

10-21-98
MRD

06-07-1999

M/10-21-98



101025298

To the Honorable Commissioner of Patents and Trademarks at _____ documents or copy thereof.

1. Name of conveying party(ies): CPC VENDING, INC.

Individual(s) Association

General Partnership Limited Partnership

Corporation-State (Delaware)

Other MRD 10-21-98

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

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

Name: The Chase Manhattan Bank as Collateral Agent

Internal Address: _____

Street Address: 200 Jericho Quadrangle

City: Jericho State: New York ZIP: 11753

Individual(s) citizenship _____

Association _____

General Partnership _____

Limited Partnership _____

Corporation-State _____

Other New York banking corporation

If assignee is not domiciled in the United States, a domestic representative designation is attached: Yes No

(Designation 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 Second Amended and Restated Subordinated Security Agreement

Execution Date: August 13, 1998

4. Application number(s) or registration number(s): TM

A. Trademark Application No.(s) See attached Schedule 2

B. Trademark Registration No.(s) See attached Schedule 2

Additional numbers attached? Yes No

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

Name: Lori E. Lesser, Esq.

Internal Address: Simmons Thacher & Bartlett

Street Address: 425 Lexington Avenue

City: New York State: New York ZIP: 10017

6. Total number of applications and registrations involved: 29

7. Total fee (37 CFR 3.41): \$ 740

Enclosed

Authorized to be charged to deposit account

8. Deposit account number: _____

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

DO NOT USE THIS SPACE.

9. Statement and signature.

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

Lori E. Lesser, Esq. [Signature] 3/4/99

Name of Person Signing _____ Signature _____ Date _____

Total number of pages comprising cover sheet: 4

01 PCT481
02 FC:482

80.00 US
700.00 BR

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

CONTINUATION OF ITEM ONE FROM RECORDATION COVER SHEET

1. Name of conveying party(ies):

TMS MANUFACTURING, INC. (DE Corporation)

POWER MANUFACTURING, INC. (DE Corporation)

ROWE FINANCE CO., INC. (DE Corporation)

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

Application/Registration No.
533,276
932,593
948,890
1,000,514
1,186,542
1,212,259
793,800
858,590
1,531,813
1,532,845
1,531,812
1,568,120
1,561,993
1,565,658
1,709,205
1,769,146
1,778,304
1,800,030
1,796,886
1,820,520
1,820,519
2,039,604
2,061,822
2,056,153
75/353,598
75/371,444
75/419,141

Application/Registration No.
75/432,501
75/432,500

SECOND AMENDED AND RESTATED SUBSIDIARIES SECURITY AGREEMENT

SECOND AMENDED AND RESTATED SECURITY AGREEMENT, dated as of August 13, 1998, made by the parties signatory hereto (each, a "Grantor"; collectively, the "Grantors") in favor of The Chase Manhattan Bank, as Collateral Agent (in such capacity, the "Collateral Agent") for the lenders (the "Lenders") from time to time parties to the Second Amended and Restated Credit Agreement, dated as of the date hereof (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Rowe International, Inc. (the "Borrower"), Rowe Finance Co., Inc. ("RFC"), CPC Vending, Inc. ("CPC"), the Lenders, the Collateral Agent and The Chase Manhattan Bank, as agent (in such capacity, the "Agent") for the Lenders.

W I T N E S S E T H:

WHEREAS, pursuant to the Amended and Restated Credit Agreement dated as of April 28, 1995 (as heretofore amended, supplemented or otherwise modified, the "Existing Credit Agreement"), among the Borrower, RFC, CPC, the lenders from time to time parties thereto (the "Existing Lenders"), the Collateral Agent and the Agent, the Existing Lenders made certain loans and other extensions of credit to the Borrower;

WHEREAS, in connection with the execution and delivery of the Existing Credit Agreement, RFC executed and delivered to the Collateral Agent, for the benefit of the Existing Lenders, the Amended and Restated Security Agreement dated as of April 28, 1995 (as heretofore amended, supplemented or otherwise modified, the "Existing RFC Security Agreement"), pursuant to which RFC granted to the Collateral Agent, for the benefit of the Existing Lenders, a security interest in all the Collateral (as defined in the Existing RFC Security Agreement) as collateral security for the Obligations (as defined in the Existing RFC Security Agreement);

WHEREAS, in connection with the execution and delivery of the Existing Credit Agreement, the Grantors (other than RFC) executed and delivered to the Collateral Agent, for the benefit of the Existing Lenders, the Amended and Restated Security Agreement dated as of April 28, 1995 (as heretofore amended, supplemented or otherwise modified, the "Existing Subsidiaries Security Agreement" and, together with the Existing RFC Security Agreement, the "Existing Security Agreements"), pursuant to which the Grantors (other than RFC) granted to the Collateral Agent, for the benefit of the Existing Lenders, a security interest in all the Collateral (as defined in the Existing Security Agreement) as collateral security for the Obligations (as defined in the Existing Security Agreement);

WHEREAS, the Borrower, RFC, the Existing Lenders, the Collateral Agent and the Agent have agreed to restructure the obligations of the Borrower and RFC under the Existing Credit Agreement by means of, among other things, the execution and delivery of the Credit Agreement;

WHEREAS, it is a condition precedent to the effectiveness of the Credit Agreement and the obligation of the Lenders to consummate the restructuring contemplated thereby and to make their respective extensions of credit to the Borrower under the Credit Agreement that, among other things, the Existing Security Agreements be amended and restated in their entirety;

WHEREAS, it is a further condition precedent to the obligation of the Lenders to make their respective extensions of credit to the Borrower that the Grantors guarantee payment and performance of the Borrower's obligations under the Credit Agreement, the Notes and the other Loan Documents; and

WHEREAS, in satisfaction of such condition, the Grantors have entered into a Second Amended and Restated Subsidiaries Guarantee dated as of the date hereof (as amended, supplemented or otherwise modified from time to time, the "Guarantee") in favor of the Collateral Agent for the benefit of the Lenders.

NOW, THEREFORE, in consideration of the premises and to induce the Agent, the Collateral Agent and the Lenders to enter into the Credit Agreement and to induce the Lenders to consummate the restructuring contemplated thereby and to make their respective extensions of credit to the Borrower, each Grantor hereby agrees with the Collateral Agent, for the benefit of the Lenders, that the Existing Security Agreements shall be and hereby are consolidated, amended and restated in their entirety as follows:

1. Defined Terms.

1.1 Definitions. (a) Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement, and the following terms 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, Documents, Equipment, Farm Products, Fixtures, General Intangibles, Instruments, Inventory, Investment Property, Proceeds and Vehicles.

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

"Agreement": this Second Amended and Restated Security Agreement, as the same may be amended, supplemented or otherwise modified from time to time.

"Code": the Uniform Commercial Code as from time to time in effect in the State of New York.

"Collateral": as defined in Section 2 of this Agreement.

"Collateral Account": any account established by the Collateral Agent as provided in subsection 5.3 or subsection 8.2 of this Agreement or otherwise for the deposit of Proceeds of Collateral and other cash and instruments of each Grantor and the other Loan Parties.

"Concentration Account": the Collateral Account established at the office of the Collateral Agent at 270 Park Avenue, New York, New York, 10017, in the name of the Collateral Agent, for the benefit of the Lenders, entitled "Chase/Rowe International Cash Collateral Account", Account No. 808-005030.

"Contracts": all contracts and agreements to which any Grantor is a party and the terms of which do not prohibit (unless such term is waived by the other party thereto) the granting by such Grantor of a security interest therein, as the same may be amended, supplemented or otherwise modified from time to time, including, without limitation, (a) all rights of each Grantor to receive moneys due and to become due to it thereunder or in connection therewith, (b) all rights of each Grantor to damages arising out of or for breach or default in respect thereof and (c) all rights of each Grantor to exercise all remedies thereunder.

