with full power and authority upon the occurrence and during the continuation of any Event of Default to sign the Debtor’s name on verifications of Receivables and other Collateral; to send requests for verification of Collateral to the Debtor’s customers, account debtors, and other obligors; exercise all voting rights with respect to the Investment Property or other Collateral or any part thereof; to endorse or sign the Debtor’s name on assignments, stock powers or other instruments of transfer and on any checks, notes, acceptances, money orders, drafts, and any other forms of payment or security that may come into the Agent’s possession; to endorse the Collateral in blank or to the order of the Agent or its nominee; to sign the Debtor’s name on any invoice or bill of lading relating to any Collateral, on claims to enforce collection of any Collateral, on notices to and drafts against customers and account debtors and other obligors, on schedules and assignments of Collateral, on notices of assignment and on public records; and to do all things necessary to carry out this Agreement. The Debtor hereby ratifies and approves all lawful acts of any such attorney and agrees that neither the Agent nor any such attorney will be liable for any acts or omissions or for any error of judgment or mistake of fact or law other than such person’s gross negligence or willful misconduct as finally determined by a court of competent jurisdiction; provided that, in no event shall they be liable for any punitive, exemplary, indirect or consequential damages. The foregoing powers of attorney, being coupled with an interest, are irrevocable until the Secured Obligations have been fully paid

and satisfied (other than contingent indemnification and reimbursement obligations in respect of which no claim for payment has yet been asserted by the Person entitled thereto) and the commitments of the Lenders to extend credit under the Credit Agreement have expired or otherwise terminated.

Section 10. Defaults and Remedies. (a) The occurrence of any event or the existence of any condition specified as an "Event of Default" under the Credit Agreement shall constitute an "Event of Default" hereunder.

(b) Upon the occurrence and during the continuation of any Event of Default, the Agent shall have, in addition to all other rights provided herein or by law, the rights and remedies of a secured party under the UCC (regardless of whether the UCC is the law of the jurisdiction where the rights or remedies are asserted and regardless of whether the UCC applies to the affected Collateral), and further the Agent may, without demand and, to the extent permitted by Applicable Law, without advertisement, notice, hearing or process of law, all of which the Debtor hereby waives to the extent permitted by Applicable Law, at any time or times, sell and deliver any or all Collateral held by or for it at public or private sale, at any securities exchange or broker's board or at the Agent's office or elsewhere, for cash, upon credit or otherwise, at such prices and upon such terms as the Agent deems advisable, in its reasonable discretion. In the exercise of any such remedies, the Agent may sell the Collateral as a unit even though the sales price thereof may be in excess of the amount remaining unpaid on the Secured Obligations. In addition to all other sums due any Secured Creditor hereunder, the Debtor shall pay the Secured Creditors all expenses incurred by the Secured Creditors, including documented out-of-pocket fees, charges and disbursements of outside counsel (subject to the limitations on reimbursement of such counsel fees and expenses in the Credit Agreement) and court costs, in obtaining, liquidating or enforcing payment of Collateral or the Secured Obligations or in the prosecution or defense of any action or proceeding by or against any Secured Creditor or the Debtor concerning any matter arising out of or connected with this Agreement or the Collateral or the Secured Obligations, including, without limitation, any of the foregoing arising in, arising under or related to a case under the United States Bankruptcy Code (or any successor statute). Any requirement of reasonable notice shall be met if such notice is personally served on or mailed, postage prepaid, to the Debtor in accordance with Section 14(b) hereof at least 10 days before the time of sale or other event giving rise to the requirement of such notice; *provided, however*, no notification need be given to the Debtor if the Debtor has signed, after an Event of Default hereunder has occurred, a statement renouncing any right to notification of sale or other intended disposition. The Agent shall not be obligated to make any sale or other disposition of the Collateral regardless of notice having been given. Any Secured Creditor may be the purchaser at any such sale. The Debtor hereby waives all of its rights of redemption from any such sale. The Agent may postpone or cause the postponement of the sale of all or any portion of the Collateral by announcement at the time and place of such sale, and such sale may, without further notice, be made at the time and place to which the sale was postponed or the Agent may further postpone such sale by announcement made at such time and place. The Agent has no obligation to prepare the Collateral for sale. The Agent may sell or otherwise dispose of the Collateral without giving any warranties as to the Collateral or any part thereof, including disclaimers of any warranties of title or the like, and the Debtor acknowledges and agrees that the absence of such warranties shall not render the disposition commercially unreasonable.

