

MKB 5-13-99

FORM PTO-1618A  
Expires 06/30/99  
OMB 0651-0027

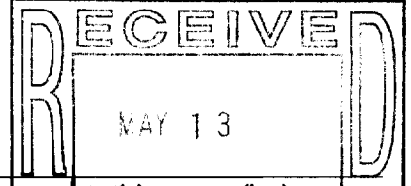
05-25-1999

U.S. Department of Commerce  
Patent and Trademark Office  
TRADEMARK



101044698

RECORDATION FORM COVER SHEET  
TRADEMARKS ONLY



TO: The Commissioner of Patents and Trademarks: Please record the attached original document(s) or copy(ies).

Submission Type

- New
- Resubmission (Non-Recordation)  
Document ID #
- Correction of PTO Error  
Reel #  Frame #
- Corrective Document  
Reel #  Frame #

Conveyance Type

- Assignment  License
- Security Agreement  Nunc Pro Tunc Assignment
- Merger
- Change of Name
- Other

Effective Date  
Month Day Year  
05 11 99

Conveying Party

Mark if additional names of conveying parties attached

Execution Date  
Month Day Year

Name

Formerly

- Individual  General Partnership  Limited Partnership  Corporation  Association
- Other
- Citizenship/State of Incorporation/Organization

Receiving Party

Mark if additional names of receiving parties attached

Name

DBA/AKA/TA

Composed of

Address (line 1)

Address (line 2)

Address (line 3)

City

State/Country

Zip Code

- Individual  General Partnership  Limited Partnership  Corporation  Association
- Other

If document to be recorded is an assignment and the receiving party is not domiciled in the United States, an appointment of a domestic representative should be attached. (Designation must be a separate document from Assignment.)

Citizenship/State of Incorporation/Organization

05/19/1999 NTHA11 00000104 192385 75621246

FOR OFFICE USE ONLY

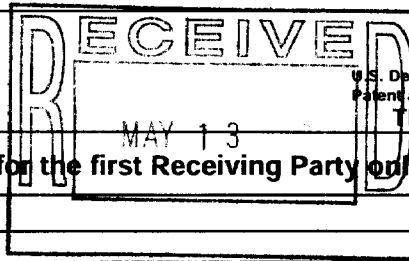
01 FC:481 40.00 OP  
02 FC:482 40.00 CH 260.00 OP

Public burden reporting for this collection of information is estimated to average approximately 30 minutes per Cover Sheet to be recorded, including time for reviewing the document and gathering the data needed to complete the Cover Sheet. Send comments regarding this burden estimate to the U.S. Patent and Trademark Office, Chief Information Officer, Washington, D.C. 20231 and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Paperwork Reduction Project (0651-0027), Washington, D.C. 20503. See OMB Information Collection Budget Package 0651-0027, Patent and Trademark Assignment Practice. DO NOT SEND REQUESTS TO RECORD ASSIGNMENT DOCUMENTS TO THIS ADDRESS.

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

TRADEMARK

REEL: 001901 FRAME: 0061



**Domestic Representative Name and Address**

Enter for the first Receiving Party only.

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

**Correspondent Name and Address**

Area Code and Telephone Number

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

**Pages**

Enter the total number of pages of the attached conveyance document including any attachments. #

**Trademark Application Number(s) or Registration Number(s)**

Mark if additional numbers attached

Enter either the Trademark Application Number or the Registration Number (DO NOT ENTER BOTH numbers for the same property).

**Trademark Application Number(s)**

**Registration Number(s)**

<input type="text" value="75621246"/>	<input type="text" value="75022185"/>	<input type="text" value="74344017"/>
<input type="text" value="75297748"/>	<input type="text" value="74344017"/>	<input type="text" value="74239188"/>
<input type="text" value="75075885"/>	<input type="text" value="75068486"/>	<input type="text" value="74448114"/>

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**Number of Properties**

Enter the total number of properties involved. #

**Fee Amount**

Fee Amount for Properties Listed (37 CFR 3.41): \$

Method of Payment: Enclosed  Deposit Account

Deposit Account (Enter for payment by deposit account or if additional fees can be charged to the account.)

Deposit Account Number: #

Authorization to charge additional fees: Yes  No

**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. Charges to deposit account are authorized, as indicated herein.

Kristine Fyfe  
Name of Person Signing

Signature

3/13/99  
Date Signed

**RECORDATION FORM COVER SHEET  
CONTINUATION  
TRADEMARKS ONLY**

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U.S. Department of Commerce  
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**TRADEMARK**

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Corporation  Association

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**Registration Number(s)**

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## SECURITY AGREEMENT

This SECURITY AGREEMENT (this "Agreement" or this "Security Agreement") is dated as of May 11, 1999 and entered into by and among **INTEGRATED CIRCUIT SYSTEMS, INC.**, a Pennsylvania corporation (the "Company"), each of **THE UNDERSIGNED DIRECT AND INDIRECT DOMESTIC SUBSIDIARIES** of the Company (each of such undersigned Subsidiaries being a "Subsidiary Grantor" and collectively, the "Subsidiary Grantors", and each of the Company and Subsidiary Grantors being a "Grantor" and collectively, the "Grantors"; provided that, "Grantors" shall include any Additional Grantors (as hereinafter defined)) and **CREDIT SUISSE FIRST BOSTON ("CSFB")** as collateral agent (in such capacity herein called "Collateral Agent") for the banks, the financial institutions and other entities (collectively, the "Lenders") from time to time party to the Credit Agreement referred to below, any Interest Rate Exchangers (as hereinafter defined) and any Indemnitees (as defined in such Credit Agreement).

### PRELIMINARY STATEMENTS

A. Pursuant to the Credit Agreement dated as of May 11, 1999 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), by and among the Company, the banks, the financial institutions and other entities listed therein as Lenders, CSFB, as the Administrative Agent, the Sole Lead Arranger, and the Collateral Agent, the Lenders have severally agreed to make Loans to the Company and to issue (or participate in) Letters of Credit for the account of the Company upon, and subject to, the terms and conditions set forth therein; capitalized terms used herein and not defined herein shall have the meanings assigned to such terms in the Credit Agreement.

B. The Company may from time to time enter, or may from time to time have entered, into one or more Interest Rate Agreement (collectively, the "Lender Interest Rate Agreements") with one or more Lenders or their Affiliates (in such capacity, collectively, "Interest Rate Exchangers") in accordance with the terms of the Credit Agreement, and it is desired that the obligations of the Company under the Lender Interest Rate Agreements, including, without limitation, the obligation of the Company to make payments thereunder in the event of early termination thereof (all such obligations being the "Interest Rate Obligations") be secured hereunder.

C. The Subsidiary Grantors have executed and delivered that certain Subsidiary Guaranty dated as of the date hereof (said Subsidiary Guaranty, as it may hereafter be amended, restated, supplemented or otherwise modified from time to time, the "**Subsidiary Guaranty**"), in favor of the Administrative Agent for the benefit of Lenders, any Interest Rate Exchangers and any Indemnitee, pursuant to which each Subsidiary Grantor has guaranteed, among other things, the prompt payment when due of all obligations of the Company under the Credit Agreement and all obligations of the Company under the Lender Interest Rate Agreements, including, without limitation, the obligation of the Company to make payments thereunder in the event of early termination thereof.

D. It is a condition precedent to the obligations of each Lender to make its respective Loans and to issue (or participate in) the Letters of Credit under the Credit Agreement that each Grantor grant the security interests as provided in, and execute and deliver, this Security Agreement to the Collateral Agent for the ratable benefit of the Lenders, the Interest Rate Exchangers and the Indemnitees.