"First Priority Obligations": the collective reference to the Grantors' Obligations under (and as defined in) the Guarantee in respect of (a) the unpaid principal of and interest on the Tranche A Notes, the L/C Reimbursement Obligations, the L/C Obligations and all other obligations and liabilities of the Borrower to the Agent, the Collateral Agent, the Issuing Bank and the Tranche A Lenders in respect of the Tranche A Loans, the L/C Reimbursement Obligations, the L/C Obligations and the Letters of Credit (including, without limitation, interest accruing at the then applicable rate provided in the Credit Agreement after the maturity of the Tranche A Loans, the L/C Reimbursement Obligations or the L/C Obligations and interest accruing at the then applicable rate provided in the Credit Agreement after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, relating to the Borrower, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding), whether direct or indirect, absolute or contingent, due or to become due, or now existing or hereafter incurred, which may arise under, out of, or in connection with, the Credit Agreement, the Tranche A Notes, the L/C Reimbursement Obligations, the L/C Obligations, any Letter of Credit, the other Loan Documents or any other document made, delivered or given in connection herewith or therewith, in each case whether on account of principal, interest, reimbursement obligations, fees, indemnities, costs, expenses or otherwise (including, without limitation, all fees and disbursements of counsel to the Agent, the Collateral Agent, the Issuing Bank or to the Tranche A Lenders that are required to be paid by the Borrower pursuant to the terms of the Credit Agreement or any other Loan Document), but in each such case limited to the obligations and liabilities of the Borrower to the Agent, the Collateral Agent, the Issuing Bank and the Tranche A Lenders in respect of the Tranche A Loans, the L/C Reimbursement Obligations, the L/C Obligations and the Letters of Credit and (b) all other obligations and liabilities of any Loan Party to the Collateral Agent, in its capacity as such, pursuant to or arising under the Credit Agreement, this Agreement, or any other Loan Document, whether on account of fees, indemnities, costs, expenses or otherwise (including,

without limitation, all fees and disbursements of counsel to the Collateral Agent that are required to be paid by such Loan Party pursuant to the terms of the Credit Agreement, this Agreement, or any other Loan Document).

"Lockbox Account": each lockbox and related account that is the subject of a Lockbox Agreement.

"Lockbox Bank": each bank in which a Grantor or any of its Subsidiaries maintains a Lockbox Account.

"Obligations": the collective reference to the First Priority Obligations and the Second Priority Obligations.

"Patents": (a) all letters patent of the United States or any other country and all reissues and extensions thereof, including, without limitation, any thereof referred to in Schedule 1 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 hereto.

"Patent License": all agreements, whether written or oral, providing for the grant by or to each Grantor of any right to manufacture, use or sell any invention covered by a Patent, including, without limitation, any thereof referred to in Schedule 1 hereto.

"Second Priority Obligations": the collective reference to the Grantors' Obligations under (and as defined in) the Guarantee in respect of (a) the unpaid principal of and interest on the Tranche B Term Notes, the Existing L/C Notes, the Existing L/C Reimbursement Obligations, the Existing L/C Obligations and all other obligations and liabilities of the Borrower to the Agent, the Issuing Bank, the Tranche B Term Lenders and the Existing L/C Participants in respect of the Tranche B Term Loans, the Existing L/C Loans, the Existing L/C Reimbursement Obligations, the Existing L/C Obligations and the Existing Letters of Credit (including, without limitation, interest accruing at the then applicable rate provided in the Credit Agreement after the maturity of the Tranche B Term Loans, the Existing L/C Loans, the Existing L/C Reimbursement Obligations or the Existing L/C Obligations and interest accruing at the then applicable rate provided in the Credit Agreement after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, relating to the Borrower whether or not a claim for post-filing or post-petition interest is allowed in such proceeding), whether direct or indirect, absolute or contingent, due or to become due, or now existing or hereafter incurred, which may arise under, out of, or in connection with, the Credit Agreement, the Tranche B Term Notes, the Existing L/C Notes, the Existing L/C Reimbursement Obligations, the Existing L/C Obligations, any Existing Letter of Credit, the other Loan Documents or any other document made, delivered or given in connection herewith or therewith, in each case whether on account of principal, interest, reimbursement obligations, fees, indemnities, costs, expenses or otherwise (including, without limitation, all fees and disbursements of counsel to the Agent, the Issuing Bank, the Tranche B Term Lenders or the Existing L/C Participants that are required to be paid by the Borrower pursuant to the terms of the Credit Agreement or

any other Loan Document), but in each such case limited to the obligations and liabilities of the Borrower to the Agent, the Issuing Bank, the Tranche B Term Lenders and the Existing L/C Participants in respect of the Tranche B Term Loans, the Existing L/C Loans, the Existing L/C Reimbursement Obligations, the Existing L/C Obligations and the Existing Letters of Credit and (b) all other obligations and liabilities of the Borrower to the Agent, in its capacity as such, pursuant to or arising under the Credit Agreement, this Agreement or any other Loan Document, whether on account of fees, indemnities, costs, expenses or otherwise (including, without limitation, all fees and disbursements of counsel to the Agent that are required to be paid by the Borrower pursuant to the terms of the Credit Agreement, this Agreement or any other Loan Document).

"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, 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 political subdivision thereof, or otherwise, including, without limitation, any thereof referred to in Schedule 2 hereto, and (b) all renewals thereof.

"Trademark License": each agreement, written or oral, providing for the grant by or to each Grantor of any right to use any Trademark, including, without limitation, any thereof referred to in Schedule 2 hereto.

(c) The words "hereof," "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and section and paragraph references are to this Agreement unless otherwise specified.

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

2. **Grant of Security Interest**. For purposes of this Agreement, all of the following property now owned or at any time hereafter acquired by each Grantor or in which any Grantor now has or at any time in the future may acquire any right, title or interest is collectively referred to as, the **"Collateral"**:

(a) all Accounts;

(b) all Chattel Paper;

(c) the Concentration Account (and all cash, money and instruments at any time on deposit in the Concentration Account, all investments made and interest earned in respect of such cash and monies and all proceeds of any of the foregoing);

(d) all Contracts;

(e) all Collateral Accounts (and all cash, money and instruments at any time on deposit in the Collateral Accounts, all investments made and interest earned in respect of such cash and monies and all proceeds of any of the foregoing);

(f) all Documents;

(g) all Equipment;

(h) all Fixtures;

(i) all General Intangibles;

(j) all Instruments (including, without limitation, Instruments representing other Collateral or evidencing Proceeds thereof);

(k) all Inventory;

(l) all Investment Property;

(m) all Lockbox Accounts (and all cash, money and instruments at any time on deposit in the Lockbox Accounts, all investments made and interest earned in respect of such cash and monies and all proceeds of any of the foregoing);

(n) all Patents;

(o) all Patent Licenses;

(p) all Trademarks;

(q) all Trademark Licenses;

(r) all books and records pertaining to any of the foregoing; and

(s) to the extent not otherwise included, all Proceeds and products of any and all of the foregoing.

2.1 Each Grantor hereby confirms and reaffirms its grant of a security interest in the Collateral (as defined in the applicable Existing Security Agreements) securing the First Priority Obligations (as defined in the applicable Existing Security Agreements) pursuant to the Existing Security Agreements, which security interest, by virtue of the Intercreditor and Subordination Agreement, shall be a first priority security interest. As collateral security for the prompt and complete payment and performance when due (whether at the stated maturity, by acceleration or otherwise) of the First Priority Obligations, each Grantor hereby grants to the Collateral Agent, for the benefit of the holders of the First Priority Obligations, a first priority security interest in the Collateral.

2.2 Each Grantor hereby confirms and reaffirms its grant of a security interest in the Collateral (as defined in the applicable Existing Security Agreements) securing the Second Priority Obligations (as defined in the applicable Existing Security Agreements) pursuant to the Existing Security Agreements, which security interest, by virtue of the Intercreditor and Subordination Agreement, shall be a second priority security interest. As collateral security for the prompt and complete payment and performance when due (whether at the stated maturity, by acceleration or otherwise) of the Second Priority Obligations, each Grantor hereby grants to the Collateral Agent, for the benefit of the holders of the Second Priority Obligations, a second priority security interest in the Collateral.

2.3 As set forth in the separate granting clauses contained in subsections 2.1 and 2.2 above, it is the intent of each Grantor, the Lenders, the Agent and the Collateral Agent, that this Agreement shall create two separate and distinct Liens in favor of the Collateral Agent, for the benefit of the holders of the First Priority Obligations and the Second Priority Obligations, as the case may be.

3. Representations and Warranties. Each Grantor hereby represents and warrants that:

3.1 Title; No Other Liens. Except for the separate and distinct security interests granted to the Collateral Agent pursuant to this Agreement and the other Liens permitted to exist on the Collateral pursuant to the Credit Agreement, such Grantor owns each item of the Collateral free and clear of any and all Liens or claims of others. No security agreement, financing statement or other public notice with respect to all or any part of the Collateral is on file or of record in any public office, except such as have been filed in favor of the Collateral Agent, for the benefit of the holders of the First Priority Obligations and the Second Priority Obligations, as the case may be, pursuant to this Agreement or as are permitted pursuant to the Credit Agreement.