(c) Without in any way limiting the foregoing, upon the occurrence and during the continuation of any Event of Default hereunder, in addition to all other rights provided herein or by law, (i) the Agent shall have the right to take physical possession of any and all of the Collateral, the right for that purpose to enter without legal process any premises where the Collateral may be found (provided such entry be done lawfully), and the right to maintain such possession on the Debtor's premises (the Debtor hereby agreeing, to the extent it may lawfully do so, to lease such premises without cost or expense to the Agent or its designee if the Agent so requests) or to remove the Collateral or any part thereof to such other places as the Agent may desire (to the extent permitted under Applicable Law), (ii) the Agent shall have the right to direct any intermediary at any time holding any Investment Property or other Collateral, or any issuer thereof, to deliver such Collateral or any part thereof to the Agent and/or to liquidate such Collateral or any part thereof and deliver the proceeds thereof to the Agent (including, without limitation, the right to deliver a notice of control with respect to any Collateral held in a securities account or commodities account and deliver all entitlement orders with respect thereto), (iii) the Agent shall have the right to exercise any and all rights with respect to all Deposit Accounts of the Debtor, including, without limitation, the right to direct the disposition of the funds in each Deposit Account and to collect, withdraw, and receive all amounts due or to become due or payable thereunder, and (iv) the Debtor shall, upon the Agent's demand, promptly assemble the Collateral and make it available to the Agent at a place reasonably designated by the Agent. If the Agent exercises its right to take possession of the Collateral, the Debtor shall also at its expense perform any and all other reasonable steps requested by the Agent to preserve and protect the security interest hereby granted in the Collateral, such as placing and maintaining signs indicating the security interest of the Agent, appointing overseers for the Collateral and maintaining Collateral records.

(d) Without in any way limiting the foregoing, upon the occurrence and during the continuation of any Event of Default, all rights of the Debtor to exercise the voting and/or consensual powers which they are entitled to exercise pursuant to Section 8(a)(i) hereof and/or to receive and retain the distributions which they are entitled to receive and retain pursuant to Section 8(a)(ii) hereof, shall, at the option of (and with concurrent written notice from) the Agent, cease and thereupon become vested in the Agent, which, in addition to all other rights provided herein or by law, shall then be entitled solely and exclusively to exercise all voting and other consensual powers pertaining to the Investment Property and/or to receive and retain the distributions which the Debtor would otherwise have been authorized to retain pursuant to Section 8(a)(ii) hereof and shall then be entitled solely and exclusively to exercise any and all rights of conversion, exchange or subscription or any other rights, privileges or options pertaining to any Investment Property that is Collateral as if the Agent were the absolute owner thereof including, without limitation, the rights to exchange, at its discretion, all Investment Property or any part thereof upon the merger, consolidation, reorganization, recapitalization or other readjustment of the respective issuer thereof or upon the exercise by or on behalf of any such issuer or the Agent of any right, privilege or option pertaining to any Investment Property and, in connection therewith, to deposit and deliver the Investment Property or any part thereof with any committee, depository, transfer agent, registrar or other designated agency upon such terms and conditions as the Agent may determine. In the event the Agent in good faith believes any of the Collateral constitutes restricted securities within the meaning of any applicable securities laws, any disposition thereof in compliance with such laws shall not render the disposition commercially unreasonable.