**NOW, THEREFORE**, based on the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and in order to induce the Lenders to enter into the Credit Agreement and to make the Loans and other extensions of credit thereunder (including, without limitation, the issuance of (and participation in) the Letters of Credit) and to induce the Interest Rate Exchangers to enter into Lender Interest Rate Agreements, each Grantor hereby agrees as follows:

**Section 1. Grant of Security.**

Each Grantor hereby grants to the Collateral Agent a security interest in all of such Grantor's right, title and interest in and to the following, in each case whether now or hereafter existing or in which Grantor now has or hereafter acquires an interest and wherever the same may be located (the "**Collateral**"):

(a) all equipment in all of its forms (including, but not limited to, all machinery, all computers, all data processing, computer or office equipment and all furniture), all parts thereof and all accessions thereto (any and all such equipment, parts and accessions being the "**Equipment**");

(b) all inventory in all of its forms (including, but not limited to, (i) all goods held by such Grantor for sale or lease or to be furnished under contracts or service or so leased or furnished, (ii) all raw materials, work in process, finished goods,

and materials used or consumed in the manufacture, packing, shipping, advertising, selling, leasing, furnishing or production of such inventory or otherwise used or consumed in such Grantor's business, (iii) all goods in which such Grantor has an interest in mass or a joint or other interest or right of any kind, and (iv) all goods which are returned to or repossessed by such Grantor) and all accessions thereto and products thereof (all such inventory, accessions and products being the "**Inventory**") and all negotiable receipts, dock receipts and bills of lading issued by any Person covering any Inventory (any such negotiable document of title being a "**Negotiable Document of Title**");

(c) all accounts, contract rights, chattel paper, documents, instruments, general intangibles and other rights and obligations of any kind owned by or owing to such Grantor and all rights in, to and under all security agreements, leases and other contracts securing or otherwise relating to any such accounts, contract rights, chattel paper, documents, instruments, general intangibles or other obligations (any and all such accounts, contract rights, chattel paper, documents, instruments, general intangibles and other obligations being the "**Accounts**", and any and all such security agreements, leases and other contracts being the "**Related Contracts**");

(d) all agreements to which such Grantor is a party, as each such agreement may be amended, restated, supplemented or otherwise modified from time to time (as amended, restated, supplemented or otherwise modified from time to time, being referred to herein individually as an "**Assigned Agreement**" and collectively as the "**Assigned Agreements**"), including, without limitation, (i) all rights of such Grantor to receive moneys due or to become due under or pursuant to the Assigned Agreements, (ii) all rights of such Grantor to receive proceeds or any insurance, indemnity, warranty or guaranty with respect to the Assigned Agreements, (iii) all claims of such Grantor for damages arising out of any breach of or default under the Assigned Agreements, and (iv) all rights of such Grantor to terminate, amend, supplement, modify or exercise rights or options under the Assigned Agreements, to perform thereunder and to compel performance and otherwise exercise all remedies thereunder;

(e) all deposit accounts, including, without limitation, demand, time, savings, passbooks or similar accounts maintained with Lenders (but excluding deposit accounts maintained in trust by such Grantor or otherwise segregated from other funds of such Grantor for the benefit of customers of such Grantor and containing only funds owing to such customers);



(f) the "**Intellectual Property Collateral**", which term means:

(i) all rights, title and interest in and to all trademarks, service marks, designs, logos, indicia, tradenames, trade dress, corporate names, company names, business names, fictitious business names, trade styles, Internet domain names and/or other source and/or business identifiers and applications pertaining thereto, owned by such Grantor, or hereafter adopted and used, in its business (other than any of the foregoing in those jurisdictions where the granting of a security interest therein is not permissible under the laws of such jurisdiction), all registrations that have been or may hereafter be issued or applied for thereon in the United States, any state thereof, in international registries, and in foreign countries (including, without limitation, the registrations and applications specifically identified in Schedule 1(a), as the same may be amended pursuant hereto from time to time), all registrations that have been or may hereafter be issued or applied for thereon in the United States, any state thereof, in international registries, and in foreign countries (including, without limitation, the registrations and applications specifically identified in Schedule 1(a), as the same may be amended pursuant hereto from time to time), all common law and other rights in and to the trademarks in the United States and any state thereof and in foreign countries, and all goodwill of such Grantor's business symbolized by any of the foregoing and associated therewith, including all proceeds thereof (such as, by way of example and not by limitation, license royalties and proceeds of infringement suits) and the right (but not the obligation) to sue for past, present and future infringements in the name of such Grantor or in the name of the Collateral Agent or Lenders (collectively, the "**Trademarks**");

(ii) all rights, title and interest in and to all patents and patent applications under any domestic, international, or foreign law that are presently, or in the future may be, owned or held in whole or in part by such Grantor (including, without limitation, the patents and patent applications listed in Schedule 1(b), as the same may be amended pursuant hereto from time to time but other than any patents or patent applications in those jurisdictions where the granting of a security interest therein is not permissible under the laws of such jurisdiction), and all re-issues, divisions, continuations, renewals, extensions and continuations-in-part thereof including all proceeds thereof (such as, by way of example and not by limitation, license royalties and proceeds of infringement suits) and the right (but not the obligation), to sue for past, present, and future

infringements in the name of such Grantor or in the name of the Collateral Agent or Lenders (collectively, the "**Patents**"); and

(iii) all rights, title and interest under copyright in published and unpublished works of authorship including, without limitation, computer programs, computer data bases, other computer software, layouts, trade dress, drawings, designs, writings, and formulas owned by Grantor (other than any of the foregoing in those jurisdictions where the granting of a security interest therein is not permissible under the laws of such jurisdiction), all copyright registrations issued to such Grantor and applications for copyright registration that have been or may hereafter be issued or applied for thereon by Grantor in the United States, in international registries, and in foreign countries (including, without limitation, the registrations listed on Schedule 1(c), as the same may be amended pursuant hereto from time to time), all common law and other rights in and to the Copyrights in the United States and in foreign countries including all copyright licenses (but with respect to such copyright licenses, only to the extent permitted by such licensing arrangements), and all renewals and extensions thereof, throughout the world, the right to renew and extend such copyrights or copyright registrations and to register works protectable by copyright including all proceeds thereof (such as, by way of example and not by limitation, license royalties and proceeds of infringement suits) and the right (but not the obligation) to sue for past, present and future infringements of the copyrights in the name of such Grantor or in the name of the Collateral Agent or the Lenders (collectively, the "**Copyrights**");

(iv) all information used or useful or arising from the business including all trade secrets, trade secret rights, know-how, customer lists, processes of production, ideas, confidential business information, techniques, processes, formulas, and all other proprietary information;

(g) all goodwill associated with the Intellectual Property Collateral;

(h) to the extent not included in any other paragraph of this Section 1, all other general intangibles (including without limitation tax refunds, rights to payment or performance, *chooses in action* and judgments taken on any rights or claims included in the Collateral);

(i) all plant fixtures, business fixtures and other fixtures and storage and office facilities, and all accessions thereto and products thereof;

(j) all books, records, ledger cards, files, correspondence, computer programs, tapes, disk and related data processing software that at any time evidence or contain information relating to any of the Collateral or are otherwise necessary or helpful in the collection thereof or realization thereupon;

(k) all investment property (as defined in the Uniform Commercial Code in effect in the State of New York); and

(l) all proceeds, products, rents and profits of or from any and all of the foregoing Collateral and, to the extent not otherwise included, all payments under insurance (whether or not the Collateral Agent is the loss payee thereof), or any indemnity, warranty or guaranty, payable by reason of loss or damage to or otherwise with respect to any of the foregoing Collateral. For purposes of this Agreement, the term "**proceeds**" includes whatever is receivable or received when Collateral or proceeds are sold, exchanged, collected or otherwise disposed of, whether such disposition is voluntary or involuntary.

Notwithstanding anything herein to the contrary, in no event shall the Collateral include, and no Grantor shall be deemed to have granted a security interest in, any of such Grantor's rights or interests in any license, general intangibles, contract or agreement to which such Grantor is a party or any of its rights or interests thereunder to the extent, but only to the extent, that such a grant would, under the terms of such license, general intangibles, contract or agreement or otherwise, result in a breach of the terms of, or constitute a default under such license, contract or agreement (other than to the extent that any such term would be rendered ineffective pursuant to Section 9-318(4) of the Uniform Commercial Code of any relevant jurisdiction or any other applicable law (including the Bankruptcy Code) or principles of equity); provided, that immediately upon the ineffectiveness, waiver, lapse or termination of any such provision, the Collateral shall include, and such Grantor shall be deemed to have granted a security interest in, all such rights and interests as if such provision had never been in effect. In addition, notwithstanding anything herein to the contrary, in no event shall the Collateral include more than 65% of the issued and outstanding shares of voting stock of any Foreign Subsidiary.