3.2 Perfected Liens. Each security interest granted pursuant to this Agreement (a) upon completion of the filings and other actions specified on Schedule 3 attached hereto will constitute a separate and distinct perfected security interest in the Collateral in favor of: (i) the Collateral Agent, for the benefit of the holders of the First Priority Obligations, and (ii) the Collateral Agent, for the benefit of the holders of the Second Priority Obligations; (b) is prior to all other Liens on the Collateral in existence on the date hereof except for Liens granted pursuant to this Agreement or otherwise permitted to exist pursuant to the Credit Agreement and (c) are enforceable as such against all creditors of and purchasers from such Grantor (except purchasers of Inventory in the ordinary course of business) and any Person having any interest in the real property where any of the Equipment is located.

3.3 Inventory and Equipment. The Inventory and the Equipment are kept at the locations listed on Schedule 4 hereto (as the same may be changed in accordance with the provisions of subsection 4.6).

3.4 Chief Executive Office. Such Grantor's chief executive office is located at 1500 Union Avenue, S.E., Grand Rapids, Michigan 49507 and such Grantor's other places of

business are listed below its name on Schedule 5 hereto (as the same may be changed in accordance with the provisions of subsection 4.6).

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

3.6 Vehicles. The aggregate value of all Vehicles owned by such Grantor does not exceed \$100,000.

3.7 Lockbox Accounts. Each Grantor shall direct that all payments and remittances to such Grantor and its Subsidiaries with respect to their respective businesses and operations (including, without limitation, payments in respect of Accounts) shall be sent by all payors in respect thereof to the Lockbox Accounts. Such Grantor has executed and delivered to the Collateral Agent, and has caused each other bank with which such Grantor or any Subsidiary thereof maintains any accounts to which payments are sent by account debtors, to execute and deliver to the Collateral Agent Lockbox Agreements covering such accounts. No provision of any such Lockbox Agreement has been amended, waived or otherwise modified without the prior written consent of the Collateral Agent.

4. Covenants. Each Grantor covenants and agrees with the Collateral Agent and the Lenders that, from and after the date of this Agreement until this Agreement is terminated and the security interests created hereby are released:

4.1 Delivery of Instruments and 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, such Instrument or Chattel Paper shall be immediately delivered to the Collateral Agent, duly endorsed in a manner satisfactory to the Collateral Agent, to be held as Collateral pursuant to this Agreement and in accordance with the order of priority of the security interests created hereby established pursuant to Section 2 hereof.

4.2 Marking of Records. To the extent reasonably practicable, such Grantor will mark its books and records pertaining to the Collateral to evidence this Agreement and the security interests created hereby.

4.3 Maintenance of Insurance. (a) Such Grantor will maintain, with financially sound and reputable companies, insurance policies (i) insuring the Inventory and Equipment against loss by fire, explosion, theft and such other casualties as may be reasonably satisfactory to the Collateral Agent and (ii) insuring such Grantor, the Collateral Agent, the Agent and the Lenders against liability for personal injury and property damage relating to such Inventory and Equipment, such policies to be in such form and amounts and having such coverage as may be reasonably satisfactory to the Collateral Agent with losses payable to such Grantor, the Collateral Agent, the Agent and the Lenders as their respective interests may appear.

(b) All such insurance shall (i) provide that no cancellation, material reduction in amount or material change in coverage thereof shall be effective until at least 30 days after

receipt by the Collateral Agent of written notice thereof, (ii) with respect to liability insurance policies, name the Collateral Agent and the Lenders as additional insured parties and (iii) be reasonably satisfactory in all other respects to the Collateral Agent.

4.4 Payment of Obligations. Such Grantor will pay and discharge or otherwise satisfy at or before maturity or before they become delinquent, as the case may be, all taxes, assessments and governmental charges or levies imposed upon the Collateral or in respect of income or profits therefrom, as well as all claims of any kind (including, without limitation, claims for labor, materials and supplies) against or with respect to the Collateral, except that no such charge need be paid if the amount or validity thereof is currently being contested in good faith by appropriate proceedings, reserves in conformity with GAAP with respect thereto have been provided on the books of such Grantor and such proceedings do not involve any material danger of the sale, forfeiture or loss of any of the Collateral or any interest therein.

4.5 Maintenance of Perfected Security Interests; Further Documentation. (a) Such Grantor shall maintain the security interest created by subsection 2.1 of this Agreement as a first, perfected security interest subject only to Liens permitted to exist pursuant to the Credit Agreement and shall defend such security interest against claims and demands of all Persons whomsoever.

(b) Such Grantor shall maintain the security interest created by subsection 2.2 of this Agreement as a second, perfected security interest subject only to Liens granted pursuant to this Agreement or otherwise permitted to exist pursuant to the Credit Agreement and shall defend such security interest against claims and demands of all Persons whomsoever.

(c) At any time and from time to time, upon the written request of the Collateral Agent, and at the sole expense of such Grantor, such Grantor will promptly and duly execute and deliver such further instruments and documents and take such further action as the Collateral Agent may reasonably request for the purpose of obtaining or preserving the full benefits of this Agreement and of the rights and powers herein granted, including, without limitation, the filing of any financing or continuation statements under the Uniform Commercial Code in effect in any jurisdiction with respect to the security interests created hereby.

4.6 Changes in Locations, Name, etc. Such Grantor will not:

(a) permit any of the Inventory or Equipment to be kept at a location other than those listed on Schedule 4 hereto; or

(b) change the location of its chief executive office and chief place of business from that specified in subsection 3.4; or

(c) change its name, identity or corporate structure to such an extent that any financing statement filed by the Collateral Agent in connection with this Agreement would become seriously misleading;

unless, in each case, it shall have given the Collateral Agent at least 30 days prior written notice of such change and taken such steps as the Collateral Agent may reasonably request in order to protect the security interests created by this Agreement.

4.7 Further Identification of Collateral. Such Grantor will furnish to the Collateral Agent and the Lenders statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as the Collateral Agent may reasonably request, all in reasonable detail.

4.8 Notices. Such Grantor will advise the Collateral Agent promptly after becoming aware thereof, in reasonable detail, at its address set forth in the Credit Agreement of:

(a) any Lien (other than security interests created hereby or Liens permitted under the Credit Agreement) on, or claim asserted against, any of the Collateral; and

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

4.9 Indemnification. Such Grantor agrees to pay, and to save the Collateral Agent and the Lenders harmless from, any and all liabilities, reasonable costs and expenses (including, without limitation, legal fees and expenses) (a) with respect to, or resulting from any delay in paying, any and all excise, sales or other taxes which may be payable or determined to be payable with respect to any of the Collateral, (b) with respect to, or resulting from, any delay in complying with any Requirement of Law applicable to any of the Collateral and (c) in connection with any of the transactions contemplated by this Agreement.

5. Provisions Relating to Accounts.

5.1 Grantor Remains Liable under Accounts. Anything herein to the contrary notwithstanding, each Grantor shall remain liable under each of its Accounts to observe and perform all the conditions and obligations to be observed and performed by it thereunder, all in accordance with the terms of any agreement giving rise to each such Account. Neither the Collateral 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 Agreement or the receipt by the Collateral Agent or any Lender of any payment relating to such Account pursuant hereto, nor shall the Collateral Agent or any Lender be obligated in any manner to perform any of the obligations of any Grantor 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.

5.2 Analysis of Accounts. The Collateral Agent shall have the right to make test verifications of the Accounts in any manner and through any medium that it reasonably considers advisable, and each Grantor shall furnish all such assistance and information as the Collateral Agent may require in connection with such test verifications. At any time and from time to time, upon the Collateral Agent's request and at the expense of such Grantor, such Grantor shall cause independent public accountants or others satisfactory to the Collateral Agent to furnish to the Collateral Agent reports showing reconciliations, aging and test verifications of, and trial balances for, the Accounts. Upon the occurrence and during the continuance of an Event of Default, the Collateral Agent in its own name or in the name of others may communicate with account debtors on the Accounts to verify with them to the Collateral Agent's satisfaction the existence, amount and terms of any Accounts.

