

12-9-02

12-09-2002

Form PTO-1594 (Rev. 10/02) OMB No. 0651-0027 (exp. 6/30/2005) Tab settings



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

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

1. Name of conveying party(ies): 12-9-02 Targus, Inc. Individual(s) Association General Partnership Limited Partnership Corporation-State - New York Other Additional name(s) of conveying party(ies) attached? Yes No

2. Name and address of receiving party(ies) Name: Wachovia Bank, National Association (fka First Union Bank as Agent) Internal Address: One First Union Plaza Street Address: 301 S. College Street, TW5 City: Charlotte State: NC Zip: 28288 Individual(s) citizenship Association General Partnership Limited Partnership Corporation-State Other National Banking Association If assignee is not domiciled in the United States, a domestic representative designation is attached: Yes No (Designations must be a separate document from assignment) Additional name(s) & address(es) attached? Yes No

3. Nature of conveyance: Assignment Merger Security Agreement Change of Name Other Execution Date: 12/02/2002

4. Application number(s) or registration number(s): A. Trademark Application No.(s) B. Trademark Registration No.(s) Additional number(s) attached Yes No

5. Name and address of party to whom correspondence concerning document should be mailed: Name: David A. Levine Internal Address: Milbank, Tweed, Hadley & McCloy LLP Street Address: 601 S. Figueroa Street 30th Floor City: Los Angeles State: CA Zip: 90017

6. Total number of applications and registrations involved: 11 7. Total fee (37 CFR 3.41): \$ 290.00 Enclosed Authorized to be charged to deposit account 8. Deposit account number: 13-3250

DO NOT USE THIS SPACE

9. Signature. David A. Levine Name of Person Signing Signature Date 12/06/2002

Total number of pages including cover sheet, attachments, and document: 56

12/10/2002 6TOM11 00000035 76064397 Mail documents to be recorded with required cover sheet information to: Commissioner of Patent & Trademarks, Box Assignments Washington, D.C. 20231

01 FC: 1521 02 FC: 1522 40.00 MP 250.00 OP

RECEIVED OPR 2002 DEC -9 PM 1:30 ASSIGNMENTS DIV

TRADEMARK REEL: 002629 FRAME: 0761

Appendix A

TARGUS, INC.

U.S. TRADEMARKS

Trademark Application No.(s)

76/064,397

75/849,762

75/757,924

Trademark Registration No.(s)

2,368,042

2,316,437

2,231,849

2,128,953

2,128,944

1,860,711

1,519,635

1,509,075

LA1:#6250776

TRADEMARK
REEL: 002629 FRAME: 0762

FIRST AMENDMENT TO SECURITY AGREEMENT

THIS FIRST AMENDMENT TO SECURITY AGREEMENT (this "Amendment") is entered into as of December 2, 2002, is by and among TARGUS GROUP INTERNATIONAL, INC. (the "Borrower"), the Subsidiaries of the Borrower identified on the signature pages hereto and such other Subsidiaries of the Borrower as may from time to time become a party hereto (the "Guarantors") (hereinafter, the Borrower and the Guarantors are collectively referred to as the "Obligors" and, individually, as an "Obligor") and WACHOVIA BANK, NATIONAL ASSOCIATION (f/k/a First Union National Bank), in its capacity as Administrative Agent (in such capacity, the "Administrative Agent"), for the financial institutions from time to time party to the Credit Agreement described below (the "Lenders"). This Amendment is one of the Credit Documents and one of the Security Documents under and pursuant to the Credit Agreement and all provisions of the Credit Agreement which apply to Credit Documents and Security Documents generally shall apply to this Joinder Agreement.

RECITALS

WHEREAS, the Obligors, the Lenders and the Administrative Agent entered into that certain Credit Agreement dated as of August 31, 2000 (as amended by that certain First Amendment to Credit Agreement and Assignment dated as of December 20, 2000, that certain Second Amendment to Credit Agreement and Provisional Waiver, dated as of even date herewith (the "Second Amendment"), and as further amended, restated, modified or supplemented, from time to time, the "Credit Agreement");

WHEREAS, the Obligors and the Administrative Agent, on behalf of itself and the Lenders, entered into that certain Security Agreement dated as of August 31, 2000 (as amended, restated, modified or supplemented, from time to time, the "Security Agreement"); and

WHEREAS, it is a condition to the effectiveness of the Second Amendment that the Obligors shall have executed and delivered this Amendment to the Administrative Agent, for the benefit of itself and the Lenders.

NOW, THEREFORE, in consideration of the agreements hereinafter set forth, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

AGREEMENT

1. Amendments to Security Agreement. The Security Agreement is hereby amended as follows:

(a) Section 1(a) is hereby amended by restating it in its entirety as follows:

“(a) Unless otherwise defined herein, capitalized terms used herein shall have the meanings ascribed to such terms in the Credit Agreement, and the following terms which are defined in the UCC are used herein as so defined: Accounts, Chattel Paper, Commercial Tort Claims, Deposit Accounts, Documents, Equipment, Farm Products, Fixtures, General Intangibles, Instruments, Inventory, Investment Property, Letter of Credit Rights, Proceeds and Supporting Obligations. For purposes of this Security Agreement, the term “Lender” shall include any affiliate of any Lender which has entered into any Hedging Agreement permitted to be entered into pursuant to Section 6.1 of the Credit Agreement.”

(b) Section 1(b) is hereby amended by adding the following sentence to the end of the definition of “Secured Obligations”:

“To the extent not otherwise included hereinabove, ‘Secured Obligations’ shall further include any and all ‘Obligations’ as defined in the Credit Agreement.”

(c) Section 1(b) is hereby further amended by adding the following definition of “UCC” in alphabetical order:

“‘UCC’ or ‘Uniform Commercial Code’: means the Uniform Commercial Code as the same may, from time to time, be enacted and in effect in the State of New York; provided, however, in the event that, by reason of mandatory provisions of law, any or all of the attachment, perfection or priority of Administrative Agent’s security interest, for the benefit of the Lenders, in any Collateral is governed by the Uniform Commercial Code as enacted and in effect in a jurisdiction other than the State of New York, the term ‘UCC’ shall mean the Uniform Commercial Code as enacted and in effect in such other jurisdiction solely for purposes of the provisions hereof relating to such attachment, perfection or priority and for purposes of definitions related to such provisions.”

(d) Section 2 is hereby amended by restating it in its entirety as follows:

“Grant of Security Interest in the Collateral. To secure the prompt payment and performance in full when due, whether by lapse of time, acceleration or otherwise, of the Secured Obligations, each Obligor hereby grants to the Administrative Agent, for the benefit of the Lenders, a continuing security interest in, and a right to set off against, any and all right, title and interest of such Obligor in and to all personal property and other assets, whether now owned or existing or hereafter owned, acquired, or arising, and regardless of where located (collectively, the ‘Collateral’), including, but not limited to, the following:

- (a) all Accounts;
- (b) all cash and Cash Equivalents;
- (c) all Chattel Paper;
- (d) the Commercial Tort Claims more particularly described on Schedule 2 attached hereto;
- (e) all Copyrights;
- (f) all Copyright Licenses;
- (g) all Deposit Accounts;
- (h) all Documents;
- (i) all Equipment;
- (j) all Fixtures;
- (k) all General Intangibles, including, without limitation, all rights under the Contracts;
- (l) all insurance policies;
- (m) all Instruments;
- (n) all Inventory;
- (o) all Investment Property;
- (p) all Letter of Credit Rights;
- (q) all Patents;
- (r) all Patent Licenses;
- (s) all Trademarks;
- (t) all Trademark Licenses;
- (u) all books, records, ledger cards, files, correspondence, computer programs, tapes, disks, and related data

processing software (owned by such Obligor or in which it has an interest) that at any time evidence or contain information relating to any collateral or are otherwise necessary or helpful in the collection thereof or realization thereupon; and

- (v) to the extent not otherwise included, all Proceeds, products and Supporting Obligations of any and all of the foregoing.

The Obligors and the Administrative Agent, on behalf of the Lenders, hereby acknowledge and agree that the security interest created hereby in the Collateral (i) constitutes continuing collateral security for all of the Secured Obligations, whether now existing or hereafter arising and (ii) in the case of Intellectual Property, is not to be construed as other than a grant of a security interest in any Intellectual Property.”

(e) Section 4 is hereby amended by adding the following to the end of the section immediately following clause (l) thereto:

“(m) Covenant Relating to Commercial Tort Claims. Promptly, and in any event within five (5) Business Days after such Obligor obtains knowledge of it, notify Administrative Agent of any Commercial Tort Claim and unless otherwise consented by Administrative Agent, Obligors shall enter into a supplement to this Security Agreement, granting to Administrative Agent a Lien in such Commercial Tort Claim.”

(f) Section 4(d) is hereby amended by restating it in its entirety with the following:

“(d) Change in Location. Not, without providing at least ten (10) days prior written notice to the Administrative Agent and without filing such amendments to any previously filed financing statements as the Administrative Agent may reasonably require, (a) change the location of its chief executive office and chief place of business (as well as its books and records) from the locations set forth on Schedule 3(a) attached hereto, (b) change the location of its Collateral from the locations set forth for such Obligor on Schedule 3(b) attached hereto, (c) change its name, be party to a merger consolidation or other change in structure or use any tradename other than as set forth on Schedule 3(c) attached hereto, or (d) change its jurisdiction of formation from the location set forth on Schedule 3(d) attached hereto other than in accordance with the Credit Agreement.”