## **Section 2. Security for Obligations.**

This Agreement secures, and the Collateral is collateral security for, the prompt payment or performance in full when due, whether at stated maturity, by required prepayment, declaration, acceleration, demand or otherwise (including, without limitation, the payment of amounts that would become due but for the operation of the automatic stay under Section 362(a) of the Bankruptcy Code, 11 U.S.C. §362(a)), of all Secured Obligations with respect to such Grantor. "**Secured Obligations**" means:

(a) with respect to the Company, all obligations and liabilities of every nature of the Company now or hereafter existing under or arising out of or in connection with the Credit Agreement and the other Loan Documents and any Lender Interest Rate Agreement, and

(b) with respect to each Subsidiary Grantor and Additional Grantor, all obligations and liabilities of every nature of such Grantors now or hereafter existing under or arising out of or in connection with the Subsidiary Guaranty, this Agreement and any other Loan Document to which it may become a party;

in each case together with all extensions or renewals thereof, whether for principal, interest (including, without limitation, interest that, but for the filing of a petition in bankruptcy with respect to the Company, would accrue on such obligations, whether or not a claim is allowed against the Company for such interest in the related bankruptcy proceeding), reimbursement of amounts drawn under Letters of Credit, payments for early termination of Lender Interest Rate Agreements, fees, expenses, indemnities or otherwise, whether voluntary or involuntary, direct or indirect, absolute or contingent, liquidated or unliquidated, whether or not jointly owed with others, and whether or not from time to time decreased or extinguished and later increased, created or incurred, and all or any portion of such obligations or liabilities that are paid, to the extent all or any part of such payment is avoided or recovered directly or indirectly from the Collateral Agent or any Lender, Interest Rate Exchanger or Indemnatee as a preference, fraudulent transfer or otherwise, and all obligations of every nature of the Grantors now or hereafter existing under this Agreement.

## **Section 3. Grantors Remain Liable.**

Anything contained herein to the contrary notwithstanding, (a) each Grantor shall remain liable under any contracts, documents and agreements included in the Collateral, to the extent set forth therein, to perform all of its duties and obligations

thereunder to the same extent as if this Agreement had not been executed, (b) the exercise by the Collateral Agent of any of its rights hereunder shall not release any Grantor from any of its duties or obligations under the contracts, documents and agreements included in the Collateral, and (c) the Collateral Agent shall not have any obligation or liability under any contracts, documents and agreements included in the Collateral by reason of this Agreement, nor shall the Collateral Agent be obligated to perform any of the obligations or duties of any Grantor thereunder or, to take any action to collect or enforce any claim for payment assigned hereunder; provided, however, subject to the Collateral Agent's duties under Section 16 herein, to the extent received, the Collateral Agent shall distribute proceeds of all accounts receivable to the Administrative Agent to apply the proceeds in conformity with subsection 2.4D(i) of the Credit Agreement.

#### **Section 4. Representations and Warranties.**

Each Grantor represents and warrants as follows:

(a) **Ownership of Collateral.** Except as expressly permitted by the Credit Agreement and for the security interest created by this Agreement, such Grantor owns the Collateral claimed to be owned by such Grantor free and clear of any Lien.

(b) **Locations of Equipment and Inventory.** All of the Equipment and Inventory is, as of the date hereof, located at the places specified in Schedule 4(b) annexed hereto.

(c) **Negotiable Documents of Title.** No Negotiable Documents of Title are outstanding with respect to any of the Inventory (other than in respect of Inventory with value not in excess of \$2,000,000 or Inventory which is in transit to Grantor from a supplier, between Grantor locations or to customers of a Grantor).

(d) **Office Locations.** As of the date hereof, the chief place of business, the chief executive office and the office where such Grantor keeps its records regarding the Accounts and all originals of all chattel paper that evidence Accounts are, and, have been for the four-month period preceding the date hereof, located at the locations set forth on Schedule 4(d) annexed hereto.

(e) **Names.** As of the date hereof, no Grantor has in the past done, and no Grantor now does, business under any other name (including any trade name or fictitious business name) except the names listed in Schedule 4(e) annexed hereto.

(f) **Delivery of Certain Collateral.** All notes and other instruments, if any, (excluding checks) comprising any and all items of Collateral as of the date hereof, have been delivered to the Collateral Agent duly endorsed and accompanied by duly executed instruments of transfer or assignment in blank.

(g) **Intellectual Property Collateral.**

(i) a true and complete list of all registrations and applications to register Trademarks owned by such Grantor, in whole or in part, is set forth in Schedule 1(a);

(ii) a true and complete list of all Patents owned by such Grantor, in whole or in part, is set forth in Schedule 1(b);

(iii) a true and complete list of registrations and applications to register Copyrights owned by such Grantor, in whole or in part, is set forth in Schedule 1(c);

(iv) a complete list of all exclusive licenses pursuant to which Grantor has obtained an exclusive right to use any Trademark, Patent or Copyright of any Person (other than another Grantor) is set forth in Schedule 1(d);

(v) there are no pending or to the best of Grantor's knowledge, threatened claims by any third party that any of the Intellectual Property Collateral owned or held by such Grantor is invalid or unenforceable; and

(vi) except for Liens permitted under the Credit Agreement, no effective security interest or other Lien covering all or any part of the Intellectual Property Collateral is on file in the United States Patent and Trademark Office or the United States Copyright Office, or any other similar office of any state or foreign country.

(h) **Perfection.** The security interests in the Collateral granted to the Collateral Agent for the ratable benefit of the Lenders, the Interest Rate Exchangers and the Indemnitees hereunder constitute valid security interests in the Collateral. Upon the filing of UCC financing statements naming each Grantor as "debtor", naming the Collateral Agent as "secured party" and describing the Collateral in the filing offices set

forth on Schedule 4(h) annexed hereto, and in the case of the Intellectual Property Collateral, the additional filing and recording of a Grant of Trademark Security Interest, substantially in the form of Exhibit I and a Grant of Patent Security Interest, substantially in the form of Exhibit II, with the United States Patent and Trademark Office and the filing and recording of a Grant of Copyright Security Interest, substantially in the form of Exhibit III, with the United States Copyright Office, the security interests in the Collateral granted to the Collateral Agent for the ratable benefit of the Lenders, the Interest Rate Exchangers and the Indemnitees will, to the extent a security interest in the Collateral may be perfected by filing UCC financing statements and, in the case of the Intellectual Property Collateral, the additional timely filing and recording of a Grant of Trademark Security Interest and Grant of Patent Security Interest with the United States Patent and Trademark Office and a Grant of Copyright Security Interest with the United State Copyright Office, constitute perfected security interests therein.

**Section 5. Further Assurances.**

(a) Each Grantor agrees that from time to time, at the expense of Grantors, such Grantor will promptly execute and deliver all further instruments and documents, and take all further actions that the Collateral Agent may reasonably request, in order to perfect and protect any security interest granted or purported to be granted hereby or to enable the Collateral Agent to exercise and enforce its rights and remedies hereunder with respect to any Collateral. Without limiting the generality of the foregoing, each Grantor will: (i) at the reasonable request of the Collateral Agent, mark conspicuously each item of chattel paper included in the Accounts, each Related Contract and, at the reasonable request of the Collateral Agent, each of its records pertaining to the Collateral, with a legend, in form and substance reasonably satisfactory to the Collateral Agent, indicating that such Collateral is subject to the security interest granted hereby, (ii) at the reasonable request of the Collateral Agent, deliver and pledge to the Collateral Agent hereunder all promissory notes and other instruments (including checks) and all original counterparts of chattel paper constituting Collateral, duly endorsed and accompanied by duly executed instruments of transfer or assignment, all in form and substance reasonably satisfactory to the Collateral Agent, (iii) use commercially reasonable efforts to obtain any necessary consents of third parties to the assignment and perfection of a security interest to the Collateral Agent with respect to any Collateral, (iv) execute and file such financing or continuation statements, or amendments thereto, and such other instruments or notices as the Collateral Agent may reasonably request, in order to perfect and preserve the security interests granted or purported to be granted hereby, (v) at the Collateral Agent's reasonable request, appear in and defend any action or proceeding that may affect such Grantor's title to or the

Collateral Agent's security interest in all or any part of the Collateral, and (vi) take all such action necessary to create "control" (as defined in the Uniform Commercial Code as in effect in the jurisdiction governing, pursuant to the mandatory choice of law rules contained in the Uniform Commercial Code as in effect in the State of New York, perfection of the security interest) in favor of the Collateral Agent with respect to any investment property constituting Collateral hereunder.

