

12-29-1999

SHEET
ONLY

12.28.99



101233615

Tab settings

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

1. Name of conveying party(ies):

Hanger Prosthetics and Orthotics
7700 Old Georgetown Road
Bethesda, MD 20814

- Individual(s)
- General Partnership
- Corporation-State
- Other
- Association
- Limited Partnership

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

3. Nature of conveyance:

- Assignment
- Security Agreement
- Other
- Merger
- Change of Name

Execution Date: July 1, 1999

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

Name: The Chase Manhattan Bank
as Collateral Agent

Internal Address: _____

Street Address: 270 Park Ave.

City: New York State: NY ZIP: 10017

- Individual(s) citizenship _____
- Association _____
- General Partnership _____
- Limited Partnership _____
- Corporation-State NY
- Other _____

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

Designations must be a separate document from Assignment

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

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

A. Trademark Application No.(s)

B. Trademark registration No.(s)

SEE ATTACHED

Additional numbers attached? Yes No

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

Name: Anne Lewallen

Internal Address: Cravath, Swaine and Moore

Worldwide Plaza

Street Address: 825 Eighth Ave., 44th Fl.

City: New York State: NY ZIP: 10019

6. Total number of applications and registrations involved: _____

7. Total fee (37 CFR 3.41): _____ \$ 400

- Enclosed
- Authorized to be charged to deposit account

8. Deposit account number: _____

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

12/28/1999 DNGUYEN 00000333 1369983

DO NOT USE THIS SPACE

01 FC:481

40.00 OP

55

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.

Anne H. Lewallen TRADEMARK/99

REEL: 002005 FRAME: 0198

TRADEMARK	OWNER	ULTIMATE OWNER	REG./APP. NO.	REG./FILING DATE	EXP. DATE	GOODS
SCOTT-CRAIG	Scott Orthopedics, Inc.	Hanger Prosthetics and Orthotics	1,369,983	11/12/1985	11/12/2005	parapalegic bracing

2

[NYCORP;969295.1:4443A:12/07/1999--5:16p]

SECURITY AGREEMENT dated as of June 16, 1999 among Hanger Orthopedic Group, Inc., a Delaware corporation (the "*Borrower*"), each subsidiary of the Borrower listed on Schedule I hereto (each such subsidiary individually a "*Subsidiary Guarantor*" and collectively, the "*Subsidiary Guarantors*"; the Subsidiary Guarantors and the Borrower are referred to collectively herein as the "*Grantors*"); and THE CHASE MANHATTAN BANK, a New York banking corporation ("*Chase*"), as collateral agent (in such capacity, the "*Collateral Agent*") for the Secured Parties (as defined herein).

Reference is made to (a) the Credit Agreement dated as of June 16, 1999 (as amended, supplemented or otherwise modified from time to time, the "*Credit Agreement*"), among the Borrower, the lenders from time to time party thereto (the "*Lenders*"), Bankers Trust Company, as syndication agent (in such capacity, the "*Syndication Agent*"), Paribas as documentation agent (in such capacity, the "*Documentation Agent*"), Chase, as administrative agent for the Lenders (in such capacity, the "*Administrative Agent*") and Collateral Agent (and together with the Administrative Agent, the Syndication Agent and the Documentation Agent, the "*Agents*") and The Chase Manhattan Bank Delaware, as issuing bank (in such capacity, the "*Issuing Bank*") and (b) the Guarantee Agreement dated as of June 16, 1999 (as amended, supplemented or otherwise modified from time to time, the "*Guarantee Agreement*"), among the Subsidiary Guarantors and the Collateral Agent.

The Lenders have agreed to make Loans to the Borrower, and the Issuing Bank has agreed to issue Letters of Credit for the account of the Borrower, pursuant to, and upon the terms and subject to the conditions specified in, the Credit Agreement. Each of the Subsidiary Guarantors has agreed to guarantee, among other things, all the obligations of the Borrower under the Credit Agreement. The obligations of the Lenders to make Loans and of the Issuing Bank to issue Letters of Credit are conditioned upon, among other things, the execution and delivery by the Grantors of an agreement in the form hereof to secure (a) the due and punctual payment by the Borrower of (i) the principal of and premium, if any, and interest (including interest accruing during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding) on the Loans, when and as due, whether at maturity, by acceleration, upon one or more dates set for prepayment or otherwise, (ii) each payment required to be made by the Borrower under the Credit Agreement in respect of any Letter of Credit, when and as due, including payments in respect of reimbursement of disbursements, interest thereon and obligations to provide cash collateral and (iii) all other monetary obligations, including fees, costs, expenses and indemnities, whether primary, secondary, direct, contingent, fixed or otherwise (including monetary obligations incurred during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding), of the Loan Parties to the Secured Parties under the Credit Agreement and the other Loan Documents, (b) the due and punctual payment and performance of all covenants, agreements, obligations and liabilities of the Loan Parties under or pursuant to the Credit Agreement and the other Loan Documents and (c) the due and punctual payment and performance of all obligations of the Borrower or any Subsidiary under each Hedging Agreement entered into to limit interest rate risk with any counterparty that was a Lender or an Affiliate of the Lender at the time such Hedging Agreement was entered into (all the monetary and other obligations described in the preceding clauses (a) through (c) being collectively called the "*Obligations*").

Accordingly, the Grantors and the Collateral Agent, on behalf of itself and each Secured Party (and each of their respective successors or assigns), hereby agree as follows:

ARTICLE I

Definitions

SECTION 1.01. *Definition of Terms Used Herein.* Unless the context otherwise requires, all capitalized terms used but not defined herein shall have the meanings set forth in the Credit Agreement and all references to the Uniform Commercial Code shall mean the Uniform Commercial Code in effect in the State of New York as of the date hereof.

SECTION 1.02. *Definition of Certain Terms Used Herein.* As used herein, the following terms shall have the following meanings:

"*Account Debtor*" shall mean any person who is or who may become obligated to any Grantor under, with respect to or on account of an Account.

"*Accounts*" shall mean any and all right, title and interest of any Grantor to payment for goods and services sold or leased, including any such right evidenced by chattel paper, whether due or to become due, whether or not it has been earned by performance, and whether now or hereafter acquired or arising in the future, including accounts receivable from Affiliates of the Grantors.

"*Accounts Receivable*" shall mean all Accounts and all right, title and interest in any returned goods, together with all rights, titles, securities and guarantees with respect thereto, including any rights to stoppage in transit, replevin, reclamation and resales, and all related security interests, liens and pledges, whether voluntary or involuntary, in each case whether now existing or owned or hereafter arising or acquired.

"*Collateral*" shall mean all (a) Accounts Receivable, (b) Documents, (c) Equipment, (d) General Intangibles, (e) Inventory, (f) cash and cash accounts (including the Concentration Account and the General Fund Account), (g) Investment Property and (h) Proceeds.

"*Commodity Account*" shall mean an account maintained by a Commodity Intermediary in which a Commodity Contract is carried out for a Commodity Customer.

"*Commodity Contract*" shall mean a commodity futures contract, an option on a commodity futures contract, a commodity option or any other contract that, in each case, is (a) traded on or subject to the rules of a board of trade that has been designated as a contract market for such a contract pursuant to the federal commodities laws or (b) traded on a foreign commodity board of trade, exchange or market, and is carried on the books of a Commodity Intermediary for a Commodity Customer.

"*Commodity Customer*" shall mean a person for whom a Commodity Intermediary carries a Commodity Contract on its books.

"*Commodity Intermediary*" shall mean (a) a person who is registered as a futures commission merchant under the federal commodities laws or (b) a person who in the ordinary course of its business provides clearance or settlement services for a board of trade that has been designated as a contract market pursuant to federal commodities laws.

"*Concentration Account*" shall mean the cash collateral account to be established at the office of Chase located at 270 Park Avenue, New York, NY 10017, in the name of the Collateral Agent.

"*Copyright License*" shall mean any written agreement, now or hereafter in effect, granting any right to any third party under any Copyright now or hereafter owned by any Grantor or which

such Grantor otherwise has the right to license, or granting any right to such Grantor under any Copyright now or hereafter owned by any third party, and all rights of such Grantor under any such agreement.

"*Copyrights*" shall mean all of the following now owned or hereafter acquired by any Grantor: (a) all copyright rights in any work subject to the copyright laws of the United States or any other country, whether as author, assignee, transferee or otherwise, and (b) all registrations and applications for registration of any such copyright in the United States or any other country, including registrations, recordings, supplemental registrations and pending applications for registration in the United States Copyright Office, including those listed on Schedule II.

"*Credit Agreement*" shall have the meaning assigned to such term in the preliminary statement of this Agreement.

"*Documents*" shall mean all instruments, files, records, ledger sheets and documents covering or relating to any of the Collateral.

"*Entitlement Holder*" shall mean a person identified in the records of a Securities Intermediary as the person having a Security Entitlement against the Securities Intermediary. If a person acquires a Security Entitlement by virtue of Section 8-501(b)(2) or (3) of the Uniform Commercial Code, such person is the Entitlement Holder.

"*Equipment*" shall mean all equipment, furniture and furnishings, and all tangible personal property similar to any of the foregoing, including tools, parts and supplies of every kind and description, and all improvements, accessions or appurtenances thereto, that are now or hereafter owned by any Grantor. The term Equipment shall include Fixtures.

"*Financial Asset*" shall mean (a) a Security, (b) an obligation of a person or a share, participation or other interest in a person or in property or an enterprise of a person, which is, or is of a type, dealt with in or traded on financial markets, or which is recognized in any area in which it is issued or dealt in as a medium for investment or (c) any property that is held by a Securities Intermediary for another person in a Securities Account if the Securities Intermediary has expressly agreed with the other person that the property is to be treated as a Financial Asset under Article 8 of the Uniform Commercial Code. As the context requires, the term Financial Asset shall mean either the interest itself or the means by which a person's claim to it is evidenced, including a certificated or uncertificated Security, a certificate representing a Security or a Security Entitlement.

"*Fixtures*" shall mean all items of Equipment, whether now owned or hereafter acquired, of any Grantor that become so related to particular real estate that an interest in them arises under any real estate law applicable thereto.

"*General Fund Account*" shall mean the general fund account to be established at the office of Chase located at 270 Park Avenue, New York, NY 10017, in the name of the Borrower.

"*General Intangibles*" shall mean all choses in action and causes of action and all other assignable intangible personal property of any Grantor of every kind and nature (other than Accounts Receivable) now owned or hereafter acquired by any Grantor, including all rights and interests in partnerships, limited partnerships, limited liability companies and other unincorporated entities, corporate or other business records, indemnification claims, contract rights (including rights under leases, whether entered into as lessor or lessee, Hedging Agreements and other agreements), Intellectual Property, goodwill, registrations, franchises, tax refund claims and any letter of credit, guarantee, claim, security interest or other security held by or granted to any Grantor to secure payment by an Account Debtor of any of the Accounts Receivable.