(E) THE DEBTOR HEREBY IRREVOCABLY CONSTITUTES AND APPOINTS THE AGENT AS ITS PROXY AND ATTORNEY-IN-FACT WITH RESPECT TO ITS INVESTMENT PROPERTY AND OTHER COLLATERAL, INCLUDING THE RIGHT TO VOTE SUCH INVESTMENT PROPERTY AND OTHER COLLATERAL, WITH FULL POWER OF SUBSTITUTION TO DO SO. IN ADDITION TO THE RIGHT TO VOTE ANY SUCH INVESTMENT PROPERTY AND OTHER COLLATERAL, THE APPOINTMENT OF THE AGENT AS PROXY AND ATTORNEY-IN-FACT SHALL INCLUDE THE RIGHT TO EXERCISE ALL OTHER RIGHTS, POWERS, PRIVILEGES AND REMEDIES TO WHICH A HOLDER OF SUCH INVESTMENT PROPERTY AND OTHER COLLATERAL WOULD BE ENTITLED (INCLUDING GIVING OR WITHHOLDING WRITTEN CONSENTS OF SHAREHOLDERS OR OTHER EQUITY HOLDERS, CALLING SPECIAL MEETINGS OF SHAREHOLDERS OR OTHER EQUITY HOLDERS AND VOTING AT SUCH MEETINGS). SUCH PROXY SHALL BE EFFECTIVE, AUTOMATICALLY AND WITHOUT THE NECESSITY OF ANY ACTION (INCLUDING ANY TRANSFER OF ANY SUCH INVESTMENT PROPERTY AND OTHER COLLATERAL ON THE RECORD BOOKS OF THE ISSUER THEREOF) BY ANY PERSON (INCLUDING THE ISSUER OF SUCH INVESTMENT PROPERTY AND OTHER COLLATERAL OR ANY OFFICER OR AGENT THEREOF), ONLY UPON THE OCCURRENCE AND DURING THE CONTINUANCE OF AN EVENT OF DEFAULT. THE DEBTOR HEREBY RATIFIES AND APPROVES ALL ACTS OF ANY SUCH ATTORNEY AND AGREES THAT NEITHER THE AGENT NOR ANY SUCH ATTORNEY WILL BE LIABLE FOR ANY ACTS OR OMISSIONS OR FOR ANY ERROR OF JUDGMENT OR MISTAKE OF FACT OR LAW OTHER THAN (A) SUCH PERSON'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT AS FINALLY DETERMINED BY A COURT OF COMPETENT JURISDICTION OR (B) SUCH PERSON'S BREACH OF THIS AGREEMENT OR THE OTHER LOAN DOCUMENTS; PROVIDED THAT, IN NO EVENT SHALL THEY BE LIABLE FOR ANY PUNITIVE, EXEMPLARY, INDIRECT OR CONSEQUENTIAL DAMAGES. THE FOREGOING POWERS OF ATTORNEY AND PROXY, BEING COUPLED WITH AN INTEREST, ARE IRREVOCABLE UNTIL THE SECURED OBLIGATIONS HAVE BEEN FULLY PAID AND SATISFIED (OTHER THAN CONTINGENT INDEMNIFICATION AND REIMBURSEMENT OBLIGATIONS IN RESPECT OF WHICH NO CLAIM FOR PAYMENT HAS YET BEEN ASSERTED BY THE PERSON ENTITLED THERETO) AND ALL COMMITMENTS OF THE LENDERS TO EXTEND CREDIT TO OR FOR THE ACCOUNT OF THE BORROWERS UNDER THE CREDIT AGREEMENT HAVE EXPIRED OR OTHERWISE TERMINATED.

(f) Without in any way limiting the foregoing, upon the occurrence and during the continuance of an Event of Default, the Debtor hereby grants to the Agent, for the benefit of Secured Creditors, a royalty-free license and right to use all of the Debtor's patents, patent applications, patent licenses, trademarks, trademark registrations, trademark licenses, trade names, trade styles, and similar intangibles in connection with any foreclosure or other realization by the Agent or the Secured Creditors on all or any part of the Collateral to the extent permitted by law and in accordance with the terms of this Agreement. The license and right granted the Agent hereby shall be without any royalty or fee or charge whatsoever and shall terminate upon the payment in full of the Secured Obligations (other than unasserted contingent indemnification obligations) and termination of all Commitments under the Credit Agreement).