5.3 Collections on Accounts. The Collateral Agent hereby authorizes each Grantor to collect its Accounts in accordance with subsections 5.5(g), (h) and (i), subject to the Collateral Agent's direction and control, and the Collateral Agent may curtail or terminate said authority at any time after the occurrence and during the continuance of an Event of Default. All payments of Accounts or in respect of Collateral shall be made directly to the Lockbox Accounts in accordance with subsection 5.5, provided that any such payments or remittances received by any Grantor, (a) shall be forthwith (and, in any event, within one Business Day) deposited by such Grantor in the exact form received, duly endorsed by such Grantor to the Collateral Agent if required, in a Lockbox Account maintained under the exclusive dominion and control of the Collateral Agent, subject to withdrawal by the Collateral Agent for the account of the Lenders only as provided in subsection 8.3, and (b) until so turned over, shall be held by such Grantor in trust for the Collateral Agent and the Lenders, segregated from other funds of such Grantor. Each such deposit by such Grantor of Proceeds of Accounts shall be accompanied by a report identifying in reasonable detail the nature and source of the payments included in the deposit. Upon the occurrence and during the continuance of an Event of Default, each Grantor shall deliver to the Collateral Agent, upon the Collateral Agent's request, all original and other documents evidencing, and relating to, the agreements and transactions which gave rise to the Accounts, including, without limitation, all original orders, invoices and shipping receipts.

5.4 Representations and Warranties. Each Grantor represents and warrants that:

(a) No amount in excess of \$10,000 payable to such Grantor under or in connection with any Account is evidenced by any Instrument or Chattel Paper which has not been delivered to the Collateral Agent.

(b) The place where such Grantor keeps its records concerning the Accounts listed opposite such Grantor's name on Schedule 6 hereto.

(c) None of the obligors on any Account is a Governmental Authority, except for Accounts representing, in the aggregate at any time, less than 10% of all Accounts.

5.5 Covenants. Each Grantor covenants and agrees with the Collateral Agent and the Lenders that:

(a) The amount represented by such Grantor to the Collateral Agent or the Lenders as owing by each account debtor or by all account debtors in respect of the Accounts of such Grantor will at such time be the correct amount actually owing by such account debtor or debtors thereunder.

(b) Without the prior written consent of the Collateral Agent, such Grantor will not amend, modify, terminate or waive any agreement giving rise to an Account (other than in the ordinary course of business) in any manner which could reasonably be expected to materially adversely affect the value of such Account as Collateral.

(c) Without the prior written consent of the Collateral Agent, such Grantor will not fail to exercise promptly and diligently each and every material right which it may have under each agreement giving rise to an Account (other than any right of termination), unless any such failure could not reasonably be expected to materially adversely affect the value of such Account as Collateral.

(d) Other than in the ordinary course of business as generally conducted by such Grantor, such Grantor will not grant any extension of the time of payment of any of the Accounts, compromise, compound or settle the same for less than the full amount thereof, release, wholly or partially, any Person liable for the payment thereof, or allow any credit or discount whatsoever thereon.

(e) Such Grantor will not remove its books and records from the location specified in subsection 5.4(b) (unless the Collateral Agent is given 30 days prior written notice).

(f) In any suit, proceeding or action brought by the Collateral Agent or any Lender under any Account for any sum owing thereunder, or to enforce any provisions of any Contract, such Grantor will save, indemnify and keep the Collateral Agent and such Lender harmless from and against all expense, loss or damage suffered by reason of any defense, setoff, counterclaim, recoupment or reduction or liability whatsoever of the account debtor thereunder, arising out of a breach by such Grantor of any obligation thereunder or arising out of any other agreement, indebtedness or liability at any time owing to or in favor of such account debtor or its successors from such Grantor.

(g) Such Grantor shall cause each account debtor of such Grantor or any of its Subsidiaries to remit all payments and remittances to one of the Lockbox Accounts listed on Schedule 7 hereto. All Proceeds of Accounts or direct payments in respect of Inventory or other Collateral of such Grantor and its Subsidiaries with respect to their respective businesses and operations shall be sent to the Lockbox Accounts.

(h) Such Grantor shall not, nor shall such Grantor permit any of its Subsidiaries to, (i) deposit the proceeds of any Accounts or other payments and remittances in bank accounts other than the Lockbox Accounts listed in Schedule 7 hereto or the Concentration Account or (ii) open or close any Lockbox Account, without the consent of the Collateral Agent; provided, that if such consent is granted to open any Lockbox Account, Grantor or such Subsidiary and the bank at which such Lockbox Account is to be held shall, prior to the creation of such Lockbox Account, enter into a Lockbox Agreement substantially in the form of Exhibit G to the Credit Agreement and Schedule 7 hereto shall be deemed amended by adding to such Schedule 7 the Lockbox Account established in the manner set forth in this subsection. Such Grantor shall not, nor shall such Grantor permit any of its Subsidiaries to, permit the proceeds of any Accounts deposited in any Lockbox Account to be commingled with any other funds not constituting Collateral.

(i) The Concentration Account is, and shall remain, under the exclusive dominion and control of the Collateral Agent; provided, that, prior to the occurrence of an Event of Default, funds on deposit in the Concentration Account may be transferred each Business Day to one or more of the deposit accounts set forth on Schedule 8 hereto. Such Grantor acknowledges and agrees that it shall have no right of withdrawal from the Concentration Account.

6. Provisions Relating to Contracts.

6.1 Grantor Remains Liable under Contracts. Anything herein to the contrary notwithstanding, each Grantor shall remain liable under each of the Contracts to which it is a party to observe and perform all the conditions and obligations to be observed and performed by it thereunder, all in accordance with and pursuant to the terms and provisions of each Contract. Neither the Collateral Agent nor any Lender shall have any obligation or liability under any Contract by reason of or arising out of this Agreement or the receipt by the Collateral Agent or any such Lender of any payment relating to such Contract pursuant hereto, nor shall the Collateral Agent or any Lender be obligated in any manner to perform any of the obligations of any Grantor under or pursuant to any Contract, 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 Contract, 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.

6.2 Contracts. Each Grantor shall use its reasonable best efforts to (a) cause each contract to which such Grantor becomes a party after the date hereof to permit the granting by such Grantor of security interests pursuant to this Agreement in its right, title and interest in such contract and (b) obtain the consent of the other party to any material contract entered into prior to the date hereof to the grant of security interests pursuant to this Agreement (to the extent such grant is otherwise prohibited pursuant to the terms thereof).

6.3 Communication With Contracting Parties. Upon the occurrence and during the continuance of an Event of Default, the Collateral Agent in its own name or in the

name of others may communicate with parties to the Contracts to verify with them to the Collateral Agent's satisfaction the existence, amount and terms of any Contracts.

6.4 Representations and Warranties. Each Grantor represents and warrants that:

- (a) No consent of any party (other than such Grantor) to any Contract is required, or purports to be required, in connection with the execution, delivery and performance of this Agreement.
- (b) Each Contract to which such Grantor is a party is in full force and effect and constitutes a valid and legally enforceable obligation of such Grantor, and, to the best of such Grantor's knowledge, of the parties thereto, except as affected by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally, general equitable principles (whether considered in a proceeding in equity or at law) and an implied covenant of good faith and fair dealing.
- (c) No consent or authorization of, filing with or other act by or in respect of any Governmental Authority is required in connection with the execution, delivery, performance, validity or enforceability of any of the Contracts to which such Grantor is a party by any party thereto other than those which have been duly obtained, made or performed, are in full force and effect and do not subject the scope of any such Contract to any material adverse limitation, either specific or general in nature.
- (d) Neither such Grantor nor (to the best of such Grantor's knowledge) any other party to any material Contract is in default or is likely to become in default in the performance or observance of any of the terms thereof.
- (e) Neither such Grantor nor (to the best of such Grantor's knowledge) any other party to any Contract (other than a material Contract) is materially in default or is likely to become materially in default in the performance or observance of any of the terms thereof.
- (f) Such Grantor has fully performed all its material obligations under each Contract to which it is a party to be performed on or prior to the date on which this representation is made or deemed made.
- (g) The right, title and interest of such Grantor in, to and under each Contract to which it is a party are not subject to any defense, offset, counterclaim or claim which would materially adversely affect the value of such Contract as Collateral, nor have any of the foregoing been asserted or alleged against such Grantor as to any such Contract.
- (h) Such Grantor has delivered to the Collateral Agent a complete and correct copy of each material Contract to which it is a party, including all amendments, supplements and other modifications thereto.

(i) No amount in excess of \$10,000 payable to such Grantor under or in connection with any Contract is evidenced by any Instrument or Chattel Paper which has not been delivered to the Collateral Agent.

6.5 Covenants. Each Grantor covenants and agrees with the Collateral Agent and the Lenders that:

(a) Each Grantor will perform and comply in all material respects with all its obligations under the Contracts and all its other Contractual Obligations relating to the Collateral.

(b) Without the prior written consent of the Collateral Agent, such Grantor will not amend, modify, terminate or waive any provision of any Contract in any manner which could reasonably be expected to materially adversely affect the value of such Contract as Collateral.