"*Intellectual Property*" shall mean all intellectual and similar property of any Grantor of every kind and nature now owned or hereafter acquired by any Grantor, including inventions, designs, Patents, Copyrights, Licenses, Trademarks, trade secrets, confidential or proprietary technical and

business information, know-how, show-how or other data or information, software and databases and all embodiments or fixations thereof and related documentation, registrations and franchises, and all additions, improvements and accessions to, and books and records describing or used in connection with, any of the foregoing.

"Inventory" shall mean all goods of any Grantor, whether now owned or hereafter acquired, held for sale or lease, or furnished or to be furnished by any Grantor under contracts of service, or consumed in any Grantor's business, including raw materials, intermediates, work in process, packaging materials, finished goods, semi-finished inventory, scrap inventory, manufacturing supplies and spare parts, and all such goods that have been returned to or repossessed by or on behalf of any Grantor.

"Investment Property" shall mean all Securities (whether certificated or uncertificated), Security Entitlements, Securities Accounts, Commodity Contracts and Commodity Accounts of any Grantor, whether now owned or hereafter acquired by any Grantor.

"License" shall mean any Patent License, Trademark License, Copyright License or other license or sublicense to which any Grantor is a party, including those listed on Schedule III (other than those license agreements in existence on the date hereof and listed on Schedule III and those license agreements entered into after the date hereof, which by their terms prohibit assignment or a grant of a security interest by such Grantor as licensee thereunder).

"Obligations" shall have the meaning assigned to such term in the preliminary statement of this Agreement.

"Patent License" shall mean any written agreement, now or hereafter in effect, granting to any third party any right to make, use or sell any invention on which a Patent, now or hereafter owned by any Grantor or which any Grantor otherwise has the right to license, is in existence, or granting to any Grantor any right to make, use or sell any invention on which a Patent, now or hereafter owned by any third party, is in existence, and all rights of any Grantor under any such agreement.

"Patents" shall mean all of the following now owned or hereafter acquired by any Grantor: (a) all letters patent of the United States or any other country, all registrations and recordings thereof, and all applications for letters patent of the United States or any other country, including registrations, recordings and pending applications in the United States Patent and Trademark Office or any similar offices in any other country, including those listed on Schedule IV, and (b) all reissues, continuations, divisions, continuations-in-part, renewals or extensions thereof, and the inventions disclosed or claimed therein, including the right to make, use and/or sell the inventions disclosed or claimed therein.

"Perfection Certificate" shall mean a certificate substantially in the form of Annex I hereto, completed and supplemented with the schedules and attachments contemplated thereby, and duly executed by a Financial Officer.

"Proceeds" shall mean any consideration received from the sale, exchange, license, lease or other disposition of any asset or property that constitutes Collateral, any value received as a consequence of the possession of any Collateral and any payment received from any insurer or other person or entity as a result of the destruction, loss, theft, damage or other involuntary conversion of whatever nature of any asset or property which constitutes Collateral, and shall include (a) any claim of any Grantor against any third party for (and the right to sue and recover for and the rights to damages or profits due or accrued arising out of or in connection with) (i) past, present or future infringement of any Patent now or hereafter owned by any Grantor, or licensed under a Patent License, (ii) past, present or future infringement or dilution of any Trademark now or hereafter owned by any Grantor or licensed under a Trademark License or injury to the goodwill associated with or symbolized by any Trademark now or hereafter owned by any Grantor, (iii) past, present or future breach of any License and (iv) past, present or future infringement of any Copyright now or hereafter

owned by any Grantor or licensed under a Copyright License and (b) any and all other amounts from time to time paid or payable under or in connection with any of the Collateral.

"*Secured Parties*" shall mean (a) the Lenders, (b) the Agents, (c) the Issuing Bank, (d) each counterparty to a Hedging Agreement entered into with the Borrower if such counterparty was a Lender or an Affiliate of a Lender at the time the Hedging Agreement was entered into, (e) the beneficiaries of each indemnification obligation undertaken by any Grantor under any Loan Document and (f) the successors and assigns of each of the foregoing.

"*Securities*" shall mean any obligations of an issuer or any shares, participations or other interests in an issuer or in property or an enterprise of an issuer which (a) are represented by a certificate representing a security in bearer or registered form, or the transfer of which may be registered upon books maintained for that purpose by or on behalf of the issuer, (b) are one of a class or series or by its terms is divisible into a class or series of shares, participations, interests or obligations and (c)(i) are, or are of a type, dealt with or trade on securities exchanges or securities markets or (ii) are a medium for investment and by their terms expressly provide that they are a security governed by Article 8 of the Uniform Commercial Code.

"*Securities Account*" shall mean an account to which a Financial Asset is or may be credited in accordance with an agreement under which the person maintaining the account undertakes to treat the person for whom the account is maintained as entitled to exercise rights that comprise the Financial Asset.

"*Security Entitlements*" shall mean the rights and property interests of an Entitlement Holder with respect to a Financial Asset.

"*Security Interest*" shall have the meaning assigned to such term in Section 2.01.

"*Securities Intermediary*" shall mean (a) a clearing corporation or (b) a person, including a bank or broker, that in the ordinary course of its business maintains securities accounts for others and is acting in that capacity.

"*Trademark License*" shall mean any written agreement, now or hereafter in effect, granting to any third party any right to use any Trademark now or hereafter owned by any Grantor or which any Grantor otherwise has the right to license, or granting to any Grantor any right to use any Trademark now or hereafter owned by any third party, and all rights of any Grantor under any such agreement.

"*Trademarks*" shall mean all of the following now owned or hereafter acquired by any Grantor: (a) all trademarks, service marks, trade names, corporate names, company names, business names, fictitious business names, trade styles, trade dress, logos, other source or business identifiers, designs and general intangibles of like nature, now existing or hereafter adopted or acquired, all registrations and recordings thereof, and all registration and recording applications filed in connection therewith, including registrations and registration applications in the United States Patent and Trademark Office, any State of the United States or any similar offices in any other country or any political subdivision thereof, and all extensions or renewals thereof, including those listed on Schedule V, (b) all goodwill associated therewith or symbolized thereby and (c) all other assets, rights and interests that uniquely reflect or embody such goodwill.

SECTION 1.03. *Rules of Interpretation.* The rules of interpretation specified in Section 1.02 of the Credit Agreement shall be applicable to this Agreement.

ARTICLE II

Security Interest

SECTION 2.01. *Security Interest.* As security for the payment or performance, as the case may be, in full of the Obligations, each Grantor hereby bargains, sells, conveys, assigns, sets over, mortgages, pledges, hypothecates and transfers to the Collateral Agent, its successors and assigns, for the ratable benefit of the Secured Parties, and hereby grants to the Collateral Agent, its successors and assigns, for the ratable benefit of the Secured Parties, a security interest in, all of such Grantor's right, title and interest in, to and under the Collateral (the "*Security Interest*"). Without limiting the foregoing, the Collateral Agent is hereby authorized to file one or more financing statements (including fixture filings), continuation statements, filings with the United States Patent and Trademark Office or United States Copyright Office (or any successor office or any similar office in any other country) or other documents for the purpose of perfecting, confirming, continuing, enforcing or protecting the Security Interest granted by each Grantor, without the signature of any Grantor, and naming any Grantor or the Grantors as debtors and the Collateral Agent as secured party.

SECTION 2.02. *No Assumption of Liability.* The Security Interest is granted as security only and shall not subject the Collateral Agent or any other Secured Party to, or in any way alter or modify, any obligation or liability of any Grantor with respect to or arising out of the Collateral.

ARTICLE III

Representations and Warranties

The Grantors jointly and severally represent and warrant to the Collateral Agent and the Secured Parties that:

SECTION 3.01. *Title and Authority.* Each Grantor has good and valid rights in and title to the Collateral with respect to which it has purported to grant a Security Interest hereunder and has full power and authority to grant to the Collateral Agent the Security Interest in such Collateral pursuant hereto and to execute, deliver and perform its obligations in accordance with the terms of this Agreement, without the consent or approval of any other person other than any consent or approval which has been obtained.

SECTION 3.02. *Filings.* (a) The Perfection Certificate has been duly prepared, completed and executed and the information set forth therein is correct and complete. Fully executed Uniform Commercial Code financing statements (including fixture filings, as applicable) or other appropriate filings, recordings or registrations containing a description of the Collateral have been delivered to the Collateral Agent for filing in each governmental, municipal or other office specified in Schedule 6 to the Perfection Certificate, which are all the filings, recordings and registrations (other than filings required to be made in the United States Patent and Trademark Office and the United States Copyright Office in order to perfect the Security Interest in Collateral consisting of United States Patents, Trademarks and Copyrights) that are necessary to publish notice of and protect the validity of and to establish a legal, valid and perfected security interest in favor of the Collateral Agent (for the ratable benefit of the Secured Parties) in respect of all Collateral in which the Security Interest may be perfected by filing, recording or registration in the United States (or any political subdivision thereof) and its territories and possessions, and no further or subsequent filing, refile, recording, rerecording, registration or reregistration is necessary in any such jurisdiction, except as provided under applicable law with respect to the filing of continuation statements.

(b) Each Grantor represents and warrants that fully executed security agreements in the form hereof and containing a description of all Collateral consisting of Intellectual Property with respect to United States Patents and United States registered Trademarks (and Trademarks for which United States registration applications are pending) and United States registered Copyrights have been delivered to the Collateral Agent for recording by the United States Patent and Trademark Office and

the United States Copyright Office pursuant to 35 U.S.C. § 261, 15 U.S.C. § 1060 or 17 U.S.C. § 205 and the regulations thereunder, as applicable, and otherwise as may be required pursuant to the laws of any other necessary jurisdiction, to protect the validity of and to establish a legal, valid and perfected security interest in favor of the Collateral Agent (for the ratable benefit of the Secured Parties) in respect of all Collateral consisting of Patents, Trademarks and Copyrights in which a security interest may be perfected by filing, recording or registration in the United States (or any political subdivision thereof) and its territories and possessions, or in any other necessary jurisdiction, and no further or subsequent filing, refile, recording, rerecording, registration or reregistration is necessary (other than such actions as are necessary to perfect the Security Interest with respect to any Collateral consisting of Patents, Trademarks and Copyrights (or registration or application for registration thereof) acquired or developed after the date hereof).

SECTION 3.03. *Validity of Security Interest.* The Security Interest constitutes (a) a legal and valid security interest in all the Collateral securing the payment and performance of the Obligations, (b) subject to the filings described in Section 3.02 above, a perfected security interest in all Collateral in which a security interest may be perfected by filing, recording or registering a financing statement or analogous document in the United States (or any political subdivision thereof) and its territories and possessions pursuant to the Uniform Commercial Code or other applicable law in such jurisdictions and (c) a security interest that shall be perfected in all Collateral in which a security interest may be perfected upon the receipt and recording of this Agreement with the United States Patent and Trademark Office and the United States Copyright Office, as applicable. The Security Interest is and shall be prior to any other Lien on any of the Collateral, other than Liens expressly permitted to be prior to the Security Interest pursuant to Section 6.02 of the Credit Agreement.