(g) The powers conferred upon the Agent hereunder are solely to protect their interest in the Collateral and shall not impose on them any duty to exercise such powers. The Agent shall be deemed to have exercised reasonable care in the custody and preservation of the Collateral in its possession or control if such Collateral is accorded treatment substantially equivalent to that which the Agent accords its own property, consisting of similar type assets, it being understood, however, that the Agent shall have no responsibility for (i) ascertaining or taking any action with respect to calls, conversions, exchanges, maturities, tenders or other matters relating to any Collateral,

whether or not the Agent has or is deemed to have knowledge of such matters, (ii) taking any necessary steps to preserve rights against any parties with respect to any Collateral, or (iii) initiating any action to protect the Collateral or any part thereof against the possibility of a decline in market value. This Agreement constitutes an assignment of rights only and not an assignment of any duties or obligations of the Debtor in any way related to the Collateral, and the Agent shall have no duty or obligation to discharge any such duty or obligation. Neither any Secured Creditor nor any party acting as attorney for any Secured Creditor shall be liable for any acts or omissions or for any error of judgment or mistake of fact or law other than such person's bad faith, gross negligence or willful misconduct as finally determined by a court of competent jurisdiction; *provided* that, in no event shall they be liable for any punitive, exemplary, indirect or consequential damages.

(h) Failure by the Agent to exercise any right, remedy or option under this Agreement or any other agreement between the Debtor and the Agent or provided by law, or delay by the Agent in exercising the same, shall not operate as a waiver; and no waiver shall be effective unless it is in writing, signed by the party against whom such waiver is sought to be enforced and then only to the extent specifically stated. The rights and remedies of the Secured Creditors under this Agreement shall be cumulative and not exclusive of any other right or remedy which any Secured Creditor may have. For purposes of this Agreement, an Event of Default shall be construed as continuing after its occurrence until the same is waived in writing by the Agent or Required Lenders or cured.

Section 11. Application of Proceeds. The proceeds and avails of the Collateral at any time received by the Agent upon the occurrence and during the continuation of any Event of Default shall, when received by the Agent in cash or its equivalent, be applied by the Agent in reduction of, or held as collateral security for, the Secured Obligations in accordance with the terms of the Credit Agreement. The Debtor shall remain liable to the Secured Creditors for any deficiency. Any surplus remaining after the full payment and satisfaction of the Secured Obligations shall be returned to the Debtor or to whomsoever the Agent reasonably determines is lawfully entitled thereto.

Section 12. Continuing Agreement. This Agreement shall be a continuing agreement in every respect and shall remain in full force and effect until all of the Secured Obligations, both for principal and interest, have been fully paid and satisfied (other than contingent indemnification and reimbursement obligations in respect of which no claim for payment has yet been asserted by the Person entitled thereto) and the commitments of the Lenders to extend credit under the Credit Agreement have expired or otherwise terminated at which time this Agreement shall automatically terminate. Upon such termination of this Agreement, the Agent shall, upon the request and at the expense of the Debtor, forthwith release its liens and security interests hereunder. Upon the sale, transfer, conveyance or other disposition of any Collateral in a transaction permitted by the Loan Documents, such Collateral shall be released from the Encumbrance created hereby. In connection therewith, the Agent, at the request of any Debtor and at the sole expense of the Debtor, shall promptly execute and deliver to the Debtor such documents as the Debtor shall reasonably request to evidence such release.

Section 13. The Agent. In acting under or by virtue of this Agreement, the Agent shall be entitled to all the rights, authority, privileges, and immunities provided in the Credit Agreement, all of which provisions of said Credit Agreement are incorporated by reference herein with the same force and effect as if set forth herein in their entirety. The Agent hereby disclaims any representation or warranty to the Secured Creditors or any other holders of the Secured Obligations concerning the perfection of the liens and security interests granted hereunder or in the value of any of the Collateral.

Section 14. Miscellaneous. (a) This Agreement cannot be changed or terminated orally. This Agreement shall create a continuing lien on and security interest in the Collateral and shall be binding upon the Debtor, its successors, by merger, consolidation or otherwise, and assigns and shall inure, together with the rights and remedies of the Secured Creditors hereunder, to the benefit of the Secured Creditors and their successors and permitted assigns; *provided, however*, that the Debtor may not assign its rights or delegate its duties hereunder without the Agent's prior written consent. Without limiting the generality of the foregoing, and subject to the provisions of the Credit Agreement, any Lender may assign or otherwise transfer any indebtedness held by it secured by this Agreement to any other person, and such other person shall thereupon become vested with all the benefits in respect thereof granted to such Lender herein or otherwise.