(g) A new schedule in the form of Schedule 2 attached hereto is added in numerical order to the schedules attached to the Security Agreement.

(h) A new schedule in the form of Schedule 3(d) attached hereto is added in numerical order to the schedules attached to the Security Agreement.

2. Confirmation of Prior Grant; Grant of Lien on New Collateral. Each of the Obligors hereby confirms and reconfirms its prior grant of a continuing security interest in the Collateral as defined in the Security Agreement and acknowledges that, as to the original Collateral, such prior grant continues in full force and effect as a valid, binding and enforceable perfected Lien on such Collateral. To the extent that any of the personal property described in Section 2 of the Security Agreement as amended hereby was not included within the original Collateral, each Obligor hereby grants to the Administrative Agent, for the benefit of the Lenders pursuant to the terms of the Security Agreement a continuing security interest in, and a right to set off against, any and all right, title and interest of such Obligor in and to the newly described Collateral, whether now owned or existing or owned, acquired, or arising hereafter to secure the prompt payment and performance in full when due, whether by lapse of time, acceleration or otherwise, of the Secured Obligations.

3. Limited Effect of Agreement. Except as expressly provided in this Amendment, the Security Agreement and each other Credit Document shall continue to be, and shall remain, in full force and effect.

4. Representations and Warranties.

(a) By its execution hereof, each of the Obligors hereby certifies that each of the representations and warranties set forth in the Security Agreement in respect of such Obligor is true and correct as of the date hereof as if fully set forth herein, and that as of the date hereof no Default or Event of Default (other than the Acknowledged Defaults) has occurred and is continuing.

(b) Each of the Obligors hereby represents and warrants to the Administrative Agent for the benefit of the Lenders, that the updated schedules to the Security Agreement, attached hereto as Schedule A, are true, correct and complete as of the date hereof.

(c) Each of the Obligors hereby represents and warrants that the Liens previously granted by the Obligors pursuant to the Security Agreement were perfected by the filing of the financing statements listed on Schedule B attached hereto.

5. Further Assurances. The Obligors agree to take all reasonable steps and to execute all reasonable documents that may in the Administrative Agent's reasonable discretion be necessary to assure the availability to the Administrative Agent and the Lenders of the rights and benefits provided for in the Credit Documents. Each Obligor hereby authorizes the Administrative Agent to make all filings and amendments to filings at any time necessary or desirable to perfect, according to applicable law, the liens and security interests granted to the Administrative Agent, for the benefit of the Lenders, pursuant to the Security Documents.

6. Counterparts. This Amendment may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument. It shall not be necessary in making proof of this Amendment to produce or account for more than one such counterpart.

7. Severability. If any provision of this Amendment is determined to be illegal, invalid or unenforceable, such provision shall be fully severable and the remaining provisions shall remain in full force and effect and shall be constructed without giving effect to the illegal, invalid or unenforceable provision.

8. Headings. The headings of the sections and subsections of this Amendment are provided for convenience only and shall not in any way affect the meaning or construction of any provision of this Amendment.

9. Governing Law; Submission to Jurisdiction; Waiver of Jury Trial. THIS AMENDMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK. THE PROVISIONS OF THE CREDIT AGREEMENT RELATING TO SUBMISSION TO JURISDICTION, WAIVER OF JURY TRIAL, VENUE AND ARBITRATION ARE HEREBY INCORPORATED BY REFERENCE HEREIN, MUTATIS MUTANDIS.

10. Entire Agreement. This Amendment and the other Credit Documents represent the entire agreement of the parties hereto and thereto, and supersede all prior agreements and understandings, oral or written, if any, including any commitment letters or correspondence relating to this Amendment or the other Credit Documents or the transactions contemplated herein and therein.

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EXECUTION COPY

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the date and year first above written.

OBLIGORS:

TARGUS GROUP INTERNATIONAL, INC.,
as Borrower

By: *[Signature]*
Name: JOHN H. McALPINE
Title: EVP & CFO

TARGUS, INC., as Subsidiary Guarantor

By: *[Signature]*
Name: JOHN H. McALPINE
Title: EVP, CFO & ASSISTANT SECRETARY

PORT, INCORPORATED, as Subsidiary Guarantor

By: *[Signature]*
Name: JOHN H. McALPINE
Title: EVP, CFO & ASSISTANT SECRETARY


ROUNDHOUSE, INC., as Subsidiary Guarantor

By: *[Signature]*
Name: JOHN H. McALPINE
Title: EVP, CFO & ASSISTANT SECRETARY

EXECUTION COPY

ADMINISTRATIVE AGENT:

WACHOVIA BANK, NATIONAL ASSOCIATION
(f/k/a First Union National Bank),
as Administrative Agent,
for the benefit of the Lenders

By: 
Name: Ren R. Ferguson
Title: Managing Director

SCHEDULE 2

Commercial Tort Claims

See Attached.

SCHEDULE 3(d)

Jurisdiction of Formation

<u>Entity</u>	<u>Jurisdiction of Formation</u>
Targus Group International, Inc.	Delaware
Targus, Inc.	New York
Port, Incorporated	Connecticut
Roundhouse, Inc.	California

SCHEDULE A

Updated Schedules to the Security Agreement

See Attached.

SCHEDULE B
FINANCING STATEMENTS

Debtor: Targus Group International, Inc.

Secured Party: First Union National Bank, as Administrative Agent

Continuing filings in state of Delaware and amending collateral description.

Filing Jurisdiction	Filing Date	File Number	Type of Filing
Delaware Secretary of State	9/8/2000	0059355-0000000	Initial Filing
California Secretary of State	9/8/2000	0025560699	Initial Filing
New York Secretary of State	10/2/2000	190465	Initial Filing
New York County, New York	10/5/2000	00PN49315	Initial Filing

Debtor: Targus, Inc.

Secured Party: First Union National Bank, as Administrative Agent

Continuing filings in state of New York and amending collateral description.

Filing Jurisdiction	Filing Date	File Number	Type of Filing
New York Secretary of State	9/7/2000	174172	Initial Filing
California Secretary of State	9/7/2000	0025260815	Initial Filing
Iowa Secretary of State	9/7/2000	P126862	Initial Filing
Tennessee Secretary of State	9/7/2000	200-034277	Initial Filing
Texas Secretary of State	9/7/2000	00-579010	Initial Filing

Debtor: Port, Incorporated

Secured Party: First Union National Bank, as Administrative Agent

Continuing filings in state of Connecticut and amending collateral description.

Filing Jurisdiction	Filing Date	File Number	Type of Filing
Connecticut Secretary of State	9/11/2000	2020810	Initial Filing

Debtor: Roundhouse, Inc.

Secured Party: First Union National Bank, as Administrative Agent

Continuing filings in state of California and amending collateral description.

Filing Jurisdiction	Filing Date	File Number	Type of Filing
California Secretary of State	9/7/2000	0025560106	Initial Filing
Colorado Secretary of State	10/3/2000	20002087165	Initial Filing

Debtor: Roundhouse, Inc. d/b/a Roundhouse Products

Secured Party: First Union National Bank, as Agent

Continuing filings in state of California and amending collateral description.

Filing Jurisdiction	Filing Date	File Number	Type of Filing
California Secretary of State	9/7/2000	0025560031	Initial Filing

Debtor: Roundhouse, Inc. d/b/a Studio Roundhouse

Secured Party: First Union National Bank, as Administrative Agent

Continuing filings in state of California and amending collateral description.

Filing Jurisdiction	Filing Date	File Number	Type of Filing
California Secretary of State	9/7/2000	0025560087	Initial Filing

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (this "Security Agreement") is entered into as of August 31, 2000 among TARGUS GROUP INTERNATIONAL, INC., a Delaware corporation (the "Borrower"), the Subsidiaries of the Borrower identified on the signature pages hereto and such other Subsidiaries of the Borrower as may from time to time become party hereto (the "Guarantors") (hereinafter, the Borrower and the Guarantors are collectively referred to as the "Obligors" and, individually, as an "Obligor") and FIRST UNION NATIONAL BANK, in its capacity as Administrative Agent (in such capacity, the "Administrative Agent") for the financial institutions from time to time party to the Credit Agreement described below (the "Lenders").

RECITALS

WHEREAS, pursuant to that certain Credit Agreement, dated as of the date hereof (as amended, modified, extended, renewed or replaced from time to time, the "Credit Agreement"), among the Borrower, the Guarantors, the Lenders and the Administrative Agent, the Lenders have agreed to make Loans and the Issuing Lender has agreed to issue Letters of Credit upon the terms and subject to the conditions set forth therein;

WHEREAS, it is a condition precedent to the effectiveness of the Credit Agreement and the obligations of the Lenders to make their respective Loans and the Issuing Lender to issue Letters of Credit under the Credit Agreement that the Obligors shall have executed and delivered this Security Agreement in favor of the Administrative Agent for the ratable benefit of the Lenders.

NOW, THEREFORE, in consideration of these premises and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Definitions.

(a) Unless otherwise defined herein, capitalized terms used herein shall have the meanings ascribed to such terms in the Credit Agreement, and the following terms which are defined in the Uniform Commercial Code in effect in the State of New York on the date hereof are used herein as so defined: Accounts, Chattel Paper, Deposit Accounts, Documents, Equipment, Farm Products, Fixtures, General Intangibles, Instruments, Inventory, Investment Property and Proceeds. For purposes of this Security Agreement, the term "Lender" shall include any affiliate of any Lender which has entered into any Hedging Agreement permitted to be entered into pursuant to Section 6.1 of the Credit Agreement.