(c) Without the prior written consent of the Collateral Agent, such Grantor will not fail to exercise promptly and diligently each and every material right which it may have under each Contract (other than any right of termination), unless any such failure could not reasonably be expected to materially adversely affect the value of such Contract as Collateral.

(d) In any suit, proceeding or action brought by the Collateral Agent or any Lender under any Contract for any sum owing thereunder, or to enforce any provisions of any Contract, such Grantor will save, indemnify and keep the Collateral Agent and such Lender harmless from and against all expense, loss or damage suffered by reason of any defense, setoff, counterclaim, recoupment or reduction or liability whatsoever of the obligor thereunder, arising out of a breach by such Grantor of any obligation thereunder or arising out of any other agreement, indebtedness or liability at any time owing to or in favor of such obligor or its successors from such Grantor.

7. Provisions Relating to Patents and Trademarks.

7.1 Representations and Warranties. Each Grantor represents and warrants that:

(a) Schedule 1 hereto lists under such Grantor's name all Patents and Patent Licenses owned by such Grantor in its own name as well as Patents exclusively licensed to such Grantor as of the date hereof.

(b) Schedule 2 hereto lists under such Grantor's name all Trademarks and Trademark Licenses owned by such Grantor in its own name as of the date hereof.

(c) To the best of such Grantor's knowledge, each such Patent and Trademark is valid, subsisting, unexpired, enforceable and has not been abandoned.

(d) Except as set forth in either Schedule 1 or Schedule 2, none of such Patents and Trademarks is the subject of any licensing or franchise agreement.

(e) No holding, decision or judgment has been rendered by any Governmental Authority which would limit, cancel or question the validity of any such Patent or Trademark.

(f) No action or proceeding is pending (i) seeking to limit, cancel or question the validity of any such Patent or Trademark, or (ii) which, if adversely determined, would have a material adverse effect on the value of any such Patent or Trademark.

7.2 Covenants. Each Grantor covenants and agrees with the Collateral Agent and the Lenders that:

(a) Such Grantor (either itself or through licensees) will, except with respect to any Trademark that such Grantor shall reasonably determine is of negligible economic value to it, (i) continue to use each of its Trademarks on each and every trademark class of goods applicable to its current line as reflected in its current catalogs, brochures and price lists in order to maintain such Trademark in full force free from any claim of abandonment for non-use, (ii) maintain as in the past the quality of products and services offered under such Trademark, (iii) employ such Trademark with the appropriate notice of registration, (iv) not adopt or use any mark which is confusingly similar or a colorable imitation of such Trademark unless the Collateral Agent, for the benefit of the holders of the First Priority Obligations and the Second Priority Obligations, as the case may be, shall obtain perfected security interests in such mark pursuant to this Agreement and in accordance with the order of priority of the security interests created hereby established pursuant to Section 2 hereof, and (v) not (and use its reasonable best efforts not to permit any licensee or sublicensee thereof to) do any act or knowingly omit to do any act whereby any Trademark may become invalidated.

(b) Such Grantor will not, except with respect to any Patent that such Grantor shall reasonably determine is of negligible economic value to it, do any act, or omit to do any act, whereby any of its Patents may become abandoned or dedicated.

(c) Such Grantor will notify the Collateral Agent and the Lenders immediately if it knows, or has reason to know, that any application or registration relating to any of its Patents or Trademarks 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 such Grantor's ownership of any such Patent or Trademark or its right to register the same or to keep and maintain the same.

(d) Whenever such Grantor, either by itself or through any agent, employee, licensee or designee, shall file an application for the registration of any Patent or Trademark with the United States Patent and Trademark Office or any similar office or agency in any other country or any political subdivision thereof, such Grantor shall report such filing to the Collateral Agent and the Lenders within five Business Days after the last day of the fiscal

quarter in which such filing occurs. Upon request of the Collateral Agent, such Grantor shall execute and deliver any and all agreements, instruments, documents, and papers as the Collateral Agent may request to evidence the Collateral Agent's and the Lenders' security interests in any of such Grantor's Patents or Trademarks and the goodwill and general intangibles of such Grantor relating thereto or represented thereby.

(e) Except with respect to any Trademark that such Grantor shall reasonably determine is of negligible economic value to it, such Grantor will take all reasonable and necessary steps, including, without limitation, in any proceeding before the United States Patent and Trademark Office or any similar office or agency in any other country or any political subdivision thereof, to maintain and pursue each application (and to obtain the relevant registration) and to maintain each registration of its Patents and Trademarks, including, without limitation, as to Trademarks, filing of applications for renewal, affidavits of use and affidavits of incontestability and, as to Patents, paying maintenance fees.

(f) In the event that any of such Grantor's Patents or Trademarks included in the Collateral are infringed, misappropriated or, in the case of any Trademark, diluted by a third party, such Grantor shall promptly notify the Collateral Agent and the Lenders after it learns thereof and shall, unless such Grantor shall reasonably determine that such Patent or Trademark is of negligible economic value to such Grantor, which determination such Grantor shall promptly report to the Collateral Agent and the Lenders, promptly sue for infringement, misappropriation or, in the case of any Trademark, dilution, seek injunctive relief where appropriate and seek to recover any and all damages for such infringement, misappropriation or dilution, or take such other actions as such Grantor shall reasonably deem appropriate under the circumstances to protect such Patent or Trademark.

8. Remedies.

8.1 Notice to Account Debtors and Contract Parties. Upon the request of the Collateral Agent at any time after the occurrence and during the continuance of an Event of Default, each Grantor shall notify account debtors on its Accounts and parties to the Contracts to which it is a party that such Accounts and such Contracts have been assigned to the Collateral Agent and that payments in respect thereof shall be made directly to the Collateral Agent.

8.2 Proceeds to be Turned Over To Collateral Agent. In addition to the rights of the Collateral Agent and the Lenders specified in subsections 5.3 and 5.5(g), (h) and (i), if an Event of Default shall occur and be continuing, all Proceeds received by each Grantor consisting of cash, checks and other near-cash items shall be held by such Grantor in trust for the Collateral Agent and the Lenders, segregated from other funds of Grantor, and shall, forthwith upon receipt by such Grantor, be turned over to the Collateral Agent in the exact form received by such Grantor (duly endorsed by such Grantor to the Collateral Agent, if required) and held by the Collateral Agent in a Collateral Account maintained under the exclusive dominion and control of the Collateral Agent. All Proceeds while held by the Collateral Agent in a Collateral Account (or by any Grantor in trust for the Collateral Agent and the Lenders) shall continue to be held as collateral security for the Obligations in

accordance with the order of priority of the security interests created hereby and established pursuant to Section 2 hereof and shall not constitute payment thereof until applied as provided in subsection 8.3.

8.3 Application of Proceeds. If an Event of Default shall have occurred and be continuing, at any time at the Collateral Agent's election, the Collateral Agent may direct all Lockbox Banks to immediately remit all funds on deposit in each Lockbox Account to the Concentration Account and may apply all or any part of Proceeds held in any Collateral Account (including, without limitation, the Concentration Account) in payment of the Obligations, but any such application of Proceeds shall be in accordance with the order of priority set forth in paragraph 5 of the Intercreditor and Subordination Agreement, and any part of such funds which the Collateral Agent elects not so to apply and deems not required as collateral security for the Obligations shall be paid over by the Collateral Agent to such Grantor or to whomsoever may be lawfully entitled to receive the same. Any balance of such Proceeds remaining after the Obligations shall have been paid in full and the Tranche A Revolving Credit Commitments shall have been terminated shall be paid over to such Grantor or to whomsoever may be lawfully entitled to receive the same.