(b) All notices and other communications provided for hereunder shall be given in the form and manner and delivered to the Agent at its address specified in the Credit Agreement, and to the Debtor at its addresses specified in the Credit Agreement or, as to any party, at such other address as shall be designated by such party in a written notice to the other party.

(c) In the event and to the extent that any provision hereof shall be deemed to be invalid or unenforceable by reason of the operation of any law or by reason of the interpretation placed thereon by any court, this Agreement shall to such extent be construed as not containing such provision, but only as to such jurisdictions where such law or interpretation is operative, and the invalidity or unenforceability of such provision shall not affect the validity of any remaining provisions hereof, and any and all other provisions hereof which are otherwise lawful and valid shall remain in full force and effect.

(d) The lien and security interest herein created and provided for stand as direct and primary security for the Secured Obligations of the Borrowers arising under or otherwise relating to the Credit Agreement as well as for the other Secured Obligations secured hereby. No application of any sums received by the Secured Creditors in respect of the Collateral or any disposition thereof to the reduction of the Secured Obligations or any part thereof shall in any manner entitle the Debtor to any right, title or interest in or to the Secured Obligations (other than contingent indemnification obligations for which no claim has been asserted) or any collateral or security therefor, whether by subrogation or otherwise, unless and until all Secured Obligations have been fully paid and satisfied and all commitments to extend credit under the Credit Agreement have expired or otherwise terminated. The Debtor acknowledges and agrees that the lien and security interest hereby created and provided are absolute and unconditional and shall not in any manner be affected or impaired by any acts or omissions whatsoever of any Secured Creditor or any other holder of any Secured Obligations, and without limiting the generality of the foregoing, the lien and security interest hereof shall not be impaired by any acceptance by any

Secured Creditor or any other holder of any Secured Obligations of any other security for or guarantors upon any of the Secured Obligations or by any failure, neglect or omission on the part of any Secured Creditor or any other holder of any of the Secured Obligations to realize upon or protect any of the Secured Obligations or any collateral or security therefor. The lien and security interest hereof shall not in any manner be impaired or affected by (and the Secured Creditors, without notice to anyone, are hereby authorized to make from time to time) any sale, pledge, surrender, compromise, settlement, release, renewal, extension, indulgence, alteration, substitution, exchange, change in, modification or disposition of any of the Secured Obligations or of any collateral or security therefor, or of any guaranty thereof, or of any instrument or agreement setting forth the terms and conditions pertaining to any of the foregoing. The Secured Creditors may at their discretion at any time grant credit to the Borrowers without notice to the Debtor in such amounts and on such terms as the Secured Creditors may elect without in any manner impairing the lien and security interest created and provided for. In order to realize hereon and to exercise the rights granted the Secured Creditors hereunder and under Applicable Law, there shall be no obligation on the part of any Secured Creditor or any other holder of any Secured Obligations at any time to first resort for payment to the Debtor, the other Borrower, any other Obligor or to any guaranty of the Secured Obligations or any portion thereof or to resort to any other collateral, security, property, liens or any other rights or remedies whatsoever, and the Secured Creditors shall have the right to enforce this Agreement against the Debtor or its Collateral irrespective of whether or not other proceedings or steps seeking resort to or realization upon or from any of the foregoing are pending.

(e) This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts (including by telecopy or pdf), and all of said counterparts taken together shall be deemed to constitute one and the same instrument. The words "delivery," "execute," "execution," "signed," "signature," and words of like import in this Agreement shall be deemed to include electronic signatures, the electronic matching of assignment terms and contract formations on electronic platforms approved by the Agent, or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any Applicable Law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act; *provided* that notwithstanding anything contained herein to the contrary the Agent is under no obligation to agree to accept electronic signatures in any form or in any format unless expressly agreed to by the Agent pursuant to procedures approved by it; *provided, further*, without limiting the foregoing, upon the request of the Agent, any electronic signature shall be promptly followed by such manually executed counterpart.

(f) This Agreement shall be deemed to have been made in the State of New York and shall be governed by, and construed in accordance with, the laws of the State of New York, without regard to conflicts of law provisions thereof. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning of any provision hereof.