(b) In addition, the following terms shall have the following meanings:

"Contracts": (a) the Acquisition Documents and (b) all other contracts and agreements to which an Obligor is a party, as each may be amended, supplemented or otherwise modified from time to time, including, without limitation, (i) all rights of such Obligor to receive moneys due and to become due to it thereunder or in connection

therewith, (ii) all rights of such Obligor to damages arising out of or for breach or default in respect thereof and (iii) all rights of such Obligor to exercise all remedies thereunder.

“Copyright Licenses”: any written agreement, naming any Obligor as licensor, granting any right under any Copyright including, without limitation, any thereof referred to in Schedule 1(b) attached hereto.

“Copyrights”: (a) all registered United States copyrights of an Obligor in all Works, now existing or hereafter created or acquired, all registrations and recordings thereof, and all applications in connection therewith, including, without limitation, registrations, recordings and applications in the United States Copyright Office including, without limitation, any thereof referred to in Schedule 1(b) attached hereto, and (b) all renewals thereof including, without limitation, any thereof referred to in Schedule 1(b) attached hereto, and “US Copyrights” shall mean Copyrights of the United States.

“Intellectual Property”: all Copyrights, Copyright Licenses, Patents, Patent Licenses, Trademarks and Trademark Licenses.

“Patent License”: all agreements, whether written or oral, providing for the grant by or to an Obligor of any right to manufacture, use or sell any invention covered by a Patent, including, without limitation, any thereof referred to in Schedule 1(b) attached hereto.

“Patents”: (a) all letters patent of an Obligor of the United States or any other country and all reissues and extensions thereof, including, without limitation, any thereof referred to in Schedule 1(b) attached hereto, and (b) all applications for letters patent of the United States or any other country and all divisions, continuations and continuations-in-part thereof, including, without limitation, any thereof referred to in Schedule 1(b) attached hereto, and “US Patents” shall mean Patents of the United States.

“Secured Obligations”: (a) all Credit Party Obligations; provided that obligations of the Obligors owed to the Lenders under Hedging Agreements shall constitute Secured Obligations for only so long as any other Credit Party Obligations are outstanding and/or the Commitments remain in effect and (b) all expenses and charges, legal and otherwise, reasonably incurred by the Administrative Agent and/or the Lenders in collecting or enforcing any Credit Party Obligations or in realizing on or protecting any security therefor, including without limitation the security afforded hereunder.

“Trademark License”: means any agreement, written or oral, providing for the grant by or to an Obligor of any right to use any Trademark, including, without limitation, any thereof referred to in Schedule 1(b) attached hereto.

“Trademarks”: (a) all trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos and other source or business identifiers, and the goodwill associated therewith of an Obligor, now existing or hereafter adopted or acquired, all registrations and recordings thereof, and all applications in connection therewith, whether in the United States Patent and Trademark

Office or in any similar office or agency of the United States, any State thereof or any other country or any political subdivision thereof, or otherwise, including, without limitation, any thereof referred to in Schedule 1(b) attached hereto; and (b) all renewals thereof, and “US Trademarks” shall mean Trademarks principally regulated by the laws of the United States or any State thereof rather than any other country.

“Work”: any work which is subject to copyright protection pursuant to Title 17 of the United States Code.

2. Grant of Security Interest in the Collateral. To secure the prompt payment and performance in full when due, whether by lapse of time, acceleration or otherwise, of the Secured Obligations, each Obligor hereby grants to the Administrative Agent, for the benefit of the Lenders, a continuing security interest in, and a right to set off against, any and all right, title and interest of such Obligor in and to the following, whether now owned or existing or owned, acquired, or arising hereafter (collectively, the “Collateral”):

- (a) all Accounts;
- (b) all cash and Cash Equivalents;
- (c) all Chattel Paper;
- (d) all Copyrights;
- (e) all Copyright Licenses;
- (f) all Deposit Accounts;
- (g) all Documents;
- (h) all Equipment;
- (i) all Fixtures;
- (j) all General Intangibles, including, without limitation, all rights under the Contracts;
- (k) all insurance policies;
- (l) all Instruments;
- (m) all Inventory;
- (n) all Investment Property;
- (o) all Patents;

- (p) all Patent Licenses;
- (q) all Trademarks;
- (r) all Trademark Licenses;
- (s) all books, records, ledger cards, files, correspondence, computer programs, tapes, disks, and related data processing software (owned by such Obligor or in which it has an interest) that at any time evidence or contain information relating to any Collateral or are otherwise necessary or helpful in the collection thereof or realization thereupon;
- (t) to the extent not otherwise included, all Proceeds and products of any and all of the foregoing.

The Obligors and the Administrative Agent, on behalf of the Lenders, hereby acknowledge and agree that the security interest created hereby in the Collateral (i) constitutes continuing collateral security for all of the Secured Obligations, whether now existing or hereafter arising and (ii) in the case of Intellectual Property, is not to be construed as other than a grant of a security interest in any Intellectual Property.

3. Representations and Warranties. Each Obligor hereby represents and warrants to Administrative Agent, for the benefit of the Lenders, that so long as any of the Secured Obligations remain outstanding or any Credit Document is in effect or any Letter of Credit shall remain outstanding, and until all of the Commitments shall have been terminated:

(a) Chief Executive Office; Books & Records. Each Obligor's chief executive office and chief place of business is, and for the prior four months has been, located at the locations set forth on Schedule 3(a) hereto, and each Obligor keeps its books and records at such locations.

(b) Location of Collateral. The location of all tangible Collateral owned by each Obligor is as shown on Schedule 3(b) hereto.

(c) Ownership. Each Obligor is the legal and beneficial owner of its Collateral and has the right to pledge, sell, assign or transfer the same. Each Obligor's legal name is as shown in this Security Agreement and no Obligor has in the four months preceding the date of its becoming a party hereto changed its name, been party to a merger, consolidation or other change in structure or used any tradename except as set forth in Schedule 3(c) attached hereto.

(d) Security Interest/Priority. This Security Agreement creates a valid security interest in favor of the Administrative Agent, for the benefit of the Lenders, in the Collateral of such Obligor and, when properly perfected by filing, shall constitute a valid perfected

security interest in such Collateral, to the extent such security interest can be perfected by filing under the UCC, free and clear of all Liens except for Permitted Liens.

(e) Farm Products. None of the Collateral constitutes, or is the Proceeds of, Farm Products.

(f) Accounts. (i) Each Account of the Obligors and the papers and documents relating thereto are genuine and in all material respects what they purport to be, (ii) each Account arises out of (A) a bona fide sale of goods sold and delivered by such Obligor (or is in the process of being delivered) or (B) services actually rendered or to be rendered by such Obligor to the account debtor named therein, (iii) no Account of an Obligor is evidenced by any Instrument or Chattel Paper unless such Instrument or Chattel Paper has been theretofore endorsed over and delivered to the Administrative Agent and (iv) no surety bond was required or given in connection with any Account of an Obligor or the contracts or purchase orders out of which they arose.

(g) Inventory. No Inventory is held by an Obligor pursuant to consignment, sale or return, sale on approval or similar arrangement.

(h) Intellectual Property.

(i) Schedule 1(b) attached hereto includes all Copyrights, Copyright Licenses, Patents, Patent Licenses, Trademarks and Trademark Licenses owned by the Obligors in their own names as of the date hereof.

(ii) To the best of the relevant Obligor's knowledge, each material Copyright, Patent and Trademark of such Obligor is valid, subsisting, unexpired, enforceable and has not been abandoned and each Obligor is legally entitled to use each of its tradenames.

(iii) Except as set forth in Schedule 1(b) attached hereto, none of such Copyrights, Patents and Trademarks is the subject of any licensing or franchise agreement.

(iv) To the best of the relevant Obligor's knowledge, no holding, decision or judgment has been rendered where the validity of any material Copyright, Patent or Trademark was at issue.

(v) To the best of the relevant Obligor's knowledge, no action or proceeding is pending seeking to limit, cancel or question the validity of any material Copyright, Patent or Trademark, or which, if adversely determined, would have a Material Adverse Effect.

(vi) All applications pertaining to the material Copyrights, Patents and Trademarks of each Obligor have been duly and properly filed, and all registrations

or letters pertaining to such Copyrights, Patents and Trademarks have been duly and properly filed and issued.

(vii) No Obligor has made any assignment or agreement in conflict with the security interest in the material Copyrights, Patents or Trademarks of each Obligor hereunder except for any such assignment or agreement that would not have a Material Adverse Effect.

(i) Except for the filing or recording of any financing statements in connection with the Credit Documents, no consent or authorization of, filing with, or other act by or in respect of, any arbitrator or Governmental Authority and no consent of any other Person (including, without limitation, any stockholder, member or creditor of the Obligor), is required (i) for the grant by the Obligor of the security interest in the Collateral granted hereby or for the execution, delivery or performance of this Security Agreement by any Obligor, (ii) for the perfection of such security interest or the exercise by the Administrative Agent of the rights and remedies provided for in this Agreement or (iii) except as required by the bylaws, charter or agreements of the Administrative Agent and subject to the provisions of Section 7(b) hereof, the exercise by the Administrative Agent of the voting or other rights provided for in this Agreement.