8.4 Code Remedies. If an Event of Default shall occur and be continuing, the Collateral Agent, on behalf of the Lenders, may exercise, in addition to all other rights and remedies granted to them in this Agreement and in any other instrument or agreement securing, evidencing or relating to the Obligations, all rights and remedies of a secured party under the Code. Without limiting the generality of the foregoing, the Collateral Agent, without demand of performance or other demand, presentment, protest, advertisement or notice of any kind (except any notice required by law referred to below) to or upon any Grantor or any other Person (all and each of which demands, defenses, advertisements and notices are hereby waived), may in such circumstances forthwith collect, receive, appropriate and realize upon the Collateral, or any part thereof, and/or may forthwith sell, lease, assign, give option or options to purchase, or otherwise dispose of and deliver the Collateral or any part thereof (or contract to do any of the foregoing), in one or more parcels at public or private sale or sales, at any exchange, broker's board or office of the Collateral Agent or any Lender or elsewhere upon such terms and conditions as it may deem advisable and at such prices as it may deem best, for cash or on credit or for future delivery without assumption of any credit risk. The Collateral Agent or any Lender shall have the right upon any such public sale or sales, and, to the extent permitted by law, upon any such private sale or sales, to purchase the whole or any part of the Collateral so sold, free of any right or equity of redemption in any Grantor, which right or equity is hereby waived or released. Each Grantor further agrees, at the Collateral Agent's request, to assemble the Collateral and make it available to the Collateral Agent at places which the Collateral Agent shall reasonably select, whether at such Grantor's premises or elsewhere. The Collateral Agent shall apply the net proceeds of any such collection, recovery, receipt, appropriation, realization or sale, after deducting all reasonable costs and expenses of every kind incurred therein or incidental to the care or safekeeping of any of the Collateral or in any way relating to the Collateral or the rights of the Collateral Agent and the Lenders hereunder, including, without limitation, reasonable attorneys' fees and disbursements, to the payment in whole or in part of the Obligations, in the order of priority set forth in paragraph 5 of the Intercreditor and

Subordination Agreement, and only after such application and after the payment by the Collateral Agent of any other amount required by any provision of law, including, without limitation, Section 9-504(1)(c) of the Code, need the Collateral Agent account for the surplus, if any, to any Grantor. To the extent permitted by applicable law, each Grantor waives all claims, damages and demands it may acquire against the Collateral Agent or any Lender arising out of the exercise by them of any rights hereunder. If any notice of a proposed sale or other disposition of Collateral shall be required by law, such notice shall be deemed reasonable and proper if given at least 10 days before such sale or other disposition. Each Grantor further waives and agrees not to assert any rights or privileges which it may acquire under Section 9-112 of the Code.

8.5 Deficiency. Each Grantor shall remain liable for any deficiency if the proceeds of any sale or other disposition of the Collateral are insufficient to pay the Obligations and the fees and disbursements of any attorneys employed by the Collateral Agent or any Lender to collect such deficiency.

9. Collateral Agent's Appointment as Attorney-in-Fact; Collateral Agent's Performance of Grantors' Obligations.

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

(a) in the case of any Account, at any time when the authority of such Grantor to collect its Accounts has been curtailed or terminated pursuant to subsection 5.3, or in the case of any other Collateral, at any time when any Event of Default shall have occurred and is continuing, in the name of such Grantor or its own name, or otherwise, to take possession of and endorse and collect any checks, drafts, notes, acceptances or other instruments for the payment of moneys due under any Account, Instrument, General Intangible or Contract or with respect to any other Collateral and to file any claim or to take any other action or proceeding in any court of law or equity or otherwise deemed appropriate by the Collateral Agent for the purpose of collecting any and all such moneys due under any Account, Instrument, General Intangible or Contract or with respect to any other Collateral whenever payable;

(b) in the case of any Patents or Trademarks, to execute and deliver any and all agreements, instruments, documents, and papers as the Collateral Agent may reasonably request to evidence the Collateral Agent's and the Lenders' security interest in any Patent or

Trademark and the goodwill (with respect to such Trademarks) and general intangibles of such Grantor relating thereto or represented thereby;

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

(d) to execute, in connection with the sale provided for in subsection 8.4 hereof, any endorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral; and

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

9.2 Performance by Collateral Agent of Grantors' Obligations. If any Grantor fails to perform or comply with any of its agreements contained herein, the Collateral Agent, at its option, but without any obligation so to do, may perform or comply, or otherwise cause performance or compliance, with such agreement.

9.3 Grantors' Reimbursement Obligation. The expenses of the Collateral Agent incurred in connection with actions undertaken as provided in this Section 9, together with interest thereon at a rate per annum equal to 2% above the interest rate applicable to the ABR Loans, from the date of payment by the Collateral Agent to the date reimbursed by the Grantors, shall be payable by the Grantors to the Collateral Agent on demand.

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

10. Duty of Collateral Agent. The Collateral Agent's sole duty with respect to the custody, safekeeping and physical preservation of the Collateral in its possession, under Section 9-207 of the Code or otherwise, shall be to deal with it in the same manner as the Collateral Agent deals with similar property for its own account. None of the Collateral Agent, any Lender or any of their respective directors, officers, employees or agents shall be liable for failure to demand, collect or realize upon any of the Collateral or for any delay in doing so or shall be under any obligation to sell or otherwise dispose of any Collateral upon the request of any Grantor or any other Person or to take any other action whatsoever with regard to the Collateral or any part thereof. The powers conferred on the Collateral Agent and the Lenders hereunder are solely to protect the Collateral Agent's and the Lenders' interests in the Collateral and shall not impose any duty upon the Collateral Agent or any Lender to exercise any such powers. The Collateral Agent and the Lenders shall be accountable only for amounts that they actually receive as a result of the exercise of such powers, and neither they nor any of their officers, directors, employees or agents shall be responsible to any Grantor for any act or failure to act hereunder, except for their own gross negligence or willful misconduct.

11. Execution of Financing Statements. Pursuant to Section 9-402 of the Code, each Grantor authorizes the Collateral Agent to file financing statements with respect to the Collateral without the signature of such Grantor in such form and in such filing offices as the Collateral Agent reasonably determines appropriate to perfect the security interests of the Collateral Agent under this Agreement. A carbon, photographic or other reproduction of this Agreement shall be sufficient as a financing statement for filing in any jurisdiction.

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

13. Notices. All notices, requests and demands to or upon the Collateral Agent or any Grantor to be effective shall be in writing (or by fax or similar electronic transfer confirmed in writing) and shall be deemed to have been duly given or made (a) when delivered by hand or (b) if given by mail, when deposited in the mails by certified mail, return receipt requested, or (c) if by fax or similar electronic transfer, when sent and receipt

has been confirmed, addressed at its address or transmission number for notices provided, in the case of the Collateral Agent, in subsection 12.2 of the Credit Agreement, or, in the case of such Grantor, at 1500 Union Avenue, S.E., Grand Rapids, Michigan 49907. The Collateral Agent and each Grantor may change their addresses and transmission numbers for notices by notice in the manner provided in this Section 13.

14. Counterparts. This Agreement may be executed by one or more of the parties hereto on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. A set of the counterparts of this Agreement signed by the parties hereto shall be lodged with the Collateral Agent.

15. Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

16. Amendments in Writing; No Waiver; Cumulative Remedies.

16.1 Amendments in Writing. None of the terms or provisions of this Agreement may be waived, amended, supplemented or otherwise modified except by a written instrument executed by the Grantors and the Collateral Agent, provided that any provision of this Agreement may be waived by the Collateral Agent and the Lenders in a letter or agreement executed by the Collateral Agent or by facsimile transmission from the Collateral Agent.

16.2 No Waiver by Course of Conduct. Neither the Collateral Agent nor any Lender shall by any act (except by a written instrument pursuant to subsection 16.1 hereof), delay, indulgence, omission or otherwise be deemed to have waived any right or remedy hereunder or to have acquiesced in any Default or Event of Default or in any breach of any of the terms and conditions hereof. No failure to exercise, nor any delay in exercising, on the part of the Collateral Agent or any Lender, any right, power or privilege hereunder shall operate as a waiver thereof. No single or partial exercise of any right, power or privilege hereunder shall preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by the Collateral Agent or any Lender of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which the Collateral Agent or such Lender would otherwise have on any future occasion.

16.3 Remedies Cumulative. The rights and remedies herein provided are cumulative, may be exercised singly or concurrently and are not exclusive of any other rights or remedies provided by law.

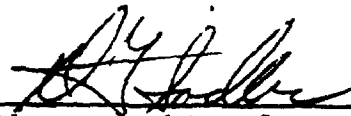
17. Section Headings. The Section and subsection headings used in this Agreement are for convenience of reference only and are not to affect the construction hereof or be taken into consideration in the interpretation hereof.

18. Successors and Assigns. This Agreement shall be binding upon the successors and assigns of each Grantor and shall inure to the benefit of the Collateral Agent and the Lenders and their successors and assigns.

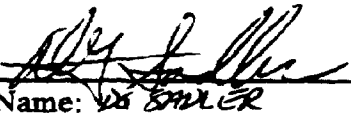
19. Governing Law. **THIS AGREEMENT SHALL BE GOVERNED BY, CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.**

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

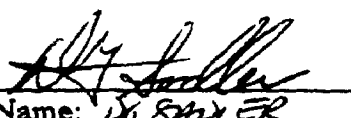
CPC VENDING, INC.

By: 
Name: D. G. SMILER
Title: CEO

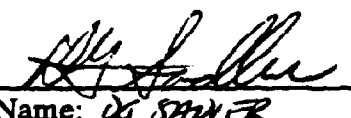
TMS MANUFACTURING, INC.