SECTION 3.04. *Absence of Other Liens.* The Collateral is owned by the Grantors free and clear of any Lien, except for Liens expressly permitted pursuant to Section 6.02 of the Credit Agreement. The Grantor has not filed or consented to the filing of (a) any financing statement or analogous document under the Uniform Commercial Code or any other applicable laws covering any Collateral, (b) any assignment in which any Grantor assigns any Collateral or any security agreement or similar instrument covering any Collateral with the United States Patent and Trademark Office or the United States Copyright Office or (c) any assignment in which any Grantor assigns any Collateral or any security agreement or similar instrument covering any Collateral with any foreign governmental, municipal or other office, which financing statement or analogous document, assignment, security agreement or similar instrument is still in effect, except, in each case, for Liens expressly permitted pursuant to Section 6.02 of the Credit Agreement.

ARTICLE IV

Covenants

SECTION 4.01. *Change of Name; Location of Collateral; Records; Place of Business.* (a) Each Grantor agrees promptly to notify the Collateral Agent in writing of any change (i) in its corporate name or in any trade name used to identify it in the conduct of its business or in the ownership of its properties, (ii) in the location of its chief executive office, its principal place of business, any office in which it maintains books or records relating to Collateral owned by it or any office or facility at which Collateral owned by it is located (including the establishment of any such new office or facility), (iii) in its identity or corporate structure or (iv) in its Federal Taxpayer Identification Number. Each Grantor agrees not to effect or permit any change referred to in the preceding sentence unless all filings have been made under the Uniform Commercial Code or otherwise that are required in order for the Collateral Agent to continue at all times following such change to have a valid, legal and perfected first priority security interest in all the Collateral. Each Grantor agrees promptly to notify the Collateral Agent if any material portion of the Collateral owned or held by such Grantor is damaged or destroyed.

(b) Each Grantor agrees to maintain, at its own cost and expense, such complete and accurate records with respect to the Collateral owned by it as is consistent with its current practices and in

accordance with such prudent and standard practices used in industries that are the same as or similar to those in which such Grantor is engaged, but in any event to include complete accounting records indicating all payments and proceeds received with respect to any part of the Collateral, and, at such time or times as the Collateral Agent may reasonably request, promptly to prepare and deliver to the Collateral Agent a duly certified schedule or schedules in form and detail satisfactory to the Collateral Agent showing the identity, amount and location of any and all Collateral.

SECTION 4.02. *Periodic Certification.* Each year, at the time of delivery of annual financial statements with respect to the preceding fiscal year pursuant to Section 5.01 of the Credit Agreement, the Borrower shall deliver to the Collateral Agent a certificate executed by a Financial Officer and the chief legal officer of the Borrower (a) setting forth the information required pursuant to Section 2 of the Perfection Certificate or confirming that there has been no change in such information since the date of such certificate or the date of the most recent certificate delivered pursuant to Section 4.02 and (b) certifying that all Uniform Commercial Code financing statements (including fixture filings, as applicable) or other appropriate filings, recordings or registrations, including all refilings, rerecordings and reregistrations, containing a description of the Collateral have been filed of record in each governmental, municipal or other appropriate office in each jurisdiction identified pursuant to clause (a) above to the extent necessary to protect and perfect the Security Interest for a period of not less than 18 months after the date of such certificate (except as noted therein with respect to any continuation statements to be filed within such period). Each certificate delivered pursuant to this Section 4.02 shall identify in the format of Schedule II, III, IV or V, as applicable, all Intellectual Property of any Grantor in existence on the date thereof and not then listed on such Schedules or previously so identified to the Collateral Agent.

SECTION 4.03. *Protection of Security.* Each Grantor shall, at its own cost and expense, take any and all actions necessary to defend title to the Collateral against all persons and to defend the Security Interest of the Collateral Agent in the Collateral and the priority thereof against any Lien not expressly permitted pursuant to Section 6.02 of the Credit Agreement.

SECTION 4.04. *Further Assurances.* Each Grantor agrees, at its own expense, to execute, acknowledge, deliver and cause to be duly filed all such further instruments and documents and take all such actions as the Collateral Agent may from time to time request to better assure, preserve, protect and perfect the Security Interest and the rights and remedies created hereby, including the payment of any fees and taxes required in connection with the execution and delivery of this Agreement, the granting of the Security Interest and the filing of any financing statements (including fixture filings) or other documents in connection herewith or therewith. If any amount payable under or in connection with any of the Collateral shall be or become evidenced by any promissory note or other instrument, such note or instrument shall be immediately pledged and delivered to the Collateral Agent, duly endorsed in a manner satisfactory to the Collateral Agent. Each Grantor further agrees that it will not take any action or permit any action to be taken that would cause any membership interest in a limited liability company or partnership interest pledged hereunder, including Equity Interests of any joint venture, to become a "security" as defined in Article 8 of the Uniform Commercial Code of any State or the District of Columbia.

Without limiting the generality of the foregoing, each Grantor hereby authorizes the Collateral Agent, with prompt notice thereof to the Grantors, to supplement this Agreement by supplementing Schedule II, III, IV or V hereto or adding additional schedules hereto to specifically identify any asset or item that may constitute Copyrights, Licenses, Patents or Trademarks; *provided, however*, that any Grantor shall have the right, exercisable within 10 days after it has been notified by the Collateral Agent of the specific identification of such Collateral, to advise the Collateral Agent in writing of any inaccuracy of the representations and warranties made by such Grantor hereunder with respect to such Collateral. Each Grantor agrees that it will use its best efforts to take such action as shall be necessary in order that all representations and warranties hereunder shall be true and correct with respect to such Collateral within 30 days after the date it has been notified by the Collateral Agent of the specific identification of such Collateral.

SECTION 4.05. *Inspection and Verification.* The Collateral Agent and such persons as the Collateral Agent may reasonably designate shall have the right, at the Grantors' own cost and expense, to inspect the Collateral, all records related thereto (and to make extracts and copies from such records) and the premises upon which any of the Collateral is located, to discuss the Grantors' affairs with the officers of the Grantors and their independent accountants and to verify under reasonable procedures, in accordance with Section 5.09 of the Credit Agreement, the validity, amount, quality, quantity, value, condition and status of, or any other matter relating to, the Collateral, including, in the case of Accounts or Collateral in the possession of any third person, by contacting Account Debtors or the third person possessing such Collateral for the purpose of making such a verification. The Collateral Agent shall have the absolute right to share any information it gains from such inspection or verification with any Secured Party (it being understood that any such information shall be deemed to be "Information" subject to the provisions of Section 9.17).

SECTION 4.06. *Taxes; Encumbrances.* At its option, the Collateral Agent may discharge past due taxes, assessments, charges, fees, Liens, security interests or other encumbrances at any time levied or placed on the Collateral and not permitted pursuant to Section 6.02 of the Credit Agreement, and may pay for the maintenance and preservation of the Collateral to the extent any Grantor fails to do so as required by the Credit Agreement or this Agreement, and each Grantor jointly and severally agrees to reimburse the Collateral Agent on demand for any payment made or any expense incurred by the Collateral Agent pursuant to the foregoing authorization; *provided, however,* that nothing in this Section 4.06 shall be interpreted as excusing any Grantor from the performance of, or imposing any obligation on the Collateral Agent or any Secured Party to cure or perform, any covenants or other promises of any Grantor with respect to taxes, assessments, charges, fees, liens, security interests or other encumbrances and maintenance as set forth herein or in the other Loan Documents.

SECTION 4.07. *Assignment of Security Interest.* If at any time any Grantor shall take a security interest in any property of an Account Debtor or any other person to secure payment and performance of an Account, such Grantor shall promptly assign such security interest to the Collateral Agent. Such assignment need not be filed of public record unless necessary to continue the perfected status of the security interest against creditors of and transferees from the Account Debtor or other person granting the security interest.

SECTION 4.08. *Continuing Obligations of the Grantors.* Each Grantor shall remain liable to observe and perform all the conditions and obligations to be observed and performed by it under each contract, agreement or instrument relating to the Collateral, all in accordance with the terms and conditions thereof, and each Grantor jointly and severally agrees to indemnify and hold harmless the Collateral Agent and the Secured Parties from and against any and all liability for such performance.

SECTION 4.09. *Use and Disposition of Collateral.* None of the Grantors shall make or permit to be made an assignment, pledge or hypothecation of the Collateral or shall grant any other Lien in respect of the Collateral, except as expressly permitted by Section 6.02 of the Credit Agreement. None of the Grantors shall make or permit to be made any transfer of the Collateral and each Grantor shall remain at all times in possession of the Collateral owned by it, except that (a) Inventory may be sold in the ordinary course of business and (b) unless and until the Collateral Agent shall notify the Grantors that an Event of Default shall have occurred and be continuing and that during the continuance thereof the Grantors shall not sell, convey, lease, assign, transfer or otherwise dispose of any Collateral (which notice may be given by telephone if promptly confirmed in writing), the Grantors may use and dispose of the Collateral in any lawful manner not inconsistent with the provisions of this Agreement, the Credit Agreement or any other Loan Document. Without limiting the generality of the foregoing, each Grantor agrees that it shall not permit any Inventory to be in the possession or control of any warehouseman, bailee, agent or processor at any time unless such warehouseman, bailee, agent or processor shall have been notified of the Security Interest and shall have agreed in writing to hold the Inventory subject to the Security Interest and the instructions of the Collateral Agent and to waive and release any Lien held by it with respect to such Inventory, whether arising by operation of law or otherwise.

SECTION 4.10. *Limitation on Modification of Accounts.* None of the Grantors will, without the Collateral Agent's prior written consent, grant any extension of the time of payment of any of the Accounts Receivable, compromise, compound or settle the same for less than the full amount thereof, release, wholly or partly, any person liable for the payment thereof or allow any credit or discount whatsoever thereon, other than extensions, credits, discounts, compromises or settlements granted or made in the ordinary course of business and consistent with its current practices and in accordance with such prudent and standard practices used in industries that are the same as or similar to those in which such Grantor is engaged.