4. Covenants. Each Obligor covenants that, so long as any of the Secured Obligations remain outstanding or any Credit Document is in effect or any Letter of Credit shall remain outstanding, and until all of the Commitments shall have been terminated, such Obligor shall:

(a) Other Liens. Defend the Collateral against the claims and demands of all other parties claiming an interest therein, keep the Collateral free from all Liens, except for Permitted Liens, and not sell, exchange, transfer, assign, lease or otherwise dispose of the Collateral or any interest therein, except as permitted under the Credit Agreement.

(b) Preservation of Collateral. Keep the Collateral in reasonably good order, condition and repair and not use the Collateral in violation of the provisions of this Security Agreement or any other material agreement relating to the Collateral or any policy insuring the Collateral or any applicable statute, law, bylaw, rule, regulation or ordinance.

(c) Instruments/Chattel Paper. If any amount payable under or in connection with any of the Collateral shall be or become evidenced by any Instrument or Chattel Paper, promptly deliver such Instrument or Chattel Paper to the Administrative Agent, duly indorsed in a manner satisfactory to the Administrative Agent, to be held as Collateral pursuant to this Security Agreement.

(d) Change in Location. Not, without providing at least fifteen (15) days prior written notice to the Administrative Agent and without filing such amendments to any previously filed financing statements as the Administrative Agent may reasonably require, (a) change the location of its chief executive office and chief place of business (as well as its books and records) from the locations set forth on Schedule 3(a) hereto, (b) change the location of its Collateral from the locations set forth for such Obligor on Schedule 3(b)

hereto, or (c) change its name, be party to a merger, consolidation or other change in structure or use any tradename other than as set forth on Schedule 3(c) attached hereto other than in accordance with the Credit Agreement.

(e) Inspection. Upon reasonable notice, at such reasonable times during normal business hours and as often as may be reasonably desired, allow the Administrative Agent, any Lender or their respective representatives free access to and right of inspection of the tangible Collateral.

(f) Perfection of Security Interest. Execute and deliver to the Administrative Agent such agreements, assignments or instruments (including affidavits, notices, reaffirmations and amendments and restatements of existing documents, as the Administrative Agent may reasonably request) and do all such other things as the Administrative Agent may reasonably deem necessary or appropriate (i) to assure to the Administrative Agent its security interests hereunder provided, that in respect of any collateral located or deemed located outside the United States, only in accordance with Section 5.12(b) of the Credit Agreement, including (A) such financing statements (including renewal statements) or amendments thereof or supplements thereto or other instruments as the Administrative Agent may from time to time reasonably request in order to perfect and maintain the security interests granted hereunder in accordance with the UCC, (B) with regard to Investment Property, execute and cause any Securities Intermediary with respect to such Investment Property to execute a securities control agreement in form and substance satisfactory to the Administrative Agent, (C) with regard to material Copyrights, a Notice of Grant of Security Interest in Copyrights in the form of Schedule 4(f)(i), (C) with regard to material US Patents, a Notice of Grant of Security Interest in Patents for filing with the United States Patent and Trademark Office in the form of Schedule 4(f)(ii) attached hereto and (D) with regard to material US Trademarks, a Notice of Grant of Security Interest in Trademarks for filing with the United States Patent and Trademark Office in the form of Schedule 4(f)(iii) attached hereto, (ii) to consummate the transactions contemplated hereby and (iii) to otherwise protect and assure the Administrative Agent of its rights and interests hereunder, provided, that in respect of any collateral located or deemed located outside the United States, only in accordance with Section 5.12(b) of the Credit Agreement. To that end, each Obligor agrees that the Administrative Agent may file one or more financing statements disclosing the Administrative Agent's security interest in any or all of the Collateral of such Obligor without, to the extent permitted by law, such Obligor's signature thereon, and further each Obligor also hereby irrevocably makes, constitutes and appoints the Administrative Agent, its nominee or any other person whom the Administrative Agent may designate, as such Obligor's attorney in fact with full power and for the limited purpose to sign in the name of such Obligor any such financing statements, or amendments and supplements to financing statements, renewal financing statements, notices or any similar documents which in the Administrative Agent's reasonable discretion would be necessary, appropriate or convenient in order to perfect and maintain perfection of the security interests granted hereunder, such power, being coupled with an interest, being and remaining irrevocable so long as the Credit Agreement is in effect or any amounts payable thereunder or under any other Credit Document or any Letter of Credit shall remain outstanding, and until all of the

Commitments thereunder shall have terminated. Each Obligor hereby agrees, to the extent permitted by applicable law, that a carbon, photographic or other reproduction of this Security Agreement or any such financing statement is sufficient for filing as a financing statement by the Administrative Agent without notice thereof to such Obligor wherever the Administrative Agent may in its sole discretion desire to file the same. In the event for any reason the law of any jurisdiction other than New York becomes or is applicable to the Collateral of any Obligor or any part thereof, or to any of the Secured Obligations, such Obligor agrees to execute and deliver all such instruments and to do all such other things as the Administrative Agent in its sole discretion reasonably deems necessary or appropriate to preserve, protect and enforce the security interests of the Administrative Agent under the law of such other jurisdiction (and, if an Obligor shall fail to do so promptly upon the request of the Administrative Agent, then the Administrative Agent may execute any and all such requested documents on behalf of such Obligor pursuant to the power of attorney granted hereinabove). If any Collateral is in the possession or control of an Obligor's agents and the Administrative Agent so requests for the purposes set forth in the foregoing provisions of this subsection (f), such Obligor agrees to notify such agents in writing of the Administrative Agent's security interest therein and, upon the Administrative Agent's request, instruct them to hold all such Collateral for the Lenders' account and subject to the Administrative Agent's instructions. Each Obligor agrees to mark its books and records to reflect the security interest of the Administrative Agent in the Collateral.

(g) Covenants Relating to Accounts.

(i) Comply with all reporting requirements set forth in the Credit Agreement with respect to Accounts.

(ii) Upon the occurrence of any Event of Default and during the continuation thereof, set aside and hold as trustee for the Administrative Agent any merchandise which is returned by a customer or account debtor or otherwise recovered. Unless and until an Event of Default occurs and is continuing, each Obligor 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 as presently conducted and otherwise for amounts and on terms which such Obligor in good faith considers advisable. However, upon the occurrence of any Event of Default and during the continuation thereof, if so instructed by the Administrative Agent, such Obligor shall settle and adjust disputes and claims at no expense to the Administrative 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 shall be accepted by such Obligor without the Administrative Agent's consent. The Administrative Agent may (but shall not be required to), at all times upon the occurrence of any Event of Default and during the continuance thereof, settle or adjust disputes and claims directly with customers or account debtors for amounts and upon terms which the Administrative Agent considers advisable.

(h) Covenants Relating to Inventory.

(i) Maintain, keep and preserve the Inventory in good salable condition at its own cost and expense.

(ii) Comply with all reporting requirements set forth in the Credit Agreement with respect to Inventory.

(iii) If any of the Inventory is at any time evidenced by a document of title, immediately upon request by the Administrative Agent, deliver such document of title to the Administrative Agent.

(i) Covenants Relating to Copyrights.

(i) Employ the Copyright for each material Work with such notice of copyright as may be required by law to secure copyright protection.

(ii) Not do any act or knowingly omit to do any act whereby any material Copyright may become invalidated and (A) not do any act, or knowingly omit to do any act, whereby any Copyright may become injected into the public domain; (B) notify the Administrative Agent immediately if it knows, or has reason to know, that any material Copyright may become injected into the public domain or of any adverse determination or development (including, without limitation, the institution of, or any such determination or development in, any court or tribunal in the United States or any other country) regarding an Obligor's ownership of any such Copyright; (C) take all necessary steps as it shall deem appropriate under the circumstances, to maintain and pursue each application (and to obtain the relevant registration) and to maintain each registration of each material Copyright owned by an Obligor including, without limitation, filing of applications for renewal where necessary; and (D) promptly notify the Administrative Agent of any material infringement of any material Copyright of an Obligor of which it becomes aware and take such actions as it shall reasonably deem appropriate under the circumstances to protect such Copyright, including, where appropriate, the bringing of suit for infringement, seeking injunctive relief and seeking to recover any and all damages for such infringement.

(iii) Not make any assignment or agreement in conflict with the security interest in the material Copyrights of each Obligor hereunder.

(j) Covenants Relating to Patents and Trademarks.

(i) Except to the extent the relevant Obligor determines in its reasonable judgment that the business interest of such Obligor is not best served by doing so, (A) continue to use each material Trademark on each and every trademark class of goods applicable to its current line as reflected in its current catalogs, brochures and price lists in order to maintain such Trademark in full force free from any claim of

abandonment for non-use, (B) maintain as in the past the quality of products and services offered under such Trademark, (C) employ such Trademark with the appropriate notice of registration, (D) not adopt or use any mark which is confusingly similar or a colorable imitation of such Trademark unless the Administrative Agent, for the ratable benefit of the Lenders, shall, in the case of US Trademarks, obtain a perfected security interest in such mark pursuant to this Security Agreement, and (E) not (and not permit any licensee or sublicensee thereof to) do any act or knowingly omit to do any act whereby any such Trademark may become invalidated.

(ii) Not do any act, or knowingly omit to do any act, whereby any material Patent may become abandoned or dedicated.