(b) Without limiting the generality of the foregoing clause (a), if any Grantor shall hereafter obtain rights to any new Intellectual Property Collateral, the provisions of this Agreement shall automatically apply thereto. Within 30 days after the end of each calendar year and June 30 of each calendar year, each Grantor shall promptly notify the Collateral Agent in writing of any new Copyright application or registration, Patent, or Trademark application or registration acquired or made by such Grantor during such semi annual period and of any Trademark registrations issued during such semi annual period. In the event that during any semi annual period, any Grantor has made a filing of an application for any (1) Trademark; (2) Patent; and (3) Copyright registration, each such Grantor shall also execute and deliver to the Collateral Agent and record in all places where this Agreement is recorded, a Security Agreement Supplement, substantially in the form of Exhibit IV, pursuant to which such Grantor shall grant to the Collateral Agent a security interest to the extent of its interest in such Intellectual Property Collateral; provided, if, in the reasonable judgment of such Grantor, after due inquiry, granting such interest would result in the grant of a Trademark, Copyright or Patent in the name of the Collateral Agent, such Grantor shall give written notice to the Collateral Agent and the filing shall instead be undertaken immediately following the grant of the applicable Trademark registration or Copyright registration, as the case may be.

(c) To the extent permitted by applicable law, each Grantor hereby authorizes the Collateral Agent to file one or more financing or continuation statements, and amendments thereto, relative to all or any part of the Collateral without the signature of any Grantor. Each Grantor agrees that a carbon, photographic or other reproduction of this Agreement or of a financing statement signed by such Grantor shall be sufficient as a financing statement and may be filed as a financing statement in any and all jurisdictions.

(d) Each Grantor hereby authorizes the Collateral Agent to modify this Agreement after obtaining such Grantor's approval of or signature to such modification by amending Schedules 1(a), 1(b), and 1(c), as applicable, to include reference to any right, title or interest in any existing Intellectual Property Collateral or



any Intellectual Property Collateral acquired or developed by any Grantor after the execution hereof or to delete any reference to any right, title or interest in any Intellectual Property Collateral in which any Grantor no longer has or claims any right, title or interest.

**Section 6. Certain Covenants of Grantors.**

Each Grantor shall:

(a) notify the Collateral Agent of any change in such Grantor's name, identity or corporate structure within 30 Business Days of such change;

(b) give the Collateral Agent 30 days' written notice following any change in such Grantor's chief place of business, chief executive office or residence or the office where such Grantor keeps its records regarding the Accounts and all originals of all chattel paper that evidence Accounts; and

(c) not sell, transfer or assign (by operation of law or otherwise) any Collateral, except in the event Grantor makes an a sale or disposition of the Collateral as permitted by the Credit Agreement, the Collateral Agent shall release the Collateral that is the subject of such sale or disposition to such Grantor free and clear of the lien and security interest under this Agreement concurrently with the consummation of such sale or disposition; provided, no Event of Default shall have occurred and is then continuing or would occur after giving effect to such sale or disposition; and provided, further, that as a condition precedent to such release, the Collateral Agent shall have received the Net Cash Proceeds of such asset sale (or received evidence reasonably satisfactory to it that arrangements reasonably satisfactory to it have been made for delivery to the Collateral Agent of the Net Cash Proceeds of such sale or disposition) but only in the event and to the extent that all or any portion of such Net Cash Proceeds are required to be applied to prepay the Loans under the Credit Agreement.

**Section 7. Special Covenants With Respect to Equipment and Inventory.**

Each Grantor shall:

(a) keep the Equipment and Inventory owned by such Grantor at the places therefor specified on Schedule 4(b) annexed hereto or, upon 30 days' written notice to the Collateral Agent following any change in location, at such other places in

jurisdictions where all action that the Collateral Agent may reasonably request, in order to perfect and protect any security interest granted or purported to be granted hereby, or to enable the Collateral Agent to exercise and enforce its rights and remedies hereunder, with respect to such Equipment and Inventory shall have been taken;

(b) cause the Equipment owned by such Grantor to be maintained and preserved in working order, ordinary wear and tear and damage by casualty excepted, and in accordance with such Grantor's past practices;

(c) keep correct and accurate records of Inventory owned by such Grantor, in accordance with customary business practices;

(d) (x) if any Inventory is in possession or control of any of such Grantor's agents or processors, (y) if the aggregate book value of all such Inventory exceeds \$2,000,000 and (z) upon the occurrence of an Event of Default (as defined in the Credit Agreement) or the occurrence of an Early Termination Date (as defined in a master agreement or an interest rate swap agreement or Interest Rate and currency exchange agreement in the form prepared by the International Swap and Derivatives Association Inc. or a similar event under any similar swap agreement) under any Lender Interest Rate Agreement (either such occurrence being an "**Event of Default**" for purposes of this Agreement), then instruct such agent or processor to hold all such Inventory for the account of the Collateral Agent and subject to the instructions of the Collateral Agent; and

(e) promptly upon the issuance and delivery to such Grantor of any Negotiable Document of Title (other than in respect of Inventory with value not in excess of \$2,000,000 or Inventory which is in transit to Grantor from a supplier, between Grantor locations or to customers of a Grantor), deliver such Negotiable Document of Title to the Collateral Agent.

## **Section 8. Insurance.**

Each Grantor shall, at its own expense, maintain insurance with respect to the Equipment and Inventory in accordance with the terms of the Credit Agreement.

## **Section 9. Special Covenants with respect to Accounts and Related Contracts.**

(a) Each Grantor shall keep its chief place of business and chief executive office and the office where it keeps its records concerning the Accounts and Related Contracts, and all originals of all chattel paper that evidence Accounts, at the location therefor specified in Section 4 or, upon 30 days' written notice to the Collateral Agent following a change in location, at such other location in a jurisdiction where all action that the Collateral Agent may reasonably request, in order to perfect and protect any security interest granted or purported to be granted hereby, or to enable the Collateral Agent to exercise and enforce its rights and remedies hereunder, with respect to such Accounts and Related Contracts shall have been taken.

(b) Each Grantor shall maintain (i) complete records of each Account of such Grantor, including records of all payments received, credits granted and merchandise returned, and (ii) all documentation relating thereto in accordance with customary business practices.

(c) Except as otherwise provided in this subsection (c), each Grantor shall continue to collect, at its own expense, all amounts due or to become due to such Grantor under the Accounts and Related Contracts. In connection with such collections, each Grantor may take (and, at the Collateral Agent's direction, shall take) such action as such Grantor or the Collateral Agent may reasonably deem necessary to enforce collection of amounts due or to become due under the Accounts; provided, however, that the Collateral Agent shall have the right at any time, upon the occurrence and during the continuation of an Event of Default and upon written notice to such Grantor of its intention to do so, to notify the account debtors or obligors under any Accounts of the assignment of such Accounts to the Collateral Agent and to direct such account debtors or obligors to make payment of all amounts due or to become due to such Grantor thereunder directly to the Collateral Agent, to notify each Person maintaining a lockbox or similar arrangement to which account debtors or obligors under any Accounts have been directed to make payment to remit all amounts representing collections on checks and other payment items from time to time sent to or deposited in such lockbox or other arrangement directly to the Collateral Agent and, upon such notification and at the expense of Grantors, to enforce collection of any such Accounts and to adjust, settle or compromise the amount or payment thereof, in the same manner and to the same extent as such Grantor might have done. After receipt by such Grantor of the notice from the Collateral Agent referred to in the proviso to the preceding sentence, (i) all amounts and proceeds (including checks and other instruments) received by such Grantor in respect of the Accounts and the Related Contracts shall be received in trust for the benefit of the Collateral Agent hereunder, shall be segregated from other funds of such Grantor and shall be forthwith paid over or delivered to the Collateral Agent in the same form as so

received (with any necessary endorsement) to be held as cash Collateral and applied as provided by Section 18, and (ii) except as permitted under the Credit Agreement, such Grantor shall not adjust, settle or compromise the amount or payment of any Account, or release wholly or partly any account debtor or obligor thereof, or allow any credit or discount thereon.