SECTION 4.11. *Insurance.* (a) The Grantors, at their own expense, shall maintain or cause to be maintained insurance in accordance with Section 5.07 of the Credit Agreement. Each Grantor irrevocably makes, constitutes and appoints the Collateral Agent (and all officers, employees or agents designated by the Collateral Agent) as such Grantor's true and lawful agent (and attorney-in-fact) for the purpose, during the continuance of an Event of Default, of making, settling and adjusting claims in respect of Collateral under policies of insurance, endorsing the name of such Grantor on any check, draft, instrument or other item of payment for the proceeds of such policies of insurance and for making all determinations and decisions with respect thereto. In the event that any Grantor at any time or times shall fail to obtain or maintain any of the policies of insurance required hereby or to pay any premium in whole or part relating thereto, the Collateral Agent may, without waiving or releasing any obligation or liability of the Grantors hereunder or any Event of Default, in its sole discretion, obtain and maintain such policies of insurance and pay such premium and take any other actions with respect thereto as the Collateral Agent deems advisable. All sums disbursed by the Collateral Agent in connection with this Section 4.11, including reasonable attorneys' fees, court costs, expenses and other charges relating thereto, shall be payable, upon demand, by the Grantors to the Collateral Agent and shall be additional Obligations secured hereby.

(b) Fire and extended coverage policies (and any policies required to be maintained pursuant to Section 1.06(b) of the form of Mortgage attached as Exhibit L to the Credit Agreement) maintained with respect to any Collateral shall be endorsed or otherwise amended to include (i) a non-contributing mortgage clause (regarding improvements to real property) and lenders' loss payable clause (regarding personal property), in each case in favor of the Administrative Agent and providing for losses thereunder to be payable to the Administrative Agent or its designee, (ii) a provision to the effect that neither the Borrower, the Administrative Agent nor any other party shall be a coinsurer and (iii) such other provisions as the Administrative Agent may reasonably require from time to time to protect the interests of the Lenders. Commercial general liability policies shall be endorsed to name the Administrative Agent as an additional insured. Business interruption policies shall name the Administrative Agent as loss payee. Each such policy referred to in this paragraph also shall provide that it shall not be canceled, modified or not renewed (i) by reason of nonpayment of premium except upon not less than 10 days' prior written notice thereof by the insurer to the Administrative Agent (giving the Administrative Agent the right to cure defaults in the payment of premiums) or (ii) for any other reason except upon not less than 30 days' prior written notice thereof by the insurer to the Administrative Agent. The Borrower shall deliver to the Administrative Agent, prior to the cancelation, modification or nonrenewal of any such policy of insurance, a copy of a renewal or replacement policy (or other evidence of renewal of a policy previously delivered to the Administrative Agent) together with evidence satisfactory to the Administrative Agent of payment of the premium therefor.

SECTION 4.12. *Legend.* Each Grantor shall legend, in form and manner satisfactory to the Collateral Agent, its Accounts Receivable and its books, records and documents evidencing or pertaining thereto with an appropriate reference to the fact that such Accounts Receivable have been assigned to the Collateral Agent for the benefit of the Secured Parties and that the Collateral Agent has a security interest therein.

SECTION 4.13. *Covenants Regarding Patent, Trademark and Copyright Collateral.* (a) Each Grantor agrees that it will not, nor will it permit any of its licensees to, do any act, or omit to do any act, whereby any Patent which is material to the conduct of such Grantor's business may become invalidated or dedicated to the public, and agrees that it shall continue to mark any products

covered by a Patent with the relevant patent number as necessary and sufficient to establish and preserve its maximum rights under applicable patent laws.

(b) Each Grantor (either itself or through its licensees or its sublicensees) will, for each Trademark material to the conduct of such Grantor's business, (i) maintain such Trademark in full force free from any claim of abandonment or invalidity for non-use, (ii) maintain the quality of products and services offered under such Trademark, (iii) display such Trademark with notice of Federal or foreign registration to the extent necessary and sufficient to establish and preserve its maximum rights under applicable law and (iv) not knowingly use or knowingly permit the use of such Trademark in violation of any third party rights.

(c) Each Grantor (either itself or through licensees) will, for each work covered by a material Copyright, continue to publish, reproduce, display, adopt and distribute the work with appropriate copyright notice as necessary and sufficient to establish and preserve its maximum rights under applicable copyright laws.

(d) Each Grantor shall notify the Collateral Agent immediately if it knows or has reason to know that any Patent, Trademark or Copyright material to the conduct of its business may become abandoned, lost or dedicated to the public, or of any adverse determination or development (including the institution of, or any such determination or development in, any proceeding in the United States Patent and Trademark Office, United States Copyright Office or any court or similar office of any country) regarding such Grantor's ownership of any Patent, Trademark or Copyright, its right to register the same, or to keep and maintain the same.

(e) In no event shall any Grantor, either itself or through any agent, employee, licensee or designee, file an application for any Patent, Trademark or Copyright (or for the registration of any Trademark or Copyright) with the United States Patent and Trademark Office, United States Copyright Office or any office or agency in any political subdivision of the United States or in any other country or any political subdivision thereof, unless it promptly informs the Collateral Agent, and, upon request of the Collateral Agent, executes and delivers any and all agreements, instruments, documents and papers as the Collateral Agent may request to evidence the Collateral Agent's security interest in such Patent, Trademark or Copyright, and each Grantor hereby appoints the Collateral Agent as its attorney-in-fact to execute and file such writings for the foregoing purposes, all acts of such attorney being hereby ratified and confirmed; such power, being coupled with an interest, is irrevocable.

(f) Each Grantor will take all necessary steps that are consistent with the practice in any proceeding before the United States Patent and Trademark Office, United States Copyright Office or any office or agency in any political subdivision of the United States or in any other country or any political subdivision thereof, to maintain and pursue each material application relating to the Patents, Trademarks and/or Copyrights (and to obtain the relevant grant or registration) and to maintain each issued Patent and each registration of the Trademarks and Copyrights that is material to the conduct of any Grantor's business, including timely filings of applications for renewal, affidavits of use, affidavits of incontestability and payment of maintenance fees, and, if consistent with good business judgment, to initiate opposition, interference and cancelation proceedings against third parties.

(g) In the event that any Grantor has reason to believe that any Collateral consisting of a Patent, Trademark or Copyright material to the conduct of any Grantor's business has been or is about to be infringed, misappropriated or diluted by a third party, such Grantor promptly shall notify the Collateral Agent and shall, if consistent with good business judgment, promptly sue for infringement, misappropriation or dilution and to recover any and all damages for such infringement, misappropriation or dilution, and take such other actions as are appropriate under the circumstances to protect such Collateral.

(h) Upon and during the continuance of an Event of Default, each Grantor shall use its best efforts to obtain all requisite consents or approvals by the licensor of each Copyright License, Patent

License or Trademark License to effect the assignment of all of such Grantor's right, title and interest thereunder to the Collateral Agent or its designee.

ARTICLE V

Power of Attorney

SECTION 5.01. *Power of Attorney.* Each Grantor irrevocably makes, constitutes and appoints the Collateral Agent (and all officers, employees or agents designated by the Collateral Agent) as such Grantor's true and lawful agent and attorney-in-fact, and in such capacity the Collateral Agent shall have the right, with power of substitution for each Grantor and in each Grantor's name or otherwise, for the use and benefit of the Collateral Agent and the Secured Parties, upon the occurrence and during the continuance of an Event of Default (a) to receive, endorse, assign and/or deliver any and all notes, acceptances, checks, drafts, money orders or other evidences of payment relating to the Collateral or any part thereof; (b) to demand, collect, receive payment of, give receipt for and give discharges and releases of all or any of the Collateral; (c) to sign the name of any Grantor on any invoice or bill of lading relating to any of the Collateral; (d) to send verifications of Accounts Receivable to any Account Debtor; (e) to commence and prosecute any and all suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect or otherwise realize on all or any of the Collateral or to enforce any rights in respect of any Collateral; (f) to settle, compromise, compound, adjust or defend any actions, suits or proceedings relating to all or any of the Collateral; (g) to notify, or to require any Grantor to notify, Account Debtors to make payment directly to the Collateral Agent; and (h) to use, sell, assign, transfer, pledge, make any agreement with respect to or otherwise deal with all or any of the Collateral, and to do all other acts and things necessary to carry out the purposes of this Agreement, as fully and completely as though the Collateral Agent were the absolute owner of the Collateral for all purposes; *provided, however,* that nothing herein contained shall be construed as requiring or obligating the Collateral Agent or any Secured Party to make any commitment or to make any inquiry as to the nature or sufficiency of any payment received by the Collateral Agent or any Secured Party, or to present or file any claim or notice, or to take any action with respect to the Collateral or any part thereof or the moneys due or to become due in respect thereof or any property covered thereby, and no action taken or omitted to be taken by the Collateral Agent or any Secured Party with respect to the Collateral or any part thereof shall give rise to any defense, counterclaim or offset in favor of any Grantor or to any claim or action against the Collateral Agent or any Secured Party. 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. The provisions of this Section shall in no event relieve any Grantor of any of its obligations hereunder or under any other Loan Document with respect to the Collateral or any part thereof or impose any obligation on the Collateral Agent or any Secured Party to proceed in any particular manner with respect to the Collateral or any part thereof, or in any way limit the exercise by the Collateral Agent or any Secured Party of any other or further right which it may have on the date of this Agreement or hereafter, whether hereunder, under any other Loan Document, by law or otherwise.

ARTICLE VI

Remedies

SECTION 6.01. *Remedies upon Default.* Upon the occurrence and during the continuance of an Event of Default, each Grantor agrees to deliver each item of Collateral to the Collateral Agent on demand, and it is agreed that the Collateral Agent shall have the right to take any of or all the following actions at the same or different times: (a) with respect to any Collateral consisting of Intellectual Property, on demand, to cause the Security Interest to become an assignment, transfer and conveyance of any of or all such Collateral by the applicable Grantors to the Collateral Agent, or to license or sublicense, whether general, special or otherwise, and whether on an exclusive or non-exclusive basis, any such Collateral throughout the world on such terms and conditions and in such

manner as the Collateral Agent shall determine (other than in violation of any then-existing licensing arrangements to the extent that waivers cannot be obtained) and (b) with or without legal process and with or without prior notice or demand for performance, to take possession of the Collateral and without liability for trespass to enter any premises where the Collateral may be located for the purpose of taking possession of or removing the Collateral and, generally, to exercise any and all rights afforded to a secured party under the Uniform Commercial Code or other applicable law. Without limiting the generality of the foregoing, each Grantor agrees that the Collateral Agent shall have the right, subject to the mandatory requirements of applicable law, to sell or otherwise dispose of all or any part of the Collateral, at public or private sale or at any broker's board or on any securities exchange, for cash, upon credit or for future delivery as the Collateral Agent shall deem appropriate. The Collateral Agent shall be authorized at any such sale (if it deems it advisable to do so) to restrict the prospective bidders or purchasers to persons who will represent and agree that they are purchasing the Collateral for their own account for investment and not with a view to the distribution or sale thereof, and upon consummation of any such sale the Collateral Agent shall have the right to assign, transfer and deliver to the purchaser or purchasers thereof the Collateral so sold. Each such 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 law) all rights of redemption, stay and appraisal which such Grantor now has or may at any time in the future have under any rule of law or statute now existing or hereafter enacted.