(iii) Notify the Administrative Agent and the Lenders immediately if it knows, or has reason to know, that any application or registration relating to any material Patent or Trademark may become abandoned or dedicated, or of any adverse determination or development (including, without limitation, the institution of, or any such determination or development in, any proceeding in the United States Patent and Trademark Office or any court or tribunal in any country) regarding an Obligor's ownership of any material Patent or Trademark or its right to register the same or to keep and maintain the same.

(iv) Whenever an Obligor, either by itself or through an agent, employee, licensee or designee, shall file an application for the registration of any material Patent or Trademark with the United States Patent and Trademark Office, an Obligor shall report such filing to the Administrative Agent within fifteen Business Days after the last day of the fiscal quarter in which such filing occurs. Upon request of the Administrative Agent, an Obligor shall execute and deliver any and all agreements, instruments, documents and papers as the Administrative Agent may reasonably request to evidence the Administrative Agent's and the Lenders' security interest in any material US Patent or Trademark and the goodwill and general intangibles of an Obligor relating thereto or represented thereby.

(v) Take all reasonable and necessary steps, including, without limitation, in any proceeding before the United States Patent and Trademark Office, to maintain and pursue each application (and to obtain the relevant registration) and to maintain each registration of the material Patents and Trademarks, including, without limitation, filing of applications for renewal, affidavits of use and affidavits of incontestability.

(vi) Promptly notify the Administrative Agent and the Lenders after it learns that any material Patent or Trademark included in the Collateral is infringed or diluted by a third party and, if the relevant Obligor determines in its reasonable judgment that the business interest of such Obligor is best served by doing so, promptly sue for infringement or dilution, to seek injunctive relief where appropriate and to recover any and all damages for such infringement,

misappropriation or dilution, or take such other actions as it shall reasonably deem appropriate under the circumstances to protect such Patent or Trademark.

(vii) Not make any assignment or agreement in conflict with the security interest in the material US Patents or Trademarks of each Obligor hereunder.

(k) New Patents, Copyrights and Trademarks.

(i) Promptly notify the Administrative Agent of any filing of any application for registration of any material Copyright, Trademark or Patent with the United States Copyright Office or United States Patent and Trademark Office, as set forth in the Credit Agreement, and promptly deliver to the Administrative Agent (A) with respect to material Copyrights, a duly executed Notice of Security Interest in Copyrights, (B) with respect to material US Patents, a duly executed Notice of Security Interest in Patents, (C) with respect to material US Trademarks, a duly executed Notice of Security Interest in Trademarks or (D) such other duly executed documents as the Administrative Agent may request in a form acceptable to counsel for the Administrative Agent and suitable for recording to evidence the security interest in the material US Copyright, Patent or Trademark which is the subject of such new application.

(ii) Concurrently with the delivery of quarterly and annual financial statements delivered pursuant to Section 5.1 of the Credit Agreement, provide the Administrative Agent with a listing of all applications, if any, for new material US Copyrights, Patents or Trademarks (together with a listing of the issuance of registrations or letters on present applications), which new applications and issued registrations or letters shall be subject to the terms and conditions hereunder.

(l) Insurance. Have and maintain at all times with respect to the Collateral the same types and amounts of insurance as the Obligors are required to maintain pursuant to the Credit Agreement. All insurance proceeds shall be subject to the Lien of the Administrative Agent hereunder; provided that any such insurance proceeds may be retained by the Obligors to the extent permitted under the Credit Agreement.

5. Special Provisions Relating to Accounts. Anything herein to the contrary notwithstanding, each of the Obligors shall remain liable under each of the Accounts to observe and perform all the material conditions and obligations to be observed and performed by it thereunder, all in accordance with the terms of any agreement giving rise to each such Account. Neither the Administrative Agent nor any Lender shall have any obligation or liability under any Account (or any agreement giving rise thereto) by reason of or arising out of this Security Agreement or the receipt by the Administrative Agent or any Lender of any payment relating to such Account pursuant hereto, nor shall the Administrative Agent or any Lender be obligated in any manner to perform any of the obligations of an Obligor under or pursuant to any Account (or any agreement giving rise thereto), to make any payment, to make any inquiry as to the nature or the sufficiency of any payment received by it or as to the sufficiency of any performance by any party under any Account (or any agreement giving rise thereto), to present or file any claim, to take any action to

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

6. Special Provisions Regarding Inventory.

(a) Notwithstanding anything to the contrary contained in this Security Agreement, each Obligor may, unless and until an Event of Default occurs and is continuing and the Administrative Agent instructs such Obligor otherwise, without further consent or approval of the Administrative Agent or any other Person, use, consume, sell, lease and exchange the Inventory in the ordinary course of its business as presently conducted (and as will be conducted after giving effect to the Acquisition), whereupon, in the case of such a sale or exchange, the security interest created hereby in the Inventory so sold or exchanged (but not in any proceeds arising from such sale or exchange) shall cease immediately without any further action on the part of the Administrative Agent.

(b) Upon the Lenders' making any Loan pursuant to the Credit Agreement or the Issuing Bank issuing any Letter of Credit pursuant to the Credit Agreement, each Obligor shall be deemed to have warranted that all warranties of such Obligor set forth in this Security Agreement with respect to its Inventory are true and correct in all material respects with respect to such Inventory, including without limitation that such Inventory is located at a location permitted by Section 3(b) or 4(d) hereof.

7. Advances by Administrative Agent. On failure of any Obligor to perform any of the covenants and agreements contained herein, the Administrative Agent may, at its sole option and in its sole discretion, perform or cause to be performed the same and in so doing may expend such sums as the Administrative Agent may reasonably deem advisable in the performance thereof in order to protect the security interest created hereby or as compelled by law, including, without limitation, the payment of any insurance premiums, the payment of any taxes, a payment to obtain a release of a Lien or potential Lien, expenditures made in defending against any adverse claim and all other expenditures which the Administrative Agent may make for the protection of the security hereof or which may be compelled to make by operation of law. All such sums and amounts so expended shall be repayable by the Obligors on a joint and several basis promptly upon timely notice thereof and demand therefor, shall constitute additional Secured Obligations and shall bear interest from the date said amounts are expended at the ABR Default Rate specified in Section 2.9 of the Credit Agreement. No such performance of any covenant or agreement by the Administrative Agent or the Lenders on behalf of any Obligor, and no such advance or expenditure therefor, shall relieve the Obligors of any default under the terms of this Security Agreement or the other Credit Documents. The Lenders may make any payment hereby authorized in accordance with 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 (in each case, absent manifest error) or into the validity of any tax assessment, sale, forfeiture, tax lien, title or claim except to the extent such payment is being contested in good faith by an Obligor in appropriate proceedings and against which adequate reserves are being maintained in accordance with GAAP.

8. Events of Default. The occurrence of an event which under the Credit Agreement constitutes an Event of Default (as defined in the Credit Agreement) which has occurred and is continuing shall be an Event of Default hereunder (an "Event of Default").

9. Remedies.

(a) General Remedies. Upon the occurrence of an Event of Default and during continuation thereof, the Administrative Agent and the Lenders shall have, in addition to the rights and remedies provided herein, in the Credit Documents or by law (including, but not limited to, the rights and remedies set forth in the UCC of the applicable jurisdiction), 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 and remedies are asserted and regardless of whether the UCC applies to the affected Collateral), and further, the Administrative Agent may, with or without judicial process or the aid and assistance of others, but in any event only to the extent permitted by applicable law, (i) enter on any premises on which any of the Collateral may be located and, without resistance or interference by the Obligors, take possession of the Collateral, (ii) dispose of any Collateral on any such premises, (iii) require the Obligors to assemble and make available to the Administrative Agent at the expense of the Obligors any Collateral at any place and time designated by the Administrative Agent which is reasonably convenient to both parties, (iv) remove any Collateral from any such premises for the purpose of effecting sale or other disposition thereof, and/or (v) without demand and without advertisement, notice, hearing or process of law, all of which each of the Obligors hereby waives to the fullest extent permitted by law, at any place and time or times, sell and deliver any or all Collateral held by or for it at public or private sale, by one or more contracts, in one or more parcels, for cash, upon credit or otherwise, at such prices and upon such terms as the Administrative Agent deems advisable, in its sole discretion (subject to any and all mandatory legal requirements). In addition to all other sums due the Administrative Agent and the Lenders with respect to the Secured Obligations, the Obligors shall pay the Administrative Agent and each of the Lenders all reasonable documented costs and expenses incurred by the Administrative Agent or any such Lender, including, but not limited to, reasonable attorneys' fees and court costs, in obtaining or liquidating the Collateral, in enforcing payment of the Secured Obligations, or in the prosecution or defense of any action or proceeding by or against the Administrative Agent or the Lenders or the Obligors concerning any matter arising out of or connected with this Security Agreement, any Collateral or the Secured Obligations, including, without limitation, any of the foregoing arising in, arising under or related to a case under any bankruptcy, insolvency or similar law. To the extent the rights of notice cannot be legally waived hereunder, each Obligor agrees that any requirement of reasonable notice shall be met if such notice is personally served on or mailed, postage prepaid, to the Obligors in accordance with the notice provisions of Section 9.2 of the Credit Agreement at least ten (10) days before the time of sale or other event giving rise to the requirement of such notice. The Administrative Agent and the Lenders shall not be obligated to make any sale or other disposition of the Collateral regardless of notice having been given. To the extent permitted by law, any Lender may be a purchaser at any such sale. To the extent permitted by applicable law, each of the Obligors hereby waives all of its rights of redemption with respect to any such sale. Subject to the provisions of applicable law, the Administrative Agent and the Lenders

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, to the extent permitted by law, be made at the time and place to which the sale was postponed, or the Administrative Agent and the Lenders may further postpone such sale by announcement made at such time and place.