**Section 10. Deposit Accounts.**

Upon the occurrence and during the continuation of an Event of Default, the Collateral Agent may exercise dominion and control over, and refuse to permit further withdrawals (whether of money, securities, instruments or other property) from any deposit accounts maintained with the Collateral Agent constituting part of the Collateral.

**Section 11. Special Provisions With Respect to the Intellectual Property Collateral.**

(a) Each Grantor shall:

(i) diligently keep reasonable records respecting the Intellectual Property Collateral and at all times keep at least one complete set of its records concerning such Collateral at its chief executive office or principal place of business;

(ii) hereafter use commercially reasonable efforts so as not to permit the inclusion in any contract to which it hereafter becomes a party of any provision that could in any way impair or prevent the creation of a security interest in, or the assignment of, such Grantor's rights and interests in any property included within the definitions of any Intellectual Property Collateral acquired under such contracts;

(iii) take all steps deemed appropriate in Grantor's commercially reasonable judgment to protect the secrecy of all trade secrets relating to the products and services sold or delivered by Grantor or included in the Intellectual Property Collateral, including, without limitation, where appropriate, entering into confidentiality agreements with employees and labeling and restricting access to secret information and documents;

(iv) use proper statutory notice and marking practices in connection with its use of any of the Intellectual Property Collateral; and

(v) use a commercially appropriate standard of quality (which may be consistent with such Grantor's past practices) in the manufacture, sale and delivery of products and services sold or delivered under or in connection with the Trademarks.

(b) Except as otherwise provided in this Section 12, each Grantor shall continue to collect, at its own expense, all amounts due or to become due to such Grantor in respect of the Intellectual Property Collateral or any portion thereof. In connection with such collections, each Grantor may take such action as such Grantor may deem reasonably necessary to enforce collection of such amounts; provided, the Collateral Agent shall have the right at any time, upon the occurrence and during the continuation of an Event of Default and upon written notice to such Grantor of its intention to do so, to notify the obligors with respect to any such amounts of the existence of the security interest created hereby and to direct such obligors to make payment of all such amounts directly to the Collateral Agent, and, upon such notification and at the expense of such Grantor, to enforce collection of any such amounts and to adjust, settle or compromise the amount or payment thereof, in the same manner and to the same extent as such Grantor might have done. After receipt by any Grantor of the notice from the Collateral Agent referred to in the proviso to the preceding sentence and during the continuation of any Event of Default, (i) all amounts and proceeds (including checks and other instruments) received by each Grantor in respect of amounts due to such Grantor in respect of the Intellectual Property Collateral or any portion thereof shall be received in trust for the benefit of the Collateral Agent hereunder, shall be segregated from other funds of such Grantor and shall be forthwith paid over or delivered to the Collateral Agent in the same form as so received (with any necessary endorsement) to be held as cash Collateral and applied as provided by Section 18, and (ii) such Grantor shall not adjust, settle or compromise the amount or payment of any such amount or release wholly or partly any obligor with respect thereto or allow any credit or discount thereon.

(c) Each Grantor shall have the duty diligently, to prosecute, file and/or make, unless such Grantor, in its commercially reasonable judgment, decides otherwise, (i) any application relating to any of the Intellectual Property Collateral owned, held or used by such Grantor and identified on Schedules I(a), I(b) or I(c), as applicable, that is pending as of the date of this Agreement, (ii) application on any future patentable but unpatented innovation or invention comprising Intellectual Property Collateral, and (iii) any Trademark opposition and cancellation proceedings, renew Trademark registrations and do any and all acts which are necessary, as determined in

such Grantor's commercially reasonable judgment, to preserve and maintain all rights in all Intellectual Property Collateral. Any expenses incurred in connection therewith shall be borne solely by Grantors. Subject to the foregoing, each Grantor shall give the Collateral Agent prior written notice of any abandonment of any material Intellectual Property Collateral.

(d) Except as provided herein, each Grantor shall have the right to commence and prosecute in its own name, as real party in interest, for its own benefit and at its own expense, such suits, proceedings or other actions for infringement, unfair competition, dilution, misappropriation or other damage, or reexamination or reissue proceedings as are in its commercially reasonable judgment necessary to protect the Intellectual Property Collateral. The Collateral Agent shall provide, at such Grantor's expense, all reasonable and necessary cooperation in connection with any such suit, proceeding or action including, without limitation, joining as a necessary party. Each Grantor shall promptly, following its becoming aware thereof, notify the Collateral Agent of the institution of, or of any adverse determination in, any proceeding (whether in the United States Patent and Trademark Office, the United States Copyright Office or any federal, state, local or foreign registry or court) regarding such Grantor's ownership, right to use, or interest in any material Intellectual Property Collateral. Each Grantor shall provide to the Collateral Agent any information with respect thereto reasonably requested by the Collateral Agent.

(e) In addition to, and not by way of limitation of, the granting of a security interest in the Collateral pursuant hereto, each Grantor, effective upon the occurrence and during the continuation of an Event of Default and upon written notice from the Collateral Agent, hereby grants to the Collateral Agent, for its benefit and the ratable benefit of Lenders, a license in and to all of such Grantor's right, title and interest in and to the Intellectual Property Collateral for the purpose of and to the extent necessary to enable the Collateral Agent to use, possess and realize on the Intellectual Property Collateral and to enable any successor or assign to enjoy the benefits of the Intellectual Property Collateral. This right shall inure to the benefit of all successors, assigns and transferees of the Collateral Agent and its successors, assigns and transferees, whether by voluntary conveyance, operation of law, assignment, transfer, foreclosure, deed in lieu of foreclosure or otherwise. Such right and license shall be granted free of charge, without requirement that any monetary payment whatsoever be made to such Grantor.

**Section 12. Collateral Agent Appointed Attorney-in-Fact.**

Each Grantor hereby irrevocably appoints the Collateral Agent as such Grantor's attorney-in-fact, with full authority in the place and stead of such Grantor and in the name of such Grantor, the Collateral Agent or otherwise, from time to time, upon the occurrence and during the continuance of an Event of Default, in the Collateral Agent's reasonable discretion, to take any action and to execute any instrument that the Collateral Agent may reasonably deem necessary to accomplish the purposes of this Agreement, including, without limitation:

(a) upon the occurrence and during the continuance of an Event of Default, to obtain and adjust insurance required to be maintained by such Grantor or paid to the Collateral Agent pursuant to Section 8;

(b) upon the occurrence and during the continuance of an Event of Default, to ask for, demand, collect, sue for, recover, compound, receive and give acquittance and receipts for moneys due and to become due under or in respect of any of the Collateral;

(c) upon the occurrence and during the continuance of an Event of Default, to receive, endorse and collect any drafts or other instruments, documents and chattel paper in connection with clauses (a) and (b) above;

(d) upon the occurrence and during the continuance of an Event of Default, to file any claims or take any action or institute any proceedings that the Collateral Agent may reasonably deem necessary for the collection of any of the Collateral or otherwise to enforce the rights of the Collateral Agent with respect to any of the Collateral;

(e) upon the occurrence and during the continuance of an Event of Default, to pay or discharge taxes or Liens (other than Liens permitted under this Agreement or the Credit Agreement) levied or placed upon or threatened against the Collateral, the legality or validity thereof and the amounts necessary to discharge the same to be determined by the Collateral Agent in its reasonable discretion, any such payments made by the Collateral Agent to become obligations of such Grantor to the Collateral Agent, due and payable immediately without demand;

(f) upon the occurrence and during the continuance of an Event of Default, to sign and endorse any invoices, freight or express bills, bills of lading, storage or warehouse receipts, drafts against debtors, assignments, verifications and notices in connection with Accounts and other documents relating to the Collateral; and

(g) upon the occurrence and during the continuance of an Event of Default, generally to sell, transfer, pledge, 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 Grantors' expense, at any time or from time to time, all acts and things that the Collateral Agent reasonably deems necessary to protect, preserve or realize upon the Collateral and the Collateral Agent's security interest therein in order to effect the intent of this Agreement, all as fully and effectively as such Grantor might do.