The Collateral Agent shall give the Grantors 10 days' written notice (which each Grantor agrees is reasonable notice within the meaning of Section 9-504(3) of the Uniform Commercial Code as in effect in the State of New York or its equivalent in other jurisdictions) of the Collateral Agent's intention to make any sale of Collateral. Such notice, in the case of a public sale, shall state the time and place for such sale and, in the case of a sale at a broker's board or on a securities exchange, shall state the board or exchange at which such sale is to be made and the day on which the Collateral, or portion thereof, will first be offered for sale at such board or exchange. Any such public sale shall be held at such time or times within ordinary business hours and at such place or places as the Collateral Agent may fix and state in the notice (if any) of such sale. At any such sale, the Collateral, or portion thereof, to be sold may be sold in one lot as an entirety or in separate parcels, as the Collateral Agent may (in its sole and absolute discretion) determine. The Collateral Agent shall not be obligated to make any sale of any Collateral if it shall determine not to do so, regardless of the fact that notice of sale of such Collateral shall have been given. The Collateral Agent may, without notice or publication, adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for sale, and such sale may, without further notice, be made at the time and place to which the same was so adjourned. In case any sale of all or any part of the Collateral is made on credit or for future delivery, the Collateral so sold may be retained by the Collateral Agent until the sale price is paid by the purchaser or purchasers thereof, but the Collateral Agent shall not incur any liability in case any such purchaser or purchasers shall fail to take up and pay for the Collateral so sold and, in case of any such failure, such Collateral may be sold again upon like notice. At any public (or, to the extent permitted by law, private) sale made pursuant to this Section, any Secured Party may bid for or purchase, free (to the extent permitted by law) from any right of redemption, stay, valuation or appraisal on the part of any Grantor (all said rights being also hereby waived and released to the extent permitted by law), the Collateral or any part thereof offered for sale and may make payment on account thereof by using any claim then due and payable to such Secured Party from any Grantor as a credit against the purchase price, and such Secured Party may, upon compliance with the terms of sale, hold, retain and dispose of such property without further accountability to any Grantor therefor. For purposes hereof, a written agreement to purchase the Collateral or any portion thereof shall be treated as a sale thereof; the Collateral Agent shall be free to carry out such sale pursuant to such agreement and no Grantor shall be entitled to the return of the Collateral or any portion thereof subject thereto, notwithstanding the fact that after the Collateral Agent shall have entered into such an agreement all Events of Default shall have been remedied and the Obligations paid in full. As an alternative to exercising the power of sale herein conferred upon it, the Collateral Agent may proceed by a suit or suits at law or in equity to foreclose this Agreement and to sell the Collateral or any portion thereof pursuant to a judgment or decree of a court or courts having competent jurisdiction or pursuant to a proceeding by a court-appointed receiver.

SECTION 6.02. *Application of Proceeds.* The Collateral Agent shall apply the proceeds of any collection or sale of the Collateral, as well as any Collateral consisting of cash, as follows:

FIRST, to the payment of all costs and expenses incurred by the Administrative Agent or the Collateral Agent (in its capacity as such hereunder or under any other Loan Document) in connection with such collection or sale or otherwise in connection with this Agreement or any of the Obligations, including all court costs and the fees and expenses of its agents and legal counsel, the repayment of all advances made by the Collateral Agent hereunder or under any other Loan Document on behalf of any Grantor and any other costs or expenses incurred in connection with the exercise of any right or remedy hereunder or under any other Loan Document;

SECOND, to the payment in full of the Obligations (the amounts so applied to be distributed among the Secured Parties pro rata in accordance with the amounts of the Obligations owed to them on the date of any such distribution); and

THIRD, to the Grantors, their successors or assigns, or as a court of competent jurisdiction may otherwise direct.

The Collateral Agent shall have absolute discretion as to the time of application of any such proceeds, moneys or balances in accordance with this Agreement. Upon any sale of the Collateral by the Collateral Agent (including pursuant to a power of sale granted by statute or under a judicial proceeding), the receipt of the Collateral Agent or of the officer making the sale shall be a sufficient discharge to the purchaser or purchasers of the Collateral so sold and such purchaser or purchasers shall not be obligated to see to the application of any part of the purchase money paid over to the Collateral Agent or such officer or be answerable in any way for the misapplication thereof.

SECTION 6.03. *Grant of License to Use Intellectual Property.* For the purpose of enabling the Collateral Agent to exercise rights and remedies under this Article at such time as the Collateral Agent shall be lawfully entitled to exercise such rights and remedies, each Grantor hereby grants to the Collateral Agent an irrevocable, non-exclusive license (exercisable without payment of royalty or other compensation to the Grantors) to use, license or sub-license any of the Collateral consisting of Intellectual Property now owned or hereafter acquired by such Grantor, and wherever the same may be located, and including in such license reasonable access to all media in which any of the licensed items may be recorded or stored and to all computer software and programs used for the compilation or printout thereof. The use of such license by the Collateral Agent shall be exercised, at the option of the Collateral Agent, upon the occurrence and during the continuation of an Event of Default; *provided* that any license, sub-license or other transaction entered into by the Collateral Agent in accordance herewith shall be binding upon the Grantors notwithstanding any subsequent cure of an Event of Default.

ARTICLE VII

Miscellaneous

SECTION 7.01. *Notices.* All communications and notices hereunder shall (except as otherwise expressly permitted herein) be in writing and given as provided in Section 9.01 of the Credit Agreement. All communications and notices hereunder to any Subsidiary Guarantor shall be given to it at its address or telecopy number set forth on Schedule I, with a copy to the Borrower.

SECTION 7.02. *Security Interest Absolute.* All rights of the Collateral Agent hereunder, the Security Interest and all obligations of the Grantors hereunder shall be absolute and unconditional irrespective of (a) any lack of validity or enforceability of the Credit Agreement, any other Loan Document, any agreement with respect to any of the Obligations or any other agreement or instrument relating to any of the foregoing, (b) any change in the time, manner or place of payment of, or in any other term of, all or any of the Obligations, or any other amendment or waiver of or any consent to

any departure from the Credit Agreement, any other Loan Document or any other agreement or instrument, (c) any exchange, release or non-perfection of any Lien on other collateral, or any release or amendment or waiver of or consent under or departure from any guarantee, securing or guaranteeing all or any of the Obligations or (d) any other circumstance that might otherwise constitute a defense available to, or a discharge of, any Grantor in respect of the Obligations or this Agreement.

SECTION 7.03. *Survival of Agreement.* All covenants, agreements, representations and warranties made by any Grantor herein and in the certificates or other instruments prepared or delivered in connection with or pursuant to this Agreement shall be considered to have been relied upon by the Secured Parties and shall survive the making by the Lenders of the Loans, and the execution and delivery to the Lenders of any notes evidencing such Loans, regardless of any investigation made by the Lenders or on their behalf, and shall continue in full force and effect until this Agreement shall terminate.

SECTION 7.04. *Binding Effect; Several Agreement.* This Agreement shall become effective as to any Grantor when a counterpart hereof executed on behalf of such Grantor shall have been delivered to the Collateral Agent and a counterpart hereof shall have been executed on behalf of the Collateral Agent, and thereafter shall be binding upon such Grantor and the Collateral Agent and their respective successors and assigns, and shall inure to the benefit of such Grantor, the Collateral Agent and the other Secured Parties and their respective successors and assigns, except that no Grantor shall have the right to assign or transfer its rights or obligations hereunder or any interest herein or in the Collateral (and any such assignment or transfer shall be void) except as expressly contemplated by this Agreement or the Credit Agreement. This Agreement shall be construed as a separate agreement with respect to each Grantor and may be amended, modified, supplemented, waived or released with respect to any Grantor without the approval of any other Grantor and without affecting the obligations of any other Grantor hereunder.

SECTION 7.05. *Successors and Assigns.* Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; and all covenants, promises and agreements by or on behalf of any Grantor or the Collateral Agent that are contained in this Agreement shall bind and inure to the benefit of their respective successors and assigns.

SECTION 7.06. *Collateral Agent's Fees and Expenses; Indemnification.* (a) Each Grantor jointly and severally agrees to pay upon demand to the Collateral Agent the amount of any and all reasonable expenses, including the reasonable fees, disbursements and other charges of its counsel and of any experts or agents, which the Collateral Agent may incur in connection with (i) the administration of this Agreement (including the customary fees and charges of the Collateral Agent for any audits conducted by it or on its behalf with respect to the Accounts Receivable or Inventory), (ii) the custody or preservation of, or the sale of, collection from or other realization upon any of the Collateral, (iii) the exercise, enforcement or protection of any of the rights of the Collateral Agent hereunder or (iv) the failure of any Grantor to perform or observe any of the provisions hereof.

(b) Without limitation of its indemnification obligations under the other Loan Documents, each Grantor jointly and severally agrees to indemnify the Collateral Agent and the other Indemnitees against, and hold each of them harmless from, any and all losses, claims, damages, liabilities and related expenses, including reasonable fees, disbursements and other charges of counsel, incurred by or asserted against any of them arising out of, in any way connected with, or as a result of, the execution, delivery or performance of this Agreement or any claim, litigation, investigation or proceeding relating hereto or to the Collateral, whether or not any Indemnitee is a party thereto; *provided* that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee.

(c) Any such amounts payable as provided hereunder shall be additional Obligations secured hereby and by the other Security Documents. The provisions of this Section 7.06 shall remain

operative and in full force and effect regardless of the termination of this Agreement or any other Loan Document, the consummation of the transactions contemplated hereby, the repayment of any of the Loans, the invalidity or unenforceability of any term or provision of this Agreement or any other Loan Document, or any investigation made by or on behalf of the Collateral Agent or any Lender. All amounts due under this Section 7.06 shall be payable on written demand therefor.

SECTION 7.07. GOVERNING LAW. THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.

SECTION 7.08. *Waivers; Amendment.* (a) No failure or delay of the Collateral Agent in exercising any power or right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Collateral Agent hereunder and of the Collateral Agent, the Issuing Bank, the Administrative Agent and the Lenders under the other Loan Documents are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provisions of this Agreement or any other Loan Document or consent to any departure by any Grantor therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) below, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand on any Grantor in any case shall entitle such Grantor or any other Grantor to any other or further notice or demand in similar or other circumstances.

(b) Neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Collateral Agent and the Grantor or Grantors with respect to which such waiver, amendment or modification is to apply, subject to any consent required in accordance with Section 9.02 of the Credit Agreement.

SECTION 7.09. WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS. EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS, AS APPLICABLE, BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 7.09.

SECTION 7.10. *Severability.* In the event any one or more of the provisions contained in this Agreement should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby (it being understood that the invalidity of a particular provision in a particular jurisdiction shall not in and of itself affect the validity of such provision in any other jurisdiction). The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 7.11 *Counterparts.* This Agreement may be executed in two or more counterparts, each of which shall constitute an original but all of which when taken together shall constitute but one contract (subject to Section 7.04), and shall become effective as provided in Section 7.04. Delivery of an executed signature page to this Agreement by facsimile transmission shall be effective as delivery of a manually executed counterpart hereof.