(b) Remedies relating to Accounts. Upon the occurrence of an Event of Default and during the continuation thereof whether or not the Administrative Agent has exercised any or all of its rights and remedies hereunder, the Administrative Agent or its designee may notify any Obligor's customers and account debtors that the Accounts of such Obligor have been assigned to the Administrative Agent or of the Administrative Agent's security interest therein, and may (either in its own name or in the name of an Obligor or both) demand, collect, receive, take receipt for, sell, sue for, compound, settle, compromise and give acquittance for any and all amounts due or to become due on any Account, and, in the Administrative Agent's discretion, file any claim or take any other action or proceeding to protect and realize upon the security interest of the Lenders in the Accounts. Each Obligor acknowledges and agrees that the Proceeds of its Accounts remitted to or on behalf of the Administrative Agent in accordance with the provisions hereof shall be solely for the Administrative Agent's own convenience and that such Obligor shall not have any right, title or interest in such Accounts or in any such other amounts except as expressly provided herein. The Administrative Agent may apply all or any part of any Proceeds of Accounts or other Collateral received by it from any source to the payment of the Secured Obligations (whether or not then due and payable). The Administrative Agent shall have no obligation to apply or give credit for any item included in proceeds of Accounts or other Collateral until it has received final payment therefor at its offices in cash. However, if the Administrative Agent does permit credit to be given for any item prior to receiving final payment therefor and the Administrative Agent fails to receive such final payment or an item is charged back to the Administrative Agent for any reason, the Administrative Agent may at its election in either instance charge the amount of such item back against the Obligors, together with interest thereon at a rate per annum equal to the ABR Default Rate specified in Section 2.9 of the Credit Agreement. Each Obligor hereby indemnifies the Administrative Agent from and against all liabilities, damages, losses, actions, claims, judgments, costs, expenses, charges and reasonable attorneys' fees (except such as result from the Administrative Agent's gross negligence or willful misconduct) suffered or incurred by the Administrative Agent because of the maintenance of the foregoing arrangements. The Administrative Agent shall have no liability or responsibility to any Obligor for 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, absent manifest error.

(c) Access. In addition to the rights and remedies hereunder, upon the occurrence of an Event of Default and during the continuance thereof, the Administrative Agent shall have the right to take physical possession of any and all of the Collateral and anything found therein, the right for that purpose to enter without legal process and without breach of the peace any premises where the Collateral may be found (provided

such entry be done lawfully), and the right to maintain such possession on any Obligor's premises (each Obligor hereby agreeing to lease warehouses and storage facilities to the Administrative Agent or its designee if the Administrative Agent so requests) or to remove the Collateral or any part thereof to such other places as the Administrative Agent may desire. Upon the occurrence of any Event of Default and during the continuation thereof, each Obligor shall, upon the Administrative Agent's demand, assemble the Collateral and make it available to the Administrative Agent at a place reasonably designated by the Administrative Agent. If the Administrative Agent exercises its right to take possession of the Collateral, each Obligor shall also at its expense perform any and all other steps reasonably requested by the Administrative 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 Administrative Agent, appointing overseers for the Collateral and maintaining inventory records.

(d) Nonexclusive Nature of Remedies. Failure by the Administrative Agent or the Lenders to exercise any right, remedy or option under this Security Agreement, any other Credit Document or as provided by law, or any delay by the Administrative Agent or the Lenders in exercising the same, shall not operate as a waiver of any such right, remedy or option. No waiver hereunder 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, which in the case of the Administrative Agent or the Lenders shall only be granted as provided herein. To the extent permitted by law, neither the Administrative Agent, the Lenders, nor any party acting as attorney for the Administrative Agent or the Lenders, shall be liable hereunder for any acts or omissions or for any error of judgment or mistake of fact or law other than their gross negligence or willful misconduct hereunder. The rights and remedies of the Administrative Agents and the Lenders under this Security Agreement shall be cumulative and not exclusive of any other right or remedy which the Administrative Agent or the Lenders may have.

(e) Retention of Collateral. The Administrative Agent may, after providing the notices required by Section 9-505(2) of the UCC and otherwise in compliance with the requirements of applicable law of the relevant jurisdiction, to the extent the Administrative Agent is in possession of any of the Collateral, retain the Collateral in satisfaction of the Secured Obligations. Unless and until the Administrative Agent shall have provided such notices, however, the Administrative Agent shall not be deemed to have retained any Collateral in satisfaction of any Secured Obligations for any reason.

(f) Deficiency. In the event that the proceeds of any sale, collection or realization are insufficient to pay all amounts to which the Administrative Agent or the Lenders are legally entitled, the Obligors shall be jointly and severally liable for the deficiency, together with interest thereon at the ABR Default Rate specified in Section 2.9 of the Credit Agreement, together with the costs of collection and the reasonable fees of any attorneys employed by the Administrative Agent to collect such deficiency. Any surplus remaining after the full payment and satisfaction of the Secured Obligations shall be returned to the Obligors or to whomsoever a court of competent jurisdiction shall determine to be entitled thereto.

10. Rights of the Administrative Agent.

(a) Power of Attorney. In addition to other powers of attorney contained herein, each Obligor hereby designates and appoints the Administrative Agent, on behalf of the Lenders, and each of its designees or Administrative Agents, as attorney-in-fact of such Obligor, irrevocably and with power of substitution, with authority to take any or all of the following actions upon the occurrence and during the continuance of an Event of Default, in each case as the Administrative Agent reasonably determines to be necessary to protect the security interest created hereby or to comply with legal obligations:

(i) to demand, collect or settle, compromise, adjust, give discharges and releases concerning the Collateral of such Obligor, all as the Administrative Agent may reasonably determine;

(ii) to commence and prosecute any actions at any court for the purposes of collecting any of the Collateral of such Obligor and enforcing any other right in respect thereof;

(iii) to defend, settle or compromise any action, suit or proceeding brought and, in connection therewith, give such discharge or release as the Administrative Agent may deem reasonably appropriate;

(iv) to receive, open and dispose of mail addressed to an Obligor and endorse checks, notes, drafts, acceptances, money orders, bills of lading, warehouse receipts or other instruments or documents evidencing payment, shipment or storage of the goods giving rise to the Collateral of such Obligor on behalf of and in the name of such Obligor, or securing, or relating to such Collateral;

(v) to sell, assign, transfer, make any agreement in respect of, or otherwise deal with or exercise rights in respect of, any of the Collateral of such Obligor or the goods or services which have given rise thereto, as fully and completely as though the Administrative Agent were the absolute owner thereof for all purposes;

(vi) to adjust and settle claims under any insurance policy relating thereto;

(vii) to execute and deliver all assignments, conveyances, statements, financing statements, renewal financing statements, security agreements, affidavits, notices and other agreements, instruments and documents that the Administrative Agent may reasonably determine to be necessary in order to perfect and maintain the security interests and liens granted in this Security Agreement and in order to fully consummate all of the transactions contemplated therein;

(viii) to institute any foreclosure proceedings that the Administrative Agent may deem appropriate; and

(ix) do and perform all such other acts and things as the Administrative Agent may reasonably deem to be necessary, proper or convenient in connection with the Collateral.

This power of attorney is a power coupled with an interest and shall be irrevocable (i) for so long as any of the Secured Obligations remain outstanding, any Credit Document is in effect or any Letter of Credit shall remain outstanding and (ii) until all of the Commitments shall have been terminated. The Administrative Agent shall be under no duty to exercise or withhold the exercise of any of the rights, powers, privileges and options expressly or implicitly granted to the Administrative Agent in this Security Agreement, and shall not be liable for any failure to do so or any delay in doing so. The Administrative Agent shall not be liable for any act or omission or for any error of judgment or any mistake of fact or law in its individual capacity or its capacity as attorney-in-fact except acts or omissions resulting from its gross negligence or willful misconduct. This power of attorney is conferred on the Administrative Agent solely to protect, preserve and realize upon its security interest in the Collateral.

(b) [Intentionally Omitted].

(c) Assignment by the Administrative Agent. Subject to the terms of the Credit Agreement, the Administrative Agent may from time to time assign the Secured Obligations or any portion thereof and/or the Collateral or any portion thereof to a successor Administrative Agent, and the assignee shall be entitled to all of the rights and remedies of the Administrative Agent under this Security Agreement in relation thereto.

(d) The Administrative Agent's Duty of Care. Other than the exercise of reasonable care to assure the safe custody of the Collateral while being held by the Administrative Agent hereunder, the Administrative Agent shall have no duty or liability to preserve rights pertaining thereto, it being understood and agreed that the Obligors shall be responsible for preservation of all rights in the Collateral, and the Administrative Agent shall be relieved of all responsibility for the Collateral upon surrendering it or tendering the surrender of it to the Obligors. The Administrative Agent shall be deemed to have exercised reasonable care in the custody and preservation of the Collateral in its possession if the Collateral is accorded treatment substantially equal to that which the Administrative Agent accords its own property, which shall be no less than the treatment employed by a reasonable and prudent agent in the industry, it being understood that the Administrative Agent shall not have responsibility for taking any necessary steps to preserve rights against any parties with respect to any of the Collateral.