It is understood and agreed that the appointment of the Collateral Agent as the agent and attorney-in-fact of the Grantors for the purposes set forth above is coupled with an interest and is irrevocable.

**Section 13. Collateral Agent May Perform.**

If any Grantor fails to perform any agreement contained herein, the Collateral Agent may itself perform, or cause performance of, such agreement, and the reasonable expenses of the Collateral Agent incurred in connection therewith shall be payable by such Grantor under Section 17(b).

**Section 14. Standard of Care.**

The powers conferred on the Collateral Agent hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Except for the exercise of reasonable care in the custody of any Collateral in its possession and the accounting for moneys actually received by it hereunder, the Collateral Agent shall have no duty as to any Collateral or as to the taking of any necessary steps to preserve rights against prior parties or any other rights pertaining to any Collateral. The Collateral Agent shall be deemed to have exercised reasonable care in the custody and preservation of Collateral in its possession if such Collateral is accorded treatment substantially equal to that which the Collateral Agent accords its own property.

**Section 15. Remedies.**



If any Event of Default shall have occurred and be continuing, the Collateral Agent may exercise in respect of the Collateral, in addition to all other rights and remedies provided for herein or otherwise available to it, all the rights and remedies of a secured party on default under the Uniform Commercial Code as in effect in any relevant jurisdiction (the "**Code**") (whether or not the Code applies to the affected Collateral), and may also in its sole discretion, without notice except as specified below, sell the Collateral or any part thereof in one or more parcels at public or private sale, at any exchange or broker's board or at any of the Collateral Agent's offices or elsewhere, for cash, on credit or for future delivery, at such time or times and at such price or prices and upon such other terms as the Collateral Agent may deem commercially reasonable, irrespective of the impact of any such sales on the market price of the Collateral. The Collateral Agent or any Lender or Interest Rate Exchanger may be the purchaser of any or all of the Collateral at any such sale and the Collateral Agent, as agent for and representative of Lenders and Interest Rate Exchangers (but not any Lender or Lenders or Interest Rate Exchanger or Interest Rate Exchangers in its or their respective individual capacities unless Requisite Obligees shall otherwise agree in writing), shall be entitled, for the purpose of bidding and making settlement or payment of the purchase price for all or any portion of the Collateral sold at any such public sale, to use and apply any of the Secured Obligations as a credit on account of the purchase price for any Collateral payable by the Collateral Agent at such sale. "**Requisite Obligees**" means (i) prior to the Secured Obligations under the Loan Documents having been satisfied or paid in full and the Commitments having been terminated and all Letters of Credit having expired or been cancelled, the Requisite Lenders, and (ii) thereafter, the holders of a majority of the aggregate notional amount under all Lender Interest Rate Agreements or, with respect to any Lender Interest Rate Agreement that has been terminated in accordance with its terms, the amount then due and payable (exclusive of expenses and similar payments but including any early termination payments then due) under such Lender Interest Rate Agreement. Each purchaser at any such sale shall hold the property sold absolutely free from any claim or right on the part of any Grantor, and each Grantor hereby waives (to the extent permitted by applicable law) all rights of redemption, stay and/or appraisal which it now has or may at any time in the future have under any rule of law or statute now existing or hereafter enacted. Each Grantor agrees that, to the extent notice of sale shall be required by law, at least ten Business Days' notice to such Grantor of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. The Collateral Agent shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. The Collateral Agent may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned. Each

Grantor hereby waives any claims against the Collateral Agent arising by reason of the fact that the price at which any Collateral may have been sold at such a private sale was less than the price which might have been obtained at a public sale, even if the Collateral Agent accepts the first offer received and does not offer such Collateral to more than one offeree. If the proceeds of any sale or other disposition of the Collateral are insufficient to pay all the Secured Obligations, Grantors shall be jointly and severally liable for the deficiency and the reasonable fees of any attorneys employed by the Collateral Agent to collect such deficiency.

**Section 16. Application of Proceeds.**

Except as expressly provided elsewhere in this Agreement, all proceeds received by the Collateral Agent in respect of any sale of, collection from, or other realization upon all or any part of the Collateral shall be applied as provided in subsection 2.4D of the Credit Agreement.

**Section 17. Indemnity and Expenses.**

Without limitation of any similar obligation of any Grantor under any other Loan Document

(a) Grantors jointly and severally agree to indemnify the Collateral Agent, each Lender and each Interest Rate Exchanger from and against any and all claims, losses and liabilities in any way relating to, growing out of or resulting from this Agreement and the transactions contemplated hereby (including, without limitation, enforcement of this Agreement), except to the extent such claims, losses or liabilities result from the Collateral Agent's or such Lender's or Interest Rate Exchanger's bad faith, gross negligence or willful misconduct.

(b) Grantors jointly and severally agree to pay to the Collateral Agent promptly following written demand the amount of any and all reasonable costs and reasonable expenses, including the reasonable fees and expenses of its counsel and of any experts and agents, that the Collateral Agent may incur in connection with (i) the administration of this Agreement, (ii) the custody, preservation, use or operation of, or the sale of, collection from, or other realization upon, any of the Collateral, (iii) the exercise or enforcement of any of the rights of the Collateral Agent hereunder, or (iv) the failure by any Grantor to perform or observe any of the provisions hereof.

(c) The obligations of Grantors in this Section 17 shall survive the termination of this Agreement and the discharge of Grantors' other obligations under this Agreement, the Lender Interest Rate Agreements, the Credit Agreement and the other Loan Documents.

**Section 18. Continuing Security Interest; Transfer of Loans.**

This Agreement shall create a continuing security interest in the Collateral and shall (a) remain in full force and effect until the payment in full of the Secured Obligations (other than indemnification obligations not due and payable), the cancellation or termination of the Commitments and the cancellation or expiration of all outstanding Letters of Credit, (b) be binding upon the Grantors and their respective successors and assigns, and (c) inure, together with the rights and remedies of the Collateral Agent hereunder, to the benefit of the Collateral Agent and its successors, transferees and assigns. Without limiting the generality of the foregoing clause (c), but subject to the provisions of subsection 10.1 of the Credit Agreement, any Lender may assign or otherwise transfer any Loans held by it to any other Person, and such other Person shall thereupon become vested with all the benefits in respect thereof granted to Lenders herein or otherwise. Upon the payment in full of all Secured Obligations (other than indemnification obligations not due and payable), the cancellation or termination of the Commitments and the cancellation or expiration of all outstanding Letters of Credit, the security interest granted hereby shall terminate and all rights to the Collateral shall revert to the applicable Grantors. Upon any such termination the Collateral Agent will, at the Grantors' expense, execute and deliver to Grantors such documents as the Grantors shall reasonably request to evidence such termination.

**Section 19. Authority as 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 from time to time among them, but, as between the Collateral Agent and the Grantors, the Collateral Agent shall be conclusively presumed to be acting as agent for the Lenders with full and valid authority so to act or refrain from acting, and no Grantor shall be under any obligation, or entitlement, to make any inquiry respecting such authority.

**Section 20. Additional Grantors.**

The Initial Subsidiary Grantors hereunder shall be such of the Domestic Subsidiaries of the Company as are signatories hereto on the date hereof. From time to time subsequent to the date hereof, additional Subsidiaries of the Company may (or shall if required pursuant to subsection 6.9 of the Credit Agreement) become parties hereto as additional Grantors (each an "**Additional Grantor**"), by executing an acknowledgment to this Agreement substantially in the form of Exhibit V annexed hereto (an "**Acknowledgment**"). Upon delivery of any such Acknowledgment to the Administrative Agent and the Collateral Agent, notice of which is hereby waived by the Grantors, each such Additional Grantor shall be a Grantor and shall be as fully a party hereto as if such Additional Grantor were an original signatory hereto. Each Grantor expressly agrees that its obligations arising hereunder shall not be affected or diminished by the addition or release of any other Grantor hereunder, nor by any election of the Administrative Agent or the Collateral Agent not to cause any Subsidiary of the Company to become an Additional Grantor hereunder. This Agreement shall be fully effective as to any Grantor that is or becomes a party hereto regardless of whether any other Person becomes or fails to become or ceases to be a Grantor hereunder.