SECTION 7.12. *Headings.* Article and Section headings used herein are for the purpose of reference only, are not part of this Agreement and are not to affect the construction of, or to be taken into consideration in interpreting, this Agreement.

SECTION 7.13. *Jurisdiction; Consent to Service of Process.* (a) Each Grantor hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of any New York State court or Federal court of the United States of America sitting in New York City, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or the other Loan Documents, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that the Collateral Agent, the Administrative Agent, the Issuing Bank or any Lender may otherwise have to bring any action or proceeding relating to this Agreement or the other Loan Documents against any Grantor or its properties in the courts of any jurisdiction.

(b) Each Grantor hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or the other Loan Documents in any New York State or Federal court. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(c) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 7.01. Nothing in this Agreement will affected the right of any party to this Agreement to serve process in any other manner permitted by law.

SECTION 7.14. *Termination.* This Agreement and the Security Interest shall terminate when all the Obligations have been indefeasibly paid in full, the Lenders have no further commitment to lend, the L/C Exposure has been reduced to zero and the Issuing Bank has no further commitment to issue Letters of Credit under the Credit Agreement, at which time the Collateral Agent shall execute and deliver to the Grantors, at the Grantors' expense, all Uniform Commercial Code termination statements and similar documents which the Grantors shall reasonably request to evidence such termination. Any execution and delivery of termination statements or documents pursuant to this Section 7.14 shall be without recourse to or warranty by the Collateral Agent. A Subsidiary Guarantor shall automatically be released from its obligations hereunder and the Security Interest in the Collateral of such Subsidiary Guarantor shall be automatically released in the event that all the capital stock of such Subsidiary Guarantor shall be sold, transferred or otherwise disposed of to a person that is not an Affiliate of the Borrower in accordance with the terms of the Credit Agreement; *provided* that the Required Lenders shall have consented to such sale, transfer or other disposition (to the extent required by the Credit Agreement) and the terms of such consent did not provide otherwise.

SECTION 7.15. *Additional Grantors.* Upon execution and delivery by the Collateral Agent and a Subsidiary of an instrument in the form of Annex 2 hereto, such Subsidiary shall become a Grantor hereunder with the same force and effect as if originally named as a Grantor herein. The execution and delivery of any such instrument shall not require the consent of any Grantor hereunder. The rights and obligations of each Grantor hereunder shall remain in full force and effect notwithstanding the addition of any new Grantor as a party to this Agreement.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

HANGER ORTHOPEDIC GROUP, INC.

by 

Name: Juan R Sebel

Title: Chairman and CEO

THE CHASE MANHATTAN BANK, as
Collateral Agent,

By *Stephen J. [Signature]*
Name: *Stephen J. [Signature]*
Title: *Vice President*

EACH OF THE SUBSIDIARY GUARANTORS
LISTED ON SCHEDULE I HERETO.

by


Name: Victor R. Sabat
Title: Authorized Officer

SUBSIDIARY GUARANTORS

GuarantorAddress

See Schedule 1.01 of the Credit Agreement. The address of each Subsidiary Guarantor is 7700 Old Georgetown Road, Bethesda, Maryland 20814.

SCHEDULE 1.01 GUARANTORS

Hanger Orthopedic Group, Inc., a Delaware corporation ("HOG").
Hanger Prosthetics & Orthotics, Inc., a Delaware corporation ("HPO").
Southern Prosthetic Supply, Inc., a Georgia corporation ("SPS").
Seattle Orthopedic Group, Inc., a Delaware corporation.
OPNET, Inc., a Nevada corporation.
Eugene Teufel & Son Orthotics & Prosthetics, Inc., a Pennsylvania corporation.
HPO Acquisition Corp., a Delaware corporation.
NovaCare Orthotics & Prosthetics, Inc., a Delaware corporation ("NC O&P").
Advanced Orthopedic Technologies, Inc., a Nevada corporation.
Advanced Orthopedic Technologies, Inc., a New York corporation.
NovaCare Orthotics & Prosthetics Holdings, Inc., a Delaware corporation.
NovaCare Orthotics & Prosthetics West, Inc., a California corporation ("NC West").
NovaCare Orthotics & Prosthetics East, Inc., a Delaware corporation ("NC East").
Advanced Orthopedic Technologies (Clayton), Inc., a New Jersey corporation.
Advanced Orthopedic Technologies (Lett), Inc., a West Virginia corporation.
Advanced Orthopedic Technologies (New Jersey), Inc., a New Jersey corporation.
Advanced Orthopedic Technologies (New Mexico), Inc., a New Mexico corporation.
Advanced Orthopedic Technologies (New York), Inc., a New York corporation.
Advanced Orthopedic Technologies (OTI), Inc., a New York corporation.
Advanced Orthopedic Technologies (Parmeco), Inc., a West Virginia corporation.
Advanced Orthopedic Technologies (SFV), Inc., a California corporation.
Advanced Orthopedic Technologies (Virginia), Inc., a Virginia corporation.
Advanced Orthopedic Technologies (West Virginia), Inc., a West Virginia corporation.
Advanced Orthopedic Technologies Management Corp., a New York corporation.
AD Craig Company, a California corporation.
Advance Orthotics, Inc., a Texas corporation.
Advanced Orthopedic Systems, Inc., a California corporation.
Advanced Orthotics and Prosthetics, Inc., a Washington corporation.
Artificial Limb and Brace Center, an Arizona corporation.
Central Valley Prosthetics & Orthotics, Inc., a California corporation.
Certified Orthopedic Appliance Co., Inc. an Arizona corporation.
Fresno Orthopedic Company, a California corporation.
High Desert Institute of Prosthetics and Orthotics, a California corporation.
McFarlen & Associates, Inc., a Texas corporation.
Professional Orthotics and Prosthetics, Inc., a New Mexico corporation.
Professional Orthotics and Prosthetics, Inc. of Santa Fe, a New Mexico corporation.
Progressive Orthopedic, a California corporation.
Robin-Aids Prosthetics, Inc., a California corporation.
Salem Orthopedic & Prosthetic, Inc., an Oregon corporation.
San Joaquin Orthopedic, Inc., a California corporation.
Texoma Health Care Center, Inc., a Texas corporation.
Tucson Limb & Brace, Inc., an Arizona corporation.

American Rehabilitation Systems, Inc., a Georgia corporation.
Atlanta Prosthetics, Inc., a Georgia corporation.
Bowman-Shelton Orthopedic Service, Incorporated, an Oklahoma corporation.
Cahill Orthopedic Laboratory, Inc., a New York corporation.
Dale Clark Prosthetics, Inc., an Iowa corporation.
E.A. Warnick-Pomeroy Co., Inc., a Pennsylvania corporation.
Frank J. Malone & Son, Inc., a Pennsylvania corporation.
J.E. Hanger, Incorporated, a Missouri corporation.
Kroll's, Inc., a Minnesota corporation.
McKinney Prosthetics/Orthotics, Inc., an Illinois corporation.
Meadowbrook Orthopedics, Inc., a Michigan corporation.
Medical Arts O&P Services, Inc., a Wisconsin corporation.
Northland Regional Orthotic and Prosthetic Center, Inc., a Minnesota corporation.
Opus Care, Inc., an Illinois corporation.
Ortho East, Inc., a Massachusetts corporation.
Ortho-Fab Laboratories, Inc., an Illinois corporation.
Orthopedic Appliances, Inc., an Iowa corporation.
Orthopedic Rehabilitative Services, Ltd., an Illinois corporation.
Orthotic & Prosthetic Rehabilitation Technologies, Inc., a Florida corporation.
Orthotic Specialists, Inc., a Michigan corporation.
Orthotic and Prosthetic Associates, Inc., a Massachusetts corporation
 Parent corporation of Rehabilitation Fabrication, Inc., a Massachusetts corporation.
Physical Restoration Laboratories, Inc., an Illinois corporation.
Prosthetics-Orthotics Associates, Inc., an Illinois corporation.
Protech Orthotic and Prosthetic Center, Inc., an Illinois corporation.
Reid Medical System, Inc., a Florida corporation.
Southern Illinois Prosthetic & Orthotic of Missouri, Ltd., a Missouri corporation
Southern Illinois Prosthetic & Orthotic, Ltd., an Illinois corporation.
T.D. Rehab Systems, Inc., a New Jersey corporation.
University Orthotic & Prosthetic Consultants, Ltd., a Pennsylvania corporation.
Mica Corporation, dba M. Collier & Associates, a Washington corporation.

Partnership Interests in the following entities:

A.D. Craig, California
Craig Weymouth Enterprises, California
Orthomedics – Voner (Rancho), California
Orthomedics – Voner (Whittier), California

COPYRIGHTS

None.

LICENSES

Schedule of License Agreements

1. Patent License Agreement between Applied Elastomerics, Incorporated of South San Francisco, California, and Seattle Orthopedic Group, Incorporated of Poulsbo, Washington.
2. Amended and Restated Patent License Agreement and Agreement for Assignment of Tradename and Trademark with Ernest M. Burgess, M.D. and Prosthetics Outreach Foundation.
3. License Agreement with Ernest M. Burgess M.D., d/b/a Prosthetics Research Study.
4. License Agreement with Drew A. Hittenberger.
5. Agreement with John S. Harlan, Bio-Logic Inc.: Bio-Logic Seattle Shapemaker Software Distribution Agreement and Addendum to Software Distribution Agreement.
6. Cross-License with Steeper Europe BVBA.
7. License and Settlement Agreement with Flex-Foot, Inc.
8. License from Stratasys Inc. for techniques for forming objects having complex shapes which are described and claimed in U.S. Patents Nos. 5,121,329 and 5,340,433.
9. License from Board of Regents of the University of Texas for Video Laser Line Detector and Dual Video Laser Line Detector.
10. License from Sabolich Research & Development, Inc. relating to a system and method for providing a sense of touch, pain, heat, cold and proprioception in a prosthetic limb.
11. License from Sabolich Research & Development, Inc. relating to a design of a keel of a foot.

PATENTS

U.S. PATENTS

PATENT NO	ISSUE DATE	EXPIRATION DATE	OWNER	ULTIMATE OWNER ¹
5,800,568	Sept. 1, 1998	02/16/2016	Model & Instrument Development Corporation	Seattle Orthopedic Group, Inc.
5,702,488	Dec. 30, 1997	09/12/2015	Model & Instrument Development Corporation	Seattle Orthopedic Group, Inc.
5,571,212	Nov. 5, 1996	01/10/2015	Model & Instrument Development Corporation	Seattle Orthopedic Group, Inc.
5,571,207	Nov. 5, 1996	09/16/2014	Model & Instrument Development Corporation	Seattle Orthopedic Group, Inc.
5,549,711	Aug. 27, 1996	09/30/2013	Model & Instrument Development Corporation	Seattle Orthopedic Group, Inc.
5,545,231	Aug. 13, 1996	10/11/2014	Model & Instrument Development Corporation	Seattle Orthopedic Group, Inc.
D364,925	Dec. 5, 1995 (Term: 14 years)	12/05/2009	Model & Instrument Development Corporation	Seattle Orthopedic Group, Inc.
5,464,442	Nov. 7, 1995	07/12/2013	Model & Instrument Development Corporation	Seattle Orthopedic Group, Inc.