11. Application of Proceeds. Upon the occurrence and during the continuation of an Event of Default, the Proceeds and avails of the Collateral at any time received by the Administrative Agent shall, when received by the Administrative Agent in cash or its equivalent,

be applied as follows: first, to all reasonable costs and expenses of the Administrative Agent (including without limitation reasonable attorneys' fees and expenses) incurred in connection with the implementation and/or enforcement of this Security Agreement and/or any of the other Credit Documents; second, to all costs and expenses of the Lenders (including without limitation reasonable attorneys' fees and expenses) incurred in connection with the implementation and/or enforcement of this Security Agreement and/or any of the other Credit Documents; third, to the principal amount of the Secured Obligations; fourth, to such of the Secured Obligations consisting of accrued but unpaid interest and fees; fifth, to all other amounts payable with respect to the Secured Obligations; and sixth, to the payment of the surplus, if any, to whomever may be lawfully entitled to receive such surplus. The Obligors shall remain liable to the Administrative Agent and the Lenders for any deficiency (subject to applicable law).

12. Costs of Counsel. If at any time hereafter, whether upon the occurrence of an Event of Default or not, the Administrative Agent employs counsel to prepare or consider amendments, waivers or consents with respect to this Security Agreement, or to take action or make a response in or with respect to any legal or arbitral proceeding relating to this Security Agreement or relating to the Collateral, or to protect the Collateral or exercise any rights or remedies under this Security Agreement or with respect to the Collateral, then the Obligors agree to promptly pay upon demand any and all such reasonable documented costs and expenses incurred by the Administrative Agent or the Lenders, all of which costs and expenses shall constitute Secured Obligations hereunder.

13. Continuing Agreement.

(a) This Security Agreement shall be a continuing agreement in every respect and shall remain in full force and effect so long as any Credit Document is in effect or any amounts payable thereunder or any Letter of Credit shall remain outstanding or any Secured Obligation shall remain unpaid or outstanding, and until all of the Commitments thereunder shall have terminated. Upon such payment and termination, this Security Agreement shall be automatically terminated and the Administrative Agent shall, upon the request and at the expense of the Obligors, forthwith release all of its liens and security interests hereunder and shall execute and deliver all UCC termination statements and/or other documents reasonably requested by the Obligors evidencing such termination. Notwithstanding the foregoing, all releases and indemnities provided hereunder shall survive termination of this Security Agreement.

(b) This Security Agreement shall continue to be effective or be automatically reinstated, as the case may be, if at any time payment, in whole or in part, of any of the Secured Obligations is rescinded or must otherwise be restored or returned by the Administrative Agent or any Lender as a preference, fraudulent conveyance or otherwise under any bankruptcy, insolvency or similar law, all as though such payment had not been made; provided that in the event payment of all or any part of the Secured Obligations is rescinded or must be restored or returned, all reasonable costs and expenses (including without limitation any reasonable legal fees and disbursements) incurred by the Administrative Agent or any Lender in defending and enforcing such reinstatement shall be deemed to be included as a part of the Secured Obligations.

14. Amendments; Waivers; Modifications. This Security Agreement and the provisions hereof may not be amended, waived, modified, changed, discharged or terminated except as set forth in Section 9.1 of the Credit Agreement.

15. Successors in Interest. This Security Agreement shall create a continuing security interest in the Collateral and shall be binding upon each Obligor, its successors and assigns and shall inure, together with the rights and remedies of the Administrative Agent and the Lenders hereunder, to the benefit of the Administrative Agent and the Lenders and their successors and permitted assigns; provided, however, that none of the Obligors may assign its rights or delegate its duties hereunder without the prior written consent of the Administrative Agent. To the fullest extent permitted by law, each Obligor hereby releases the Administrative Agent and each Lender, and its successors and permitted assigns, from any liability for any act or omission relating to this Security Agreement or the Collateral, except for any liability arising from the gross negligence or willful misconduct of the Administrative Agent, or such Lender, or its officers, employees or agents, or as otherwise provided in this Security Agreement.

16. Notices. All notices required or permitted to be given under this Security Agreement shall be in conformity with Section 9.2 of the Credit Agreement.

17. Counterparts. This Security Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, but all of which shall constitute one and the same instrument. It shall not be necessary in making proof of this Security Agreement to produce or account for more than one such counterpart.

18. Headings. The headings of the sections and subsections hereof are provided for convenience only and shall not in any way affect the meaning or construction of any provision of this Security Agreement.

19. Governing Law; Submission to Jurisdiction; Waiver of Jury Trial; Venue. THIS SECURITY AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK. THE PROVISIONS OF THE CREDIT AGREEMENT RELATING TO SUBMISSION TO JURISDICTION, WAIVER OF JURY TRIAL, VENUE AND ARBITRATION ARE HEREBY INCORPORATED BY REFERENCE HEREIN, MUTATIS MUTANDIS.

20. Severability. If any provision of this Security Agreement is determined to be illegal, invalid or unenforceable, such provision shall be fully severable and the remaining provisions shall remain in full force and effect and shall be construed without giving effect to the illegal, invalid or unenforceable provisions.

21. Entirety. This Security Agreement and the other Credit Documents represent the entire agreement of the parties hereto and thereto, and supersede all prior agreements and understandings, oral or written, if any, including any commitment letters or correspondence relating to this Security Agreement, the other Credit Documents or the transactions contemplated herein and therein.

22. Survival. All representations and warranties of the Obligors hereunder shall survive the execution and delivery of this Security Agreement and the other Credit Documents, the delivery of the Notes and the making of the Loans and the issuance of the Letters of Credit under the Credit Agreement.

23. Other Security. To the extent that any of the Secured Obligations are now or hereafter secured by property other than the Collateral (including, without limitation, real property and securities owned by an Obligor), or by a guarantee, endorsement or property of any other Person, then the Administrative Agent and the Lenders shall have the right to proceed against such other property, guarantee or endorsement upon the occurrence and during the continuance of any Event of Default, and the Administrative Agent and the Lenders have the right, in their sole discretion, to determine which rights, security, liens, security interests or remedies the Administrative Agent and the Lenders shall at any time pursue, relinquish, subordinate, modify or take with respect thereto, without in any way modifying or affecting any of them or any of the Administrative Agent's and the Lenders' rights or the Secured Obligations under this Security Agreement, or under any other of the Credit Documents.

24. Joint and Several Obligations of Obligors.

(a) Each of the Obligors which is also a Guarantor is accepting joint and several liability hereunder in consideration of the financial accommodation to be provided by the Lenders under the Credit Agreement, for the mutual benefit, directly and indirectly, of each of such Obligors and in consideration of the undertakings of each of such Obligors to accept joint and several liability for the obligations of each of them.

(b) Each of the Obligors which is also a Guarantor jointly and severally hereby irrevocably and unconditionally accepts, not merely as a surety but also as a co-debtor, joint and several liability with the other Obligors which are also Guarantors with respect to the payment and performance of all of the Secured Obligations of any such Obligors arising under this Security Agreement or the other Credit Documents it being the intention of the parties hereto that all the Secured Obligations of any such Obligors shall be the joint and several obligations of each of the Obligors which are Guarantors without preferences or distinction among them.

(c) Notwithstanding any provision to the contrary contained herein or in any other of the Credit Documents, to the extent the obligations of a Obligor shall be adjudicated to be invalid or unenforceable for any reason (including, without limitation, because of any applicable state or federal law relating to fraudulent conveyances or transfers) then the obligations of each Obligor hereunder shall be limited to the maximum amount that is permissible under applicable law (whether federal or state and including, without limitation, any bankruptcy, insolvency or similar law).

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, each of the parties hereto has caused a counterpart of this Security Agreement to be duly executed and delivered as of the date first above written.

OBLIGORS:

TARGUS GROUP INTERNATIONAL, INC.

By: T Lloyd
Name: Tony Lloyd
Title: CEO + Secretary

TARGUS, INC.

By: T Lloyd
Name: Tony Lloyd
Title: Secretary

PORT, INCORPORATED

By: T Lloyd
Name: Tony Lloyd
Title: Secretary

ROUNDHOUSE, INC.

By: T Lloyd
Name: Tony Lloyd
Title: Secretary

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

FIRST UNION NATIONAL BANK,
as Administrative Agent

By: *Thomas Cauer*
Name: THOMAS CAUER
Title: V.P.