By: 
Name: D. G. SMILER
Title: CEO


POWER MANUFACTURING, INC.

By: 
Name: D. G. SMILER
Title: CEO

ROWE FINANCE CO., INC.

By: 
Name: D. G. SMILER
Title: CEO

THE CHASE MANHATTAN BANK, as
Collateral Agent

By: 
Name: Eric J. Pennington
Title: Vice President

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Schedule 1

PATENTS AND PATENT LICENSES

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TRADEMARK
REEL: 1874 FRAME: 0645

4/30/98

PATENTS AND PATENT LICENSES

CASE NO.	INVENTOR (S)	PATENT NO.	EXPIRED	TITLE	FOREIGN FILINGS		PATENT NO.	EXPIRES
					International (PCT)	PCT/US95/12579		
P-300	Chalkowsky	5,657,694	8/1/97	Popcorn Vending Machine	International (PCT)	PCT/US95/12579	US-816/15 Abandoned	PCT-
P-301	Dekker, Herring, Courts	5,715,923	2/10/98	Currency Acceptor With Locking Cash Box	Canada	2,190,872	11/16/16	Pending
P-302	Herring, Shaltis	5,704,146	1/8/98	Positive Drive Tilt Rack For Jukebox	Germany Great Britain	19701204.3 9622994.3	Pending	Pending
P-326	Wolff, Friedman	0332,096	12/29/92	Remote Selector Unit For Jukeboxes	None		12/29/06	
P-328	Giegerich, Sloss, Maldanis	5,407,264	4/18/95	Drive Mechanism For Moving a Horizontal Shelf in a Vending Machine	None		6/3/13	
P-329	Maldanis, Giegerich, Sloss	5,511,646	4/30/96	Multiple Price And Size Setting Method For Vending Machines	None		6/3/13	
P-330	Maldanis, Koch, Giegerich, Sloss	5,344,046	9/6/94	Universal Pull-Out Drawer For Vending Machine	None		6/3/13	
P-331	Kalis, Meinardi, Sloss, Herring	App'n. 08/792,835	Filed 01/30/97	Pivot Keypad And Dual Interface For Multiple Price And Size Setting (CIP of P. 329)	None		Pending	
350	Costerhouse	No. U.S. Patent	EXPIRED	Credit Accumulator	Canada	1,040,742	EXPIRED	
366	Fletcher	3,910,295	EXPIRED	Bulk Loading Coin Hopper	Canada Canada France Great Britain Japan	1,015,785 7,500,351 1,475,900 1,181,601	EXPIRED EXPIRED EXPIRED EXPIRED	
370	Pfeil, Silverman & Mueller	4,023,704	EXPIRED	Helical Feed Merchandising Design for Bagged Snack Vendor	Canada	1,014,929	EXPIRED	
373	Koch and Franklin	U.S.	EXPIRED	Gum & Mnt Delivery Unit for Helical Feed Merchandising Machine	France Japan	142761 Pending	10/3/99	
379	Pfeil	U.S.	EXPIRED	Candy Bar Delivery Unit for Helical Feed Merchandising Machine	Canada	1,014,904	EXPIRED	
380	Pfeil	U.S.	EXPIRED	Helical Feed Merchandising Machine	Canada	1,011,656	EXPIRED	
387	Steiner	No U.S. Filing	EXPIRED	1,000 Yen Validator	Japan	1,116,065	ABANDONED 11/89	
389	Herring	4,157,670	EXPIRED	Ticket Vending Head	Canada	1,105,896	7/28/98	

PATENTS AND PATENT LICENSES

CASE NO.	INVENTOR (S)	PATENT NO.	EXPIRED	TITLE	FOREIGN FILINGS	PATENT NO.	EXPIRES
390	Verduin	4,233,210	EXPIRED	Electronic Vending Machine Selection Counter	Great Britain Germany	Abandoned	
391	Costerhouse	4,180,802	EXPIRED	Random Autoplay	Great Britain France Germany	Abandoned	
392	Boldt	D. 256057	EXPIRED	Design for Phonograph (R-82)	None		
393	Scatera & Krahauer	4,176,762	EXPIRED	Improved Drive System for Rotary Merchandise Carriers	None		
394	Lee	4,283,708	8/11/81	Improved Paper Currency Acceptor	None		8/11/98
395A	Steiner	4,462,058	11/13/84	Control Circuit for Bill and Coin Changer	None		11/13/01
395B	Steiner	4,470,496	9/11/84	Control Circuit for Bill and Coin Changer	None		9/11/01
395C	Steiner	4,503,963	3/12/85	Control Circuit for Bill and Coin Changer	None		3/12/02
398	Kurmsky	4,257,657	3/24/81	Readily Releasable Mechanism for Locking a Merchandising Machine Door in Open Position	None		3/24/98
399	Boldt	D. 260765	EXPIRED	Design for Phonograph (S-83)	None		9/15/95
400	Verduin & Krichka	4,256,009	3/17/81	Disco Lamp Controller for Coin-Operated Phonograph			
401	Scatera	4,260,905	4/7/81	Device for Setting DIP Switches	None		4/7/98
403	Michell	4,280,745	7/28/81	Merchandising Machine Shelf Supporting Structure	Japan	1,622,428	10/31/00
404	Michell & Scatera	4,296,872	10/27/81	Improved Delivery Box Assembly for Merchandising Machine	Japan	1,531,806	9/20/00
405	Hoffman	4,284,184	8/18/81	Coin Mechanism for Merchandising Machine Interface	None		8/18/98

PATENTS AND PATENT LICENSES

CASE NO.	INVENTOR (S)	PATENT NO.	EXPIRED	TITLE	FOREIGN FILINGS	PATENT NO.	EXPIRES
406	Scalers & Sloss	4,351,452	9/28/82	Improved Turret Cup Supply and Delivery Apparatus	Canada Germany Great Britain Japan	All Abandoned	
408	Boldt	D. 262016	EXPIRED	Design for Photograph (R-8A)	None		1/24/55
409	Scalera	4,392,558	7/12/83	Nozzle Assembly for Cold Drink Merchandising Machine	Canada Great Britain	Abandoned	6/26/01 1/19/02
410A	Verduin & St. Clair	(U.S. Abandoned)		Improved Control System for Cold Merchandising Machine	Canada Japan	Abandoned	7/17/01 1/19/02
421	Collins	4,586,292	5/13/86	Validator	Canada Great Britain	1,213,373 2,140,158	10/28/03 4/5/04
423	Mauhsagen	4,580,697	EXPIRED	Improved Cup Drip Ring for Drink Machine	None		4/8/03
424	Hoffman, Verduin, Ouwinga	4,667,777	7/7/87	Price Setting and Display System for Multi-Unit Merchandising Machine	Germany Great Britain	3,615,110 2,175,118	5/3/06 5/6/06
425	Verduin	4,667,802	5/26/87	Video Jukebox	None		5/26/04
428	Dekker & Zandsma	4,887,808	11/21/89	Compact Bill Acceptor	None		11/21/05
429					Canada France Germany Great Britain Japan	Italy All Abandoned 7/95	
430	Krakauer	4,842,161	EXPIRED	Countertop Snack Vendor	None		4/26/02
	Krakauer	D. 295,425	4/26/86	Design for Countertop Vending Machine	None		
434	Heming, Elshor, VanDyk, Katis	5,031,346	7/16/91	Jukebox Selection Display and Page Turning Mechanism Therefor	Great Britain Great Britain Div	2,234,386 2,269,264	10/18/09 10/18/09
435	Krakauer, Krestakos, Wolff	D. 312,639	12/4/90	Design for Compact Disc Jukebox	Great Britain	1,059,705	3/8/04
436	Dekker	5,067,701	11/26/91	Multiple Bill Escrow Mechanism	Germany	Abandoned	
437	Lee	4,973,851	11/27/90	Currency Validator	None		11/27/07

PATENT'S AND PATENT LICENSES

CASE NO.	INVENTOR (S)	PATENT NO.	EXPIRED	TITLE	FOREIGN FILINGS	PATENT NO.	EXPIRES
445	Kalis, Robinson, Vandyk Wolff, Freidman, Krestakos	Appn. 383,745 D. 332,096	7/20/89 12/29/92	Control System for Compact Disc Photograph Design for Wallbox	Germany Germany Div I Great Britain Great Britain Div I Great Britain Div II Great Britain	4,023,193 4,042,576 2,234,107 2,265,740 2,265,749 2,006,224	7/20/10 7/20/10 5/12/10 6/12/10 6/12/10 11/17/14
449	Simpson, Mark L.	5,050,148	9/17/91	Rotary compact Disc Magazine having Disc Receiving Means limited to a Minor Segment of the Disc Improved Locked Cassette	Germany Great Britain	2,246,464	6/7/11
450	Dekker, Donald A.	5,205,481	4/27/93	Bill Box	None		4/27/10