¹ Documents have been filed in connection with the issued patents but confirmation of recordation in the name of Seattle Orthopedic Group, Inc. has not been received as of 6/30/99.

PATENT NO	ISSUE DATE	EXPIRATION DATE	OWNER	ULTIMATE OWNER
5,466,305	Nov. 19, 1991	11/19/2008	Model & Instrument Development Corporation	Seattle Orthopedic Group, Inc.
4,645,509	Feb. 24, 1987	06/11/2004	Model & Instrument Development Corporation	Seattle Orthopedic Group, Inc.
5,886,775	Mar. 23, 1999	03/12/2017	M+IND (Model & Instrument Development Corporation)	Seattle Orthopedic Group, Inc.
5,891,071	Apr. 6, 1999	12/22/2015	Lenox Hill, a Division of Dobi-Symplex Inc.	Seattle Orthopedic Group, Inc.
5,449,338	Sept. 12, 1995	10/07/2013	Dobi-Symplex Inc.	Seattle Orthopedic Group, Inc.
5,277,697	Jan. 11, 1994	01/11/2011	Hanger Orthopedic Group, Inc.	Seattle Orthopedic Group, Inc.
4,620,532	Nov. 4, 1986	11/04/2003	Dobi-Symplex Inc.	Seattle Orthopedic Group, Inc.
5,252,822	Oct. 12, 1993	09/28/2012	Model & Instrument Development Corporation	Seattle Orthopedic Group, Inc.

U.S. PATENT APPLICATIONS

APPLICATION NO.	FILING DATE	STATUS	EXP. DATE	OWNER	ULTIMATE OWNER
08/939,134	9/29/97	allowed	N/A	Model + Instrument Development Corporation	Seattle Orthopedic Group, Inc.
08/903,529	7/30/97	pending	N/A	Model + Instrument Development Corporation	Seattle Orthopedic Group, Inc.
08/926,171	9/9/97	pending	N/A	Model + Instrument Development Corporation	Seattle Orthopedic Group, Inc.
09/038,357	3/10/98	pending	N/A	Model + Instrument Development Corporation	Seattle Orthopedic Group, Inc.
08/926,172	9/9/97	allowed	N/A	Model + Instrument Development Corporation	Seattle Orthopedic Group, Inc.

2 Documents have not as yet been filed to record the merger and change of name to Seattle Orthopedic Group, Inc.

FOREIGN PATENTS

THE ULTIMATE OWNER OF ALL OF THE FOLLOWING PATENTS WILL BE SEATTLE ORTHOPEDIC GROUP INC. AFTER THE NECESSARY DOCUMENTS HAVE BEEN FILED AND RECORDED AUSTRALIA

IMATERNO	COUNTRY	TITLE	CLIENT	STATUS	SERIALNO	PATENTNO	FILE	ISSUE	ASSIGNEE	EXP. DATE
	Australia	ORIGINAL SEATTLE FOOT		ISSUED	64944/86	594,096	11/07/1986	06/18/1990	Burgess, et al.	11/07/2004
357089/083	Australia	LEG BRACE	Hanger Orthopedic Group, Inc.	PENDING	74116/96		12/04/1996		Lenox Hill, a Division of Dobi-Symplex	N/A
	Australia	PROSTHETIC FOOT HAVING A LOW PROFILE CANTILEVER SPRING HEEL		ISSUED	53080/90	629,922	04/10/1990	02/26/1993	Model & Instrument Development Corp.	04/10/2010

BELGIUM

IMATERNO	COUNTRY	TITLE	CLIENT	STATUS	SERIALNO	PATENTNO	FILE	ISSUE	ASSIGNEE	EXP. DATE
357089/084	Belgium	LEG BRACE	Hanger Orthopedic Group, Inc.	PENDING	09601025		12/09/1996		Lenox Hill, a Division of Dobi-Symplex	N/A

CANADA

IMATERNO	COUNTRY	TITLE	CLIENT	STATUS	SERIALNO	PATENTNO	FILE	ISSUE	ASSIGNEE	EXP. DATE
	Canada	PROSTHETIC FOOT APPARATUS		ISSUED	2,014,250	2,014,250	04/10/1990	10/10/1991	Model & Instr. Dev. Corp.	04/10/2010
	Canada	ANGULAR ADJUSTMENT SYSTEM FOR PYLONPROSTHETIC FOOT		ISSUED	2,160,322	2,160,322	10/11/1995	04/12/1996	M & IND Model & Instr. Dev. Corp.	10/11/2015
	Canada	ORIGINAL SEATTLE FOOT		ISSUED		1,233,003	06/10/1985	02/23/1988	Model & Instr. Dev.	06/10/2005
357089/085	Canada	LEG BRACE	Hanger Orthopedic Group, Inc.	PENDING	2,192,287		12/06/1996		Lenox Hill, a Division of Dobi-Symplex	N/A

TRADEMARK

REEL: 002005 FRAME: 0230

CHINA

IMATERNNO	COUNTRY	TITLE	CLIENT	STATUS	SERIALNO	PATENTNO	FILE	ISSUE	ASSIGNEE	EXP. DATE
357089/086	China	LEG BRACE	Hanger Orthopedic Group, Inc	PENDING	96121485.5		12/06/1996		Lenox Hill, a Division of Dobi-Symplex	N/A

DENMARK

IMATERNNO	COUNTRY	TITLE	CLIENT	STATUS	SERIALNO	PATENTNO	FILE	ISSUE	ASSIGNEE	EXP. DATE
357089/087	Denmark	LEG BRACE	Hanger Orthopedic Group, Inc.	PENDING	1396/96		12/06/1996		Lenox Hill, a Division of Dobi-Symplex	N/A

FRANCE

IMATERNNO	COUNTRY	TITLE	CLIENT	STATUS	SERIALNO	PATENTNO	FILE	ISSUE	ASSIGNEE	EXP. DATE
357C89/096	France	LEG BRACE	Hanger Orthopedic Group, Inc.	PENDING	9704287		12/06/1996		Lenox Hill, a Division of Dobi-Symplex	N/A
357089/088	France	LEG BRACE	Hanger Orthopedic Group, Inc.	PENDING	96 15020		12/06/1996		Lenox Hill, a Division of Dobi-Symplex	N/A

GERMANY

IMATERNNO	COUNTRY	TITLE	CLIENT	STATUS	SERIALNO	PATENTNO	FILE	ISSUE	ASSIGNEE	EXP. DATE
357089/089	Germany	PROSTHETIC LEG PYLON HAVING AN ENCLOSED VOLUME OF LEG BRACE	Hanger Orthopedic Group, Inc.	ISSUED	196 37 173	196 37 173	09/12/1996	4/30/1997	Model & Instr. Dev. Corp.	09/12/2016
	Germany	LEG BRACE	Hanger Orthopedic Group, Inc.	PENDING	19650782.0		12/06/1996		Lenox Hill, a Division of Dobi-Symplex	N/A

GREAT BRITAIN

IMATERNNO	COUNTRY	TITLE	CLIENT	STATUS	SERIALNO	PATENTNO	FILE	ISSUE	ASSIGNEE	EXP. DATE
357089/095	Great Britain	PROSTHETIC LEG PYLON HAVING AN ENCLOSED VOLUME OF LEG BRACE	Hanger Orthopedic Group, Inc.	ISSUED	9618955.0	2 305 126	09/11/1996	04/2/1997	Model & Instr. Dev. Corp.	09/11/2016
	Great Britain	LEG BRACE	Hanger Orthopedic Group, Inc.	PENDING	9625061.8		12/02/1996		Lenox Hill, a Division of Dobi-Symplex	N/A

TRADEMARK

HONG KONG

IMATERNO	COUNTRY	TITLE	CLIENT	STATUS	SERIALNO	PATENTNO	FILE	ISSUE	ASSIGNEE	EXP. DATE
359089/110	Hong Kong	LEG BRACE	Hanger Orthopedic Group, Inc	PENDING	98103653 9		03/05/1999		Lenox Hill, a Division of Dobi-Symplex	N/A

ITALY

IMATERNO	COUNTRY	TITLE	CLIENT	STATUS	SERIALNO	PATENTNO	FILE	ISSUE	ASSIGNEE	EXP. DATE
357089/090	Italy	LEG BRACE	Hanger Orthopedic Group, Inc	PENDING	TO996A0009 91		12/06/1996		Lenox Hill, a Division of Dobi-Symplex	N/A

JAPAN

IMATERNO	COUNTRY	TITLE	CLIENT	STATUS	SERIALNO	PATENTN	FILE	ISSUE	ASSIGNEE	EXP. DATE
357089/091	Japan	LEG BRACE	Hanger Orthopedic Group, Inc	PENDING	8-328832		12/09/1996		Dobi-Symplex	N/A
357089/023	Japan	ADJUSTMENT DEVICE FOR AN ARTICULATED JOINT BRACE	Hanger Orthopedic Group, Inc	ISSUED	245631/ 1983	1390232	12/28/1983		Lenox Hill, a Division of Dobi-Symplex	12/28/2003

NETHERLANDS

IMATERNO	COUNTRY	TITLE	CLIENT	STATUS	SERIALNO	PATENTN	FILE	ISSUE	ASSIGNEE	EXP. DATE
357089/092	Netherlands	LEG BRACE	Hanger Orthopedic Group, Inc	ISSUED	1004716	1004716	12/06/1996	07/20/1998	Lenox Hill, a Division of Dobi-Symplex	12/06/2016

NORWAY

IMATERNO	COUNTRY	TITLE	CLIENT	STATUS	SERIALNO	PATENTN	FILE	ISSUE	ASSIGNEE	EXP. DATE
357089/093	Norway	LEG BRACE	Hanger Orthopedic Group, Inc	PENDING	P965208		12/05/1996		Lenox Hill, a Division of Dobi-Symplex	N/A

SPAIN

IMATTERNO	COUNTRY	TITLE	CLIENT	STATUS	SERIALNO	PATENTN	FILE	ISSUE	ASSIGNEE	EXP. DATE
357089/029	Spain	ORTHOPEDIC APPLIANCE	Hanger Orthopedic Group, Inc.	ISSUED	U9602391	1026337	09/6/1993	8/22/1994	Dobi-Symplex, Inc.	09/06/2013