(g) The Debtor hereby submits to the non-exclusive jurisdiction of the United States District Court for the Southern District of New York and of any New York state court sitting in

New York County, for purposes of all legal proceedings arising out of or relating to this Agreement or the transactions contemplated hereby. The Debtor irrevocably waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of the venue of any such proceeding brought in such a court and any claim that any such proceeding brought in such a court has been brought in an inconvenient forum. THE DEBTOR AND, BY ACCEPTING THE BENEFITS OF THIS AGREEMENT, EACH SECURED CREDITOR HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

(h) In the event of any direct conflict between this Agreement and the Credit Agreement such that it would be impossible to comply with the provisions of each of this Agreement and the Credit Agreement, the provisions of the Credit Agreement shall control and be paramount to the provisions of this Agreement.

(i) The Debtor acknowledges that any communication by the Agent via e-mail shall constitute a valid form of written communication for purposes of this Agreement.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK; SIGNATURE PAGES TO FOLLOW]

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

“DEBTOR”

SAXX UNDERWEAR (USA) CO.

By 
Name: Wendy Bennison
Title: Chief Executive Officer

[SIGNATURE PAGE TO SECURITY AGREEMENT – SAXX UNDERWEAR (USA) CO.]

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

ROYAL BANK OF CANADA, as Agent

By _____
Name Susan Khokher
Title Manager, Agency

By _____
Name _____
Title _____

SCHEDULE A

LOCATIONS

NAME OF DEBTOR (AND STATE OF ORGANIZATION AND ORGANIZATIONAL REGISTRATION NUMBER)	CHIEF EXECUTIVE OFFICE	ADDITIONAL PLACES OF BUSINESS AND COLLATERAL LOCATIONS
Saxx Underwear (USA) Co. Delaware 5630230	1335 SE 10th Avenue, Suite 270, Portland, OR, 97214	None.

SCHEDULE B

OTHER NAMES

A. PRIOR LEGAL NAMES

None.

B. TRADE NAMES

None.

SCHEDULE C

INTELLECTUAL PROPERTY RIGHTS

A. DOMAIN NAMES

None.

B. TRADEMARKS

Mark	Jurisdiction	Serial No/ Filing Date	Registration No/ Registration Date	Expiry	Status	Current Owner of Record
BALLPARK POUCH	USA	88913534 13-MAY-2020	6226227 22-DEC-2020	22- DEC- 2030	Registered	Saxx Underwear (USA) Co.
DROPTMP	USA	88842450 20-MAR-2020	--	--	Pending Intent to Use	Saxx Underwear (USA) Co.
FLAT OUT SEAMS	USA	90590604 19-MAR-2021	--	--	Pending	Saxx Underwear (USA) Co.
FLAT OUT SEAMS	USA	87019588 29-APR-2016	--	--	Pending Intent to Use	Saxx Underwear (USA) Co.
FOR THOSE WITH BALLS	USA	88710046 28-NOV-2019	--	--	Pending Intent to Use	Saxx Underwear (USA) Co.
SAXX UNDERWEAR CO	USA	85457281 26-OCT-2011	4164219 26-JUN-2012	26- JUN- 2022	Registered	Saxx Underwear (USA) Co.
THREE-D FIT	USA	87019533 29-APR-2016	6121550 11-AUG-2020	11- AUG- 2030	Registered	Saxx Underwear (USA) Co.

C. COPYRIGHTS

None.

D. PATENTS

Title	Jurisdiction	Application No	Filing Date	Patent No.	Issue Date	Status	Expiration Date	Current Owner of Record
Underwear garment for a male.	USA	12000966	2007-12-19	7958571	2011-06-14	Granted	2030 Feb 04	Saxx Underwear (USA) Co.
System for male genital support and enhancing appearance.	USA	14529800	2014-10-31	9375035	2016-06-28	Granted	2034 Oct 31	Saxx Underwear (USA) Co.
Fixed-waist Short with Underwear Attached.	USA	16539010	2019-08-13	--	--	Pending	--	Saxx Underwear (USA) Co.

SCHEDULE D

REAL ESTATE ADDRESSES

NAME OF DEBTOR	LEGAL DESCRIPTION OF FIXTURE AND REAL ESTATE ON WHICH LOCATED
Saxx Underwear (USA) Co.	N/A

SCHEDULE E

INVESTMENT PROPERTY, SUBSIDIARY INTERESTS, AND DEPOSITS

A. INVESTMENT PROPERTY (OTHER THAN SUBSIDIARY INTERESTS)

None.