**Section 21. Amendments and Waivers.**

No amendment, modification, termination or waiver of any provision of this Agreement, and no consent to any departure by any Grantor therefrom, shall in any event be effective unless the same shall be in writing and signed by the Collateral Agent (with the consent or at the direction of the Requisite Obligees) and, in the case of any such amendment or modification, by the Grantors; provided that any amendment hereto pursuant to Section 23 shall be effective upon execution by any Additional Grantor and the Grantors hereby waive any requirement of notice of or consent to any such amendment. Any such waiver or consent shall be effective only in the specific instance and for the specific purpose for which it was given.

**Section 22. Notices.**

Any notice or other communication herein required or permitted to be given shall be in writing and may be personally served, telecopied, telexed or sent by United States mail or courier service and shall be deemed to have been given when delivered in person or by courier service, upon receipt of telecopy or telex, or four Business Days after depositing it in the United States mail, registered or certified, with postage prepaid and properly addressed. For the purposes hereof, the address of each party hereto shall

be as provided in subsection 10.8 of the Credit Agreement or as set forth under such party's name on the signature pages hereof or any Acknowledgment or such other address as shall be designated by such party in a written notice delivered to the other parties hereto.

**Section 23. Failure or Indulgence Not Waiver; Remedies Cumulative.**

No failure or delay on the part of the Collateral Agent in the exercise of any power, right or privilege hereunder shall impair such power, right or privilege or be construed to be a waiver of any default or acquiescence therein, nor shall any single or partial exercise of any such power, right or privilege preclude any other or further exercise thereof or of any other power, right or privilege. All rights and remedies existing under this Agreement are cumulative to, and not exclusive of, any rights or remedies otherwise available.

**Section 24. Severability.**

In case any provision in or obligation under this Agreement shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

**Section 25. Headings.**

Section and subsection headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose or be given any substantive effect.

**Section 26. Governing Law; Terms; Rules of Construction.**

**THIS AGREEMENT SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK (INCLUDING, WITHOUT LIMITATION, SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK), WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES, EXCEPT TO THE EXTENT THAT THE UNIFORM COMMERCIAL CODE PROVIDES THAT THE PERFECTION OF THE SECURITY INTEREST HEREUNDER, OR REMEDIES HEREUNDER, IN RESPECT OF ANY PARTICULAR COLLATERAL ARE GOVERNED BY THE LAWS OF A JURISDICTION OTHER THAN**

**THE STATE OF NEW YORK.** Unless otherwise defined herein or in the Credit Agreement, terms used in Articles 8 and 9 of the Uniform Commercial Code in the State of New York are used herein as therein defined. The rules of construction set forth in subsection 1.3 of the Credit Agreement shall be applicable to this Agreement *mutatis mutandis*.

**Section 27. Consent to Jurisdiction and Service of Process.**

**ALL JUDICIAL PROCEEDINGS BROUGHT AGAINST ANY GRANTOR ARISING OUT OF OR RELATING TO THIS AGREEMENT, OR ANY OBLIGATIONS HEREUNDER, MAY BE BROUGHT IN ANY STATE OR FEDERAL COURT OF COMPETENT JURISDICTION IN THE STATE, COUNTY AND CITY OF NEW YORK. BY EXECUTING AND DELIVERING THIS AGREEMENT, EACH GRANTOR, IRREVOCABLY (I) ACCEPTS GENERALLY AND UNCONDITIONALLY THE NONEXCLUSIVE JURISDICTION AND VENUE OF SUCH COURTS; (II) WAIVES ANY DEFENSE OF FORUM NON CONVENIENS; (III) AGREES THAT SERVICE OF ALL PROCESS IN ANY SUCH PROCEEDING IN ANY SUCH COURT MAY BE MADE BY REGISTERED OR CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO SUCH GRANTOR AT ITS ADDRESS PROVIDED IN ACCORDANCE WITH SECTION 22; (IV) AGREES THAT SERVICE AS PROVIDED IN CLAUSE (III) ABOVE IS SUFFICIENT TO CONFER PERSONAL JURISDICTION OVER SUCH GRANTOR IN ANY SUCH PROCEEDING IN ANY SUCH COURT, AND OTHERWISE CONSTITUTES EFFECTIVE AND BINDING SERVICE IN EVERY RESPECT; (V) AGREES THAT THE COLLATERAL AGENT RETAINS THE RIGHT TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR TO BRING PROCEEDINGS AGAINST SUCH GRANTOR IN THE COURTS OF ANY OTHER JURISDICTION; AND (VI) AGREES THAT THE PROVISIONS OF THIS SECTION 27 RELATING TO JURISDICTION AND VENUE SHALL BE BINDING AND ENFORCEABLE TO THE FULLEST EXTENT PERMISSIBLE UNDER NEW YORK GENERAL OBLIGATIONS LAW SECTION 5-1402 OR OTHERWISE.**

**Section 28. Waiver of Jury Trial.**

**EACH GRANTOR AND THE COLLATERAL AGENT HEREBY AGREE TO WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS**

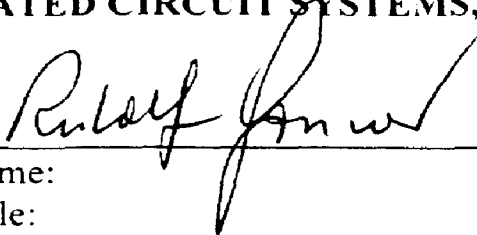
**AGREEMENT. EACH GRANTOR AND THE COLLATERAL AGENT WARRANTS AND REPRESENTS THAT EACH HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL, AND THAT EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. THIS WAIVER IS IRREVOCABLE, MEANING THAT IT MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING (OTHER THAN BY A MUTUAL WRITTEN WAIVER SPECIFICALLY REFERRING TO THIS SECTION 28 AND EXECUTED BY EACH OF THE PARTIES HERETO), AND THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT.** In the event of litigation, this Agreement may be filed as a written consent to a trial by the court.

**Section 29. Counterparts.**

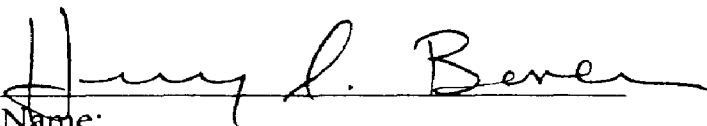
This Agreement may be executed in one or more counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument; signature pages may be detached from multiple separate counterparts and attached to a single counterpart so that all signature pages are physically attached to the same document.

IN WITNESS WHEREOF, the Grantors and the Collateral Agent have caused this Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first written above.