SCHEDULE 1(b)

INTELLECTUAL PROPERTY

TARGUS GROUP INTERNATIONAL, INC

1. Registered Trademarks

<u>Number</u>	<u>Mark</u>	<u>Country</u>	<u>Filing Date</u>
2,368,042	Modem Shield	USA	7/18/00
2,316,437	Targus by Design	USA	2/8/00
2,231,849	Targus Platinum	USA	3/16/99
2,128,953	Targus Shuttle	USA	1/13/98
2,128,944	Team Targus	USA	1/13/98
1,860,711	Targus and Design	USA	11/1/94
1,519,635	Targus	USA	1/10/89
1,509,075	Lappac	USA	10/18/88

2. Pending Trademarks

<u>Number</u>	<u>Mark</u>	<u>Country</u>	<u>Filing Date</u>
76-064,397	Cordmaster	USA	6/6/00
75-849,762	Equalizerstrap	USA	11/16/99
75-757,924	APS	USA	7/22/99
1,059,160	Equalizerstrap	Canada	5/16/00
1,044,051	APS	Canada	1/24/00
1,028,676	Modem Shield	Canada	9/13/99
1659002	Equalizerstrap	EC	5/16/00
1497411	APS	EC	1/20/00
1285659	Modem Shield	EC	8/23/99

TARGUS, INC

Registered Patents

<u>Number</u>	<u>Mark</u>	<u>Country</u>	<u>Filing Date</u>
1,021,007	Targus By Design	Canada	7/5/99

PORT, INCORPORATED

Registered Patents

	<u>Country</u>	<u>Issue Date</u>	<u>Invention</u>
5,607,054	USA	3/4/97	Folio carrying case for a notebook computer
5,524,754	USA	6/11/96	Carrying case for a notebook computer

ROUNDHOUSE, INC

NB: all registrations/applications in former company name: Roundhouse Products, Inc.

1. Registered Patents

<u>Number</u>	<u>Type</u>	<u>Country</u>	<u>Issue Date</u>	<u>Invention</u>
5,555,977	Utility	USA	9/17/96	Sleeve/Rail System
5,715,937	Utility	USA	2/10/98	Sleeve/Rail System
5,692,607	Utility	USA	12/2/97	Bubble Sleeve
976,985	Design	Japan	5/30/97	Double Sleeve
M9205857.4	Design	Germany	NA	Double Sleeve
2024894	Design	UK	NA	Double Sleeve
ND-43278	Design	Taiwan	1/11/94	Double Sleeve

2. Pending Patents

<u>Number</u>	<u>Type</u>	<u>Country</u>	<u>Filing Date</u>	<u>Invention</u>
2,172,971	Utility	Canada	4/13/95	Sleeve/Rail System
9470138	Utility	EC	5/1/95	Sleeve and Storage Device
720576	Utility	EC	12/27/96	Sleeve/Rail System

3. Registered Trademarks

<u>Number</u>	<u>Mark</u>	<u>Country</u>	<u>Filing Date</u>
2,341,912	Ecase	USA	4/11/00

4. Pending Trademark

<u>Number</u>	<u>Mark</u>	<u>Country</u>	<u>Filing Date</u>
75-325,795	Glacier Gear	USA	7/17/97
1162577	Glacier Gear	EC	5/5/99
1156470	cd Projects	EC	4/29/99
1156082	eCase	EC	4/29/99

5. Common Law Trademark Rights

Roundhouse (through use since 1990), and cd Projects (through use since 1993)

SCHEDULE 3(a)

CHIEF EXECUTIVE OFFICES

Corporation

Office

- | | | |
|----|----------------------------------|--|
| 1. | TARGUS GROUP INTERNATIONAL, INC. | 1211 North Miller Street
Anaheim, CA 92806 |
| 2. | TARGUS, INC. | 1211 North Miller Street
Anaheim, CA 92806 |
| 3. | PORT, INCORPORATED | 66 Fort Point Street
Norwalk, CT 06855 |
| 4. | ROUNDHOUSE, INC. | 18700 South Laurel Park Road
Rancho Dominguez, CA 90220 |

SCHEDULE 3(b)

LOCATIONS OF COLLATERAL

1. TARGUS GROUP INTERNATIONAL, INC

<u>Location</u>	<u>Landlord</u>
509 Madison Avenue Associates, Suite 1602 New York, NY	Kenisco Management, Inc.
654 Madison Avenue Suite 703 New York, NY	The Rolfe Group

2. TARGUS, INC.

<u>Location</u>	<u>Landlord/Bailee</u>
1211 North Miller Street Anaheim, CA 92806	Kilroy Realty, L.P.
c/o FedEx Logistics 8606 Wall Street Suite 200 Austin, Texas 78754	Dell Computer
Bekins Distribution Center 1153 Tri-View Avenue Sioux City, Iowa 51103	Gateway Fulfillment Warehouse
c/o IEC 323 Mason Road La Vergne, Tennessee 37086	Dell Computer

3. ROUNDHOUSE, INC

<u>Location</u>	<u>Landlord/Bailee</u>
2240 Sepulveda Building LA, CA 90064 (Primary Lease)	Harvey Capital Corp. (as Agent for Circle Trust)
18700 Laurel Park Road Rancho Dominguez, CA	Watson Land Company Sublessor: ASC, Inc.

18747 Laurel Park Road
Rancho Dominguez, CA

Watson Land Company
Sublessor: Techmer PM LLC

18001 E. Colfax Ave.
Aurora, CA 80011

Acme Distribution Centers Inc.

4700 Gregg Road
Pico Rivera, CA

American West

4. PORT, INCORPORATED

Location

66 Fort Point St.
Norwalk, CT 06855

Landlord

66 Fort Point Street, L.L.C.

SCHEDULE 3(c)

**MERGERS, CONSOLIDATIONS, CHANGE IN STRUCTURE OR USE OF
TRADE NAMES**

None

SCHEDULE 4(f)(i)

NOTICE

OF

GRANT OF SECURITY INTEREST

IN

COPYRIGHTS

United States Copyright Office

Ladies and Gentlemen:

Please be advised that pursuant to the Security Agreement dated as of August __, 2000 (as the same may be amended, modified, extended or restated from time to time, the "Security Agreement") by and among the Obligors party thereto (each an "Obligor" and collectively, the "Obligors") and First Union National Bank, as Administrative Agent (the "Administrative Agent") for the financial institutions referenced therein (the "Lenders"), the undersigned Obligor has granted a continuing security interest in and continuing lien upon, the copyrights and copyright applications shown below to the Administrative Agent for the ratable benefit of the Lenders:

COPYRIGHTS

<u>Copyright No.</u>	<u>Description of Copyright</u>	<u>Date of Copyright</u>
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Copyright Applications

<u>Copyright Applications No.</u>	<u>Description of Copyright Applied For</u>	<u>Date of Copyright Applications</u>
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The Obligors and the Administrative Agent, on behalf of the Lenders, hereby acknowledge and agree that the security interest in the foregoing copyrights and copyright applications (i) may only be terminated in accordance with the terms of the Security Agreement and (ii) is not to be construed as an assignment of any copyright or copyright application.

Very truly yours,

[Obligor]

By: _____

Name: _____

Title: _____

Acknowledged and Accepted:

FIRST UNION NATIONAL BANK,
as Administrative Agent

By: _____

Name: _____

Title: _____

SCHEDULE 4(f)(ii)

NOTICE
OF
GRANT OF SECURITY INTEREST
IN
PATENTS

United States Patent and Trademark Office

Ladies and Gentlemen:

Please be advised that pursuant to the Security Agreement dated as of August __, 2000 (the "Security Agreement") by and among the Obligor party thereto (each an "Obligor" and collectively, the "Obligors") and First Union National Bank, as Administrative Agent (the "Administrative Agent") for the financial institutions referenced therein (the "Lenders"), the undersigned Obligor has granted a continuing security interest in and continuing lien upon, the patents and patent applications shown below to the Administrative Agent for the ratable benefit of the Lenders:

PATENTS

<u>Patent No.</u>	Description of Patent <u>Item</u>	Date of <u>Patent</u>
<u>Patent Applications</u>		
<u>Patent Applications No.</u>	Description of Patent <u>Applied For</u>	Date of Patent <u>Applications</u>

The Obligors and the Administrative Agent, on behalf of the Lenders, hereby acknowledge and agree that the security interest in the foregoing patents and patent applications (i) may only be terminated in accordance with the terms of the Security Agreement and (ii) is not to be construed as an assignment of any patent or patent application.

Very truly yours,

[Obligor]

By: _____

Name: _____

Title: _____

Acknowledged and Accepted:

FIRST UNION NATIONAL BANK,
as Administrative Agent

By: _____

Name: _____

Title: _____

SCHEDULE 4(f)(iii)

NOTICE

OF

GRANT OF SECURITY INTEREST

IN

TRADEMARKS

United States Patent and Trademark Office

Ladies and Gentlemen:

Please be advised that pursuant to the Security Agreement dated as of August __, 2000 (the "Security Agreement") by and among the Obligor party thereto (each an "Obligor" and collectively, the "Obligors") and First Union National Bank, as Administrative Agent (the "Administrative Agent") for the financial institutions referenced therein (the "Lenders"), the undersigned Obligor has granted a continuing security interest in and continuing lien upon, the trademarks and trademark applications shown below to the Administrative Agent for the ratable benefit of the Lenders:

TRADEMARKS

<u>Trademark No.</u>	Description of Trademark <u>Item</u>	Date of <u>Trademark</u>
----------------------	---	-----------------------------

Trademark Applications

<u>Trademark Applications No.</u>	Description of Trademark <u>Applied For</u>	Date of Trademark <u>Applications</u>
---------------------------------------	--	--

The Obligors and the Administrative Agent, on behalf of the Lenders, hereby acknowledge and agree that the security interest in the foregoing trademarks and trademark applications (i) may only be terminated in accordance with the terms of the Security Agreement and (ii) is not to be construed as an assignment of any trademark or trademark application.

Very truly yours,

[Obligor]

By: _____
Name: _____
Title: _____

Acknowledged and Accepted:

FIRST UNION NATIONAL BANK,
as Administrative Agent

By: _____
Name: _____
Title: _____