PATENTS EXCLUSIVELY LICENSED TO ROWE

CASE NO.	INVENTOR (S)	PATENT NO.	EXPIRED	TITLE	FOREIGN FILINGS	PATENT NO.	EXPIRES
A	Krakauer	3,941,279	EXPIRED	Article Vending Apparatus	Canada	1,030,494	EXPIRED
B	Krakauer	4,087,020	EXPIRED	Article Vending Machine Having Rotary Storage Compartments	Canada	1,053,194	EXPIRED
407	Krakauer	4,317,604 4317604	(RK B1) 3/2/82 (6/6/89)	All-Purpose Merchandiser	Canada Great Britain Japan Germany	1,142,482 9,024,302 2,075,961 1,205,60D 1,637,868 3,030,073	3/8/00 11/14/00 7/29/00 9/10/00 10/21/00 8/3/00
413	Krakauer	D.265745	8/10/82	Design For Merchandising Machine	None	1,177,797	11/13/01
415R		4,391,386 32191	7/5/83 6/24/86	Improved Control System for Increasing the Versatility of an All-Purpose Merchandiser	Canada France Great Britain Italy Japan	8,207,594 2,097,771 1,193,773 1,714,427	4/30/02 3/12/02 4/14/02 4/30/02
PATENTS NONEXCLUSIVELY LICENSED TO ROWE							
		D247,828	EXPIRED	Design for Front Display Panel			5/2/92
		D248,121	EXPIRED	Design for Front Display Panel			6/7/92

Schedule 2

TRADEMARKS AND TRADEMARK LICENSES

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**TRADEMARK
REEL: 1874 FRAME: 0651**

TRADE MARKS

CASE NO.	MARK	REGISTRATION NO.	DATE	FOREIGN FILINGS
319*	ROWE	533,276	11/4/70	EUROPE, JAPAN, LATIN AMERICA
320	AMI	932,593	4/18/72	EUROPE, LATIN AMERICA
345*	Square and Discs Design	948,690	12/19/72	BAHAMAS, BARBADOS, BERMUUDA, CANADA
377*	WHEATSTONE	1,000,514	12/31/74	NONE
418*	SHOWCASE	1,186,542	1/18/82	NONE
420*	SHOWCASE	1,212,259	10/12/82	NONE
	CUSTOMUSIC	793,600	8/3/85	NONE
	ROWE AM	858,590	10/15/88	EUROPE, JAPAN, LATIN AM, ORIENT
438	ROWESTAR	1,531,813	3/28/89	NONE
439	COMBOSTAR	1,532,845	4/4/89	NONE
440	LASERSTAR	1,531,812	3/28/89	NONE
441*	ShowMax	1,568,120	EXPIRED	NONE
443	Laser DanceStar	1,561,993	EXPIRED	NONE
444	Laser WalkStar	1,565,658	11/14/89	NONE
455*	GENESIS	1,708,205	8/18/92	NONE
456	PATRIOT	1,769,146	5/4/93	NONE
457	FUTURA	1,776,304	6/22/93	NONE
459	LASER STAR AMERICA	1,800,030	10/19/93	NONE
460	LASER STAR WILD THING	1,796,886	10/5/93	NONE
461	LASER STAR BLACK MAGIC	1,820,520	2/8/94	NONE
462	LASER STAR LADY IN RED	1,820,519	2/8/94	NONE
463	MUSIC MERCHANT	ABANDONED		NONE
464	LASER STAR DIAMANTE	2,039,604	2/25/97	NONE
466	LASER STAR EAGLE	2,061,822	5/13/97	NONE
469	VENUS	2,056,153	4/22/97	NONE
T-100	LASERSTAR STORM	APPL. NO 753353 598	9/5/97	NONE
T-101	LASERSTAR DATALINK	APPL. NO 753371 444	10/10/97	NONE
T-102	BERKELEY	APPL. NO 754119 141	1/16/98	U.K. ABANDONED
T-103	TEMPEST	NO CORRESPONDING US APPL.		U.K. PENDING
T-104	STERLING SERIES	NO CORRESPONDING US APPL.		U.K. PENDING
T-105	CENTURY			NONE
T-106	LASERSTAR BERKELEY	NO CORRESPONDING US APPL.		U.K. PENDING
T-107	STARBURST	APPL. NO 75432,501	2/11/98	NONE
T-108	SUNBURST	APPL. NO 75432,500	2/11/98	NONE

Schedule 3

**FILINGS AND OTHER ACTIONS
REQUIRED TO PERFECT SECURITY INTERESTS**

I. CPC VENDING, INC.

Uniform Commercial Code Filings

1. Secretary of State, MI

Patent and Trademark Filings

1. United States Patent and Trademark Office, Washington, D.C.

Other Actions

1. None

II. TMS MANUFACTURING, INC.

Uniform Commercial Code Filings

1. Secretary of State, MI

Patent and Trademark Filings

1. None

Other Actions

1. None

III. POWER MANUFACTURING, INC.

Uniform Commercial Code Filings

1. Secretary of State, MI

Patent and Trademark Filings

1. None

Other Actions

1. None

Schedule 4

LOCATIONS OF INVENTORY AND EQUIPMENT

ROWE INTERNATIONAL, INC.

1. 1500 Union Ave., Grand Rapids, MI 49507
2. 1207 Beta Ct., Rockwall, TX 75087
3. 9000 I-30, Route 4, Greenville, TX 75401
4. 540 Crofton S.E., Grand Rapids, MI 49507
5. 525 Cottage Grove S.E., Grand Rapids, MI 49507
6. 5 Troy Hills Road, Whippany, NJ 07981
7. 115 Halifax, Dallas, TX 75247
8. Clare House, Holly Road, Hampton Hill, Middlesex, England TW12 1QQ

ROWE FINANCE CO., INC.

1. 22 Vest Mill Road, Winston-Salem, NC 27103

Schedule 5

PLACES OF BUSINESS

ROWE INTERNATIONAL, INC.

1. 1500 Union Ave., Grand Rapids, MI 49507
2. 1207 Beta Ct., Rockwall, TX 75087
3. 9000 I-30, Route 4, Greenville, TX 75401
4. 540 Crofton S.E., Grand Rapids, MI 49507
5. 525 Cottage Grove S.E., Grand Rapids, MI 49507
6. 5 Troy Hills Road, Whippany, NJ 07981
7. 115 Halifax, Dallas, TX 75247
8. Clare House, Holly Road, Hampton Hill, Middlesex, England TW12 1QQ

ROWE FINANCE CO., INC.

1. 22 Vest Mill Road, Winston-Salem, NC 27103

Schedule 6

LOCATIONS OF ACCOUNTS RECORDS

1. 1500 Union Avenue SE, Grand Rapids, MI 49507
2. 540 Crofton SE, Grand Rapids, MI 49507
3. 3722 Vest Mill Road, Winston-Salem, NC 27103

Schedule 7

LOCKBOX ACCOUNTS

Rowe:

1. **Chemical Bank**
P.O. Box 10455
Newark, NJ 07193-0455
Account No. 808-005030

RFC:

1. **First Union National Bank**
P.O. Box 18211
Newark, NJ 07192
Account No. 20-3024941878-0

Schedule 8

DEPOSIT ACCOUNTS

	<u>Account Number</u>	<u>Name of Account</u>
1.	615-530885	Chase Manhattan Bank (Operating Disbursement)
2.	615-202705	Chase Manhattan Bank (Operating Disbursement)
3.	2097723	Old Kent Bank & Trust Co., Grand Rapids, MI (Payroll)
4.	2247337	Old Kent Bank & Trust Co., Grand Rapids, MI (Payroll)
5.	323-074456	Chase Manhattan Bank, NY (Operating Disbursement)
6.	808-005030	Chase Manhattan Bank, NY (Collateral Account)
7.	0669030	Lloyds Bank, England (Disbursement Account)
8.	20-2003495878-2	First Union National Bank, NC (Disbursement Account)
9.	1013689	Brookhollow National Bank, TX (Deposit Account)
10.	2654603	Old Kent Bank & Trust Co., Grand Rapids, MI (Payroll Account)
11.	2655107	Old Kent Bank & Trust Co., Grand Rapids, MI (Flex Benefit Account)