B. SUBSIDIARY INTERESTS

None.

C. DEPOSITS

BANK	ACCOUNT NO.	ACCOUNT NAME	TYPE
Bank of Montreal	4789276	Saxx Underwear (USA) Co	Chequing - USD
Bank of Montreal	1833287	Saxx Underwear (USA) Co	Chequing - CAD
BMO Harris Bank	399-803-6	Saxx Underwear (USA) Co	Chequing - USD

SCHEDULE F

COMMERCIAL TORT CLAIMS

None.

SCHEDULE G

SUPPLEMENTAL SECURITY AGREEMENT

THIS AGREEMENT (this "*Agreement*") dated as of this ____ day of _____, ____ from SAXX UNDERWEAR (USA) CO., a Delaware corporation (together with its successors and permitted assigns, being hereinafter referred to collectively as the "*Debtor*"), to Royal Bank of Canada, as administrative agent for the Secured Creditors (defined in the Security Agreement hereinafter identified and defined) (RBC acting as such agent and any successor or successors to RBC in such capacity being hereinafter referred to as the "*Agent*").

PRELIMINARY STATEMENTS

A. The Debtor has executed and delivered to the Agent that certain Security Agreement dated as of August 6, 2021 (such Security Agreement, as the same may from time to time be amended, modified or restated, being hereinafter referred to as the "*Security Agreement*"), pursuant to which such parties have granted to the Agent for the benefit of the Secured Creditors a lien on and security interest in the Collateral to secure the Secured Obligations (as such term is defined in the Security Agreement).

B. Pursuant to the Security Agreement, the Debtor has granted to the Agent, among other things, a continuing security interest in all Commercial Tort Claims.

C. The Debtor has acquired a Commercial Tort Claim, and execute and deliver this Agreement to confirm and assure the Agent's security interest therein.

NOW, THEREFORE, FOR VALUE RECEIVED, and in consideration of advances made or to be made, or credit accommodations given or to be given, to the Borrowers by the Secured Creditors from time to time, the Debtor hereby agrees as follows:

1. In order to secure payment of the Secured Obligations, whether now existing or hereafter arising, the Debtor does hereby grant to the Agent for the benefit of the Secured Creditors, and hereby agrees that the Agent has and shall continue to have for the benefit of the Secured Creditors a continuing lien on and security interest in the Commercial Tort Claim described below:

(Insert description of the Commercial Tort Claim by referring to a specific incident giving rise to the claim)

2. Schedule F (Commercial Tort Claims) to the Security Agreement is hereby amended to include reference to the Commercial Tort Claim referred to in Section 1 above. The Commercial Tort Claim described herein is in addition to, and not in substitution or replacement for, the Commercial Tort Claims heretofore described in and subject to the Security Agreement, and nothing contained herein shall in any manner impair the priority of the liens and security interests heretofore granted by the Debtor in favor of the Agent under the Security Agreement.

3. All capitalized terms used in this Agreement without definition shall have the same meaning herein as such terms have in the Security Agreement, except that any reference to the term "Collateral" and any provision of the Security Agreement providing meaning to such term shall be deemed to include the Commercial Tort Claim referred to in Section 1 above. Except as specifically modified hereby, all of the terms and conditions of the Security Agreement shall stand and remain unchanged and in full force and effect.

4. The Debtor agrees to execute and deliver such further instruments and documents and do such further acts and things as the Agent may deem necessary or proper to carry out more effectively the purposes of this Agreement.

5. No reference to this Agreement need be made in the Security Agreement or in any other document or instrument making reference to the Security Agreement, any reference to the Security Agreement in any of such to be deemed a reference to the Security Agreement as modified hereby.

6. The Debtor acknowledges that this Agreement shall be effective upon its execution and delivery by the Debtor to the Agent, and it shall not be necessary for the Agent to execute this Agreement or any other acceptance hereof or otherwise to signify or express its acceptance hereof.

7. This Agreement shall be governed by and construed in accordance with the laws of the State of New York (without regard to principles of conflicts of law).

"DEBTOR"

SAXX UNDERWEAR (USA) CO.

By _____
Name _____
Title _____