**INTEGRATED CIRCUIT SYSTEMS, INC.**

By:   
Name:  
Title:

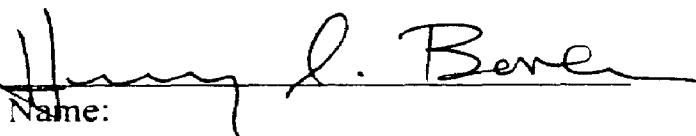
**ICST, INC.**

By:   
Name:  
Title:

**ICS TECHNOLOGIES, INC.**


By:   
Name:  
Title:

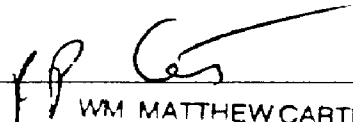
**MICROCLOCK, INC.**

By:   
Name:  
Title:



**CREDIT SUISSE FIRST BOSTON,**  
as Collateral Agent

By:   
Name: ROBERT HETU  
Title: VICE PRESIDENT

By:   
Name: WM MATTHEW CARTER  
Title: ASSISTANT VICE PRESIDENT

**Schedule 1(a) to  
Security Agreement**

Trademarks:

<b>Registration Number</b>	<b>Name</b>	<b>Serial Number</b>	<b>Date Filed</b>
Pending	Dynamic Phase Adjust	75/621,246	1/14/99
Pending	Quickpoll	75/022,185	11/20/95
ApplicationAbandoned	Picocell	74-344,017	12/21/92
Pending	SMAart	75/297,748	3/23/97
1,856,221	Gendac	74-344,017	5/10/93
1,809,945	Quicksaver	74-239,188	1/21/92
ApplicationAbandoned	Macphy	75/075,885	3/6/96
ApplicationAbandoned	Multiphy	75-068,486	3/6/96
1,899,722	Teleclock	74/448,114	10/15/93
ApplicationAbandoned	Video Key	74/499,062	3/9/94
1,904,237	Wavefront	74/521,705	5/3/94
ApplicationAbandoned	Q and Design	74-239,190	1/21/92
1,924,488	Audio Advantage	74/459,228	10/3/95

**Schedule 1(b) to  
Security Agreement**

Patents Issued:

Patent No.	Title	Issue Date	Serial No.	Filing Date
WO9857420	Apparatus and Method for Controlling Code Interruption System	12/17/98	PCT/US98/12248	06/12/98
5764112	Fully Integrated Voltage-Controlled Oscillator (MicroClock, Inc.)	6/9/98	08/703670	8/27/96
5703540	Voltage-Controlled Crystal Oscillator with Extended Range (MicroClock, Inc.)	12/30/97	08/703666	8/27/96
5703537	Phase-Locked Loop Clock Circuit for Generation of Audio Sampling Clock Signals from Video Reference Signals (MicroClock, Inc.)	12/30/97	08/678449	7/3/96
5614869	High Speed Divider for Phase-Locked Loops (MicroClock, Inc.)	3/25/97	08/575371	12/20/95
5610955	Circuit for Generating a Spread spectrum Clock (MicroClock, Inc.)	3/11/97	08/563327	11/28/95
5629635	Address Programming via Led Pin	5/13/97	08/533962	9/25/95
5644270	Enhanced Stability Voltage Controlled RC Oscillator	7/1/97	08/618413	3/15/96

5884041	Auto Negotiation Progress Monitor	3/13/96	08/617515	3/12/97
5809072	Mixed Signal	9/15/98	08/616750	3/15/96
089025	DC Restoration Circuit for Multi-level Transmission Signals (Taiwan)	12/17/97	85103251	3/16/96
084655	Adaptive Threshold Detector for Multi-level Transmission Signals	6/24/97	85103250	3/16/96
5,036216	Video Dot Clock Generator	7/30/91	490784	3/8/90
5,844,439	DC Restoration Circuit for Multi-level Transmission Signals	12/1/98	596,885	3/13/96
5,095,280	Dual Dot Clock Signal Generator	3/10/92	621,249	11/26/90

Patents Pending:

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	<b>Serial Number</b>	<b>Date Filed</b>
Mixed Signal Adaptive Equalizer	97/04157PCT	3/13/97
Digital Clock Data Signal Recovery Method & Apparatus	09/019949	2/6/98
Adaptive Threshold Detector For Multi-level Transmission Signals	08/615,741	3/14/96
Signal Equalization and Data Recovery With Non-Linear Digital Threshold Feedback	08/965,835	11/7/97
Integrated Circuit Package Leadframe (US)	08/466,555	6/6/95
Integrated Circuit Leadframe	85110356TW	3/13/96
Integrated Circuit Leadframe	96/07227PC	5/17/96
Apparatus and Method for Controlling Spectrum of a Signal	09/095,784	6/18/98
Equalization Process for Gigabit Ethernet over Capper	not filed as of the date of the Agreement	_____
Auto Negotiation Progress Monitor (Japan)	9-532,775	3/12/97
Method and Apparatus for Monitoring Auto Negotiation Process	08/617,515(65)	3/13/96
Low Phrase Noise Multiple	08/993,488	12/18/97
Loop Radio Frequency Synthesizer	Not filed as of the date of the Agreement	

**Schedule 1(c) to  
Security Agreement**

Copyrights:

None.

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**Schedule 1(d) to  
Security Agreement**

Licenses:

Software licenses, maintenance agreements and other agreements relating to the software design tools licensed from Cadence, Synopsys, HLD, Avant!, TSSI, Sun Microsystems, Wolfram Research, Pinebush Technologies, Elanix, Lotus, CheckPoint, Farady, and Aspec, and all material licenses related to Intellectual Property

Technology License Agreement between Integrated Circuit Systems, Inc. and Integrated Circuit Systems PTE., Ltd., dated 7/1/97

Master Software License Agreement between LTX Corporation and Integrated Circuit Systems, Inc., dated 2/1/95

Purchase and License Agreement between K2 Technologies and Integrated Circuit Systems, Inc., dated 1/21/98

Technology Sublicense Agreement (Medin/Innovision Agreement) between ICS Technologies, Inc. and Integrated Circuit Systems, Inc., dated 6/29/92

**Schedule 4(b) to  
Security Agreement**

Locations of Equipment and Inventory: (for Integrated Circuit Systems, Inc. and all its subsidiaries)

2435 Boulevard of the Generals  
Norristown, Pennsylvania 19403

525 Race Street  
San Jose, CA 95126

507 N. Sam Houston Parkway E.  
Suite 530  
Houston, TX 77060

5690 Stewart Avenue  
Fremont, California

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**Schedule 4(d) to  
Security Agreement**

Office Locations:

(1) Integrated Circuit Systems, Inc.

2435 Boulevard of the Generals  
Norristown, Pennsylvania 19403

525 Race Street  
San Jose, CA 95126

507 N. Sam Houston Parkway E.  
Suite 530  
Houston, TX 77060

5690 Stewart Avenue  
Fremont, California

(2) ICST, Inc.

2435 Boulevard of the Generals  
Norristown, Pennsylvania 19403

525 Race Street  
San Jose, CA 95126

507 N. Sam Houston Parkway E.  
Suite 530  
Houston, TX 77060

5690 Stewart Avenue  
Fremont, California

(3) ICS Technologies, Inc.

103 Foulk Rd.  
Suite 212  
Wilmington, DE 19803

2435 Boulevard of the Generals  
Norristown, Pennsylvania 19403

525 Race Street  
San Jose, CA 95126

507 N. Sam Houston Parkway E.  
Suite 530  
Houston, TX 77060

5690 Stewart Avenue  
Fremont, California

(4) Microclock, Inc.

525 Race Street  
San Jose, CA 95126

2435 Boulevard of the Generals  
Norristown, Pennsylvania 19403

507 N. Sam Houston Parkway E.  
Suite 530  
Houston, TX 77060

5690 Stewart Avenue  
Fremont, California

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**Schedule 4(e) to  
Security Agreement**

Other Names:

None.

**Schedule 4(h) to  
Security Agreement**

Filing Offices:

(1) Integrated Circuit Systems, Inc.  
Secretary of State, California  
Santa Clara County, California  
Secretary of the Commonwealth, Pennsylvania  
Montgomery County, Pennsylvania  
Secretary of State, Texas  
Harris County, Texas  
Secretary of State, Delaware

(2) ICST, Inc.  
Secretary of State, California  
Santa Clara County, California  
Secretary of the Commonwealth, Pennsylvania  
Montgomery County, Pennsylvania  
Secretary of State, Texas  
Harris County, Texas  
Secretary of State, Delaware

(3) ICS Technologies, Inc.  
Secretary of State, California  
Santa Clara County, California  
Secretary of the Commonwealth, Pennsylvania  
Montgomery County, Pennsylvania  
Secretary of State, Texas  
Harris County, Texas  
Secretary of State, Delaware

(4) Microclock, Inc.  
Secretary of State, California  
Santa Clara County, California  
Secretary of the Commonwealth, Pennsylvania  
Montgomery County, Pennsylvania  
Secretary of State, Texas  
Harris County, Texas  
Secretary of State, Delaware

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