SWEDEN

IMATTERNO	COUNTRY	TITLE	CLIENT	STATUS	SERIALNO	PATENTN	FILE	ISSUE	ASSIGNEE	EXP. DATE
357089/094	Sweden	LEG BRACE	Hanger Orthopedic Group, Inc.	PENDING	9604451-6		12/03/1996		Lenox Hill, a Division of Dobi-Symplex	N/A

PCT

IMATTERNO	COUNTRY	TITLE	CLIENT	STATUS	SERIALNO	PATENTN	FILE	ISSUE	ASSIGNEE	EXP. DATE
	PCT	PROSTHETIC PYLON HAVING UNIFORM FLEXTURE ...			WO 9608216		09/15/1995		M & IND Model & Instr. Dev. Corp.	N/A

EUROPEAN PATENT

IMATTERNO	COUNTRY	TITLE	CLIENT	STATUS	SERIALNO	PATENTN	FILE	ISSUE	ASSIGNEE	EXP. DATE
	European Patent	PROSTHETIC PYLON HAVING UNIFORM ...		ISSUED	95/934423	729326	9/15/1995	09/4/1996	M & IND Model & Instr. Dev. Corp.	09/15/2015
	European Patent	ANGULAR ADJUSTMENT SYSTEM FOR PYLON ...		ISSUED	95/116053	707840	10/11/1995	4/24/1996	M & IND Model & Instr. Dev. Corp.	10/11/2015
	European Patent			ISSUED	94/928171.1	720456	09/20/1994	7/10/1996	M & IND Model & Instr. Dev. Corp.	09/20/2014

TRADEMARK

TRADEMARKS

U.S. TRADEMARKS

TRADEMARK	OWNER	LEGAL OWNER	REG. APP. NO.	REG. FILING DATE	EXP. DATE	GOODS
SEATTLE ORTHOPEDIC GROUP	Seattle Orthopedic Group, Inc.	Seattle Orthopedic Group, Inc.	75-660,098	03/15/1999	N/A	custom manufacturing services, namely, modifying or fabricating prostheses and orthopedic devices to meet requirements of specific patients educational services, namely, conducting classes in the field of prosthetic and orthopedic device use, installation, operation, and distributing course materials in connection therewith; training in the use of tools for manufacturing prostheses and orthopedic devices; and training in the use of computer software for use in connection with manufacturing, operating, installing and using prostheses and orthopedic devices

Documents have been filed, except for the marks LHM CUSTOM 2 and ORTHO-MOJLD, but confirmation of recordation in the name of Seattle Orthopedic Group, Inc. has not been received as of 6/30/98

TRADEMARK	OWNER	CLAIMANT OWNER	REG. APP. NO.	REG. FILING DATE	EXP. DATE	GOODS
SEATTLE ORTHOPEDIC SYSTEMS	Seattle Orthopedic Group, Inc.	Seattle Orthopedic Group, Inc.	75-659,891	03/15/1999	N/A	Class 10 custom prostheses, namely, limbs, hands, digits, joints and feet; and custom orthopedic devices, namely, belts, braces, sleeves, joint implants and surgical implants
VOYAGER	Model & Instrument Development Corporation	Seattle Orthopedic Group, Inc.	75-410,187	12/23/1997	N/A	prostheses, namely limbs, joints and feet
SEATTLE DISTANCE	Model & Instrument Development Corporation	Seattle Orthopedic Group, Inc.	2,221,591	02/02/1999	02/02/2009	prostheses, namely limbs, joints and feet
	Model & Instrument Development Corporation	Seattle Orthopedic Group, Inc.	2,131,121	01/20/1998	01/20/2008	ankle prostheses

TRADE MARK	OWNER	CLAIMANT OWNER	REGISTRATION NO.	REGISTRATION DATE	EXP. DATE	GOODS
SEATTLE SELECT	Model & Instrument Development Corporation	Seattle Orthopedic Group, Inc.	2,110,992	11/04/1992	11/04/2007	prosthetic devices, namely pylons and ankles
SEATTLE AIRSTANCE	Model & Instrument Development Corporation	Seattle Orthopedic Group, Inc.	2,052,514	04/15/1997	04/15/2007	shock absorbing prosthetic devices
SEATTLE NATURAL FOOT	Model & Instrument Development Corporation	Seattle Orthopedic Group, Inc.	2,046,993	03/25/1997	03/25/2007	foot prostheses
SEATTLE LIGHT FOOT	Model & Instrument Development Corporation	Seattle Orthopedic Group, Inc.	1,778,816	06/29/1993	6/29/2003	lower limb prosthetic device

TRADEMARK	OWNER	CLAIMANT OWNER	REG. APP. NO.	REG. FILING DATE	EXP. DATE	GOODS
SEATTLE MIND DESIGN	Model & Instrument Development Corporation	Seattle Orthopedic Group, Inc.	1,730,863	11/10/1992	11/10/2002	computer aided design software program for medical applications; namely, facial reconstruction surgery, wheelchair seating, custom shoes and/or orthopedic devices; and instruction manuals sold as a unit
MODEL & INSTRUMENT DEVELOPMENT	Model & Instrument Development Corporation	Seattle Orthopedic Group, Inc.	1,730,062	09/29/1992	09/29/2002	prosthetic devices; namely, lower limb prostheses and parts thereof, providing design and engineering consultation services for designing, prototyping, modeling and manufacturing of products;

TRADE MARK	OWNER	INITIAL OWNER	REG. APP. NO.	REG. FILING DATE	EXP. DATE	GOODS
MODEL INSTRUMENT DEVELOPMENT	Model & Instrument Development Corporation	Seattle Orthopedic Group, Inc.	1,665,445	11/19/1991	11/19/2001	lower limb prostheses and associated prosthetic components
CHILD'S PLAY	Model & Instrument Development Corporation	Seattle Orthopedic Group, Inc.	1,492,075	06/14/1988	06/14/2008	prosthetic devices, namely, an artificial foot
SEATTLE LIMB SYSTEMS & Design	Model & Instrument Development Corporation	Seattle Orthopedic Group, Inc.	75-410,186	12/23/1997	12/23/2007	prostheses, namely, limbs, joints and feet

TRADEMARK	OWNER	UTILITIY OWNER	REG. APP. NO.	REG. FILING DATE	EXP. DATE	GOODS
SEATTLE LIMB SYSTEMS (Stylized)	Model A Instrument Development Corporation	Seattle Orthopedic Group, Inc.	75-499,987	12-23-1997	12-23-2007	training services, in the use, installation and operation of prostheses, manufacturing tools for prostheses and computer software in connection with prostheses
LENOX HILL (Stylized)	Dohi-Symplex, Inc.	Seattle Orthopedic Group, Inc.	2,164,013	06/09/1998	06/09/2008	educational services, namely, conducting classes in the field of prosthetic use, installation and operation, and distributing course materials in connection therewith; training in the use of tools for the manufacturing of prostheses; training in the use of computer software for use in connection with prostheses; orthopedic braces

LEAD MARK	OWNER	LEGAL OWNER	REG. APP. NO.	REG. FILING DATE	EXP. DATE	GOODS
CHARLESTON BRIDGE BRACKET	Dohi-Simplex Inc.	Seattle Orthopedic Group, Inc.	2,101,826	06/30/1997	06/30/2007	orthotic appliance apparatus for the treatment of scoliosis
LENON III I	Dohi-Simplex, Inc.	Seattle Orthopedic Group, Inc.	2,026,381	12/31/1996	12/31/2006	orthopedic leg braces
CHARLESTON DESIGN	Dohi-Simplex, Inc.	Seattle Orthopedic Group, Inc.	1,979,443	06/11/1996	06/11/2006	orthotic appliance apparatus for the treatment of scoliosis
LENON III L	Dohi-Simplex, Inc.	Seattle Orthopedic Group, Inc.	957,912	04/24/1973	04/24/2003	leg braces
LENON III 2	Hanger Orthopedic Group Inc.	Seattle Orthopedic Group, Inc.	2,223,914	02/16/1999	02/16/2009	orthopedic braces, orthotics used for legs and knees, and related medical apparatuses sold therewith

REGISTERED MARK	OWNER	CLAIMANT OWNER	REG. APP. NO.	REG. FILING DATE	EXP. DATE	GOODS
OPTEL	Hanger Orthopedic Group, Inc.	Hanger Orthopedic Group, Inc.	2,047,961	08/11/1997	08/11/2007	healthcare services in the fields of orthotics and prosthetics by a network of preferred providers; business management and consulting services rendered to a network of preferred providers of orthotics and prosthetics; administration of preferred provider plans in the field of orthotics and prosthetics
ORTHOPEDIC GROUP HANGER (Stylized)	Hanger Orthopedic Group, Inc.	Hanger Orthopedic Group, Inc.	1,911,834	08/15/1995	08/15/2005	custom manufacture and fitting of prosthetic and orthotic devices
SPS & Design	J. E. Hanger, Inc. Of Ga.	Southern Prosthetics Supply, Inc.	1,520,220	01/10/1989	01/10/2009	making prosthetic and orthotic devices and appliances to order, and distributorship services in the field of prosthetic and orthotic devices, appliances and related supplies

TRADEMARK	OWNER	ULTIMATE OWNER	REG. APP. NO.	REG. FILING DATE	INT. DATE	GOODS
DI PROLATION	Dabo Splex, Inc.	Seattle Orthopedic Group, Inc.	1,114,730	05/06/1980	05/06/2000	leg. braces
ORLHO-MOLD	J.L. Hanger, Inc. (document filed to change name to Southern Prosthetics Supply, Inc.)	Seattle Orthopedic Group, Inc.	1,412,186	10/07/1986	10/07/2006	orthopedic braces
SCOTT CRAIG	Scott Orthopedics, Inc.	Hanger Prosthetics and Orthotics	1,369,983	11/12/1985	11/12/2005	parapalegic bracing
CASH	Ralph Storms, Inc.	Seattle Orthopedic Group, Inc.	1,375,699	12/17/1985	12/17/2005	anterior hyperextension thoracic orthosis

FOREIGN TRADEMARKS

THE ULTIMATE OWNER OF ALL OF THE FOLLOWING TRADEMARKS WILL BE STAFFLE ORTHOPEDIC GROUP, INC. AFTER THE NECESSARY DOCUMENTS HAVE BEEN FILED AND RECORDED.

ARGENTINA

MATTERNO	MARK	COUNTRY	OWNER	STATUS	APPNO	REGNO	FILE	REG	EXP. DATE
03660	DEROTATION	Argentina	Dobi-Symplex, Inc.	REGISTERED	2 164 107	1,303,375	07/20/1998	08/08/1988	08/08/2008

AUSTRALIA

MATTERNO	MARK	COUNTRY	OWNER	STATUS	APPNO	REGNO	FILE	REG	EXP. DATE
03664	LENOX HILL	Australia	Dobi-Symplex, Inc.	REGISTERED		A382,014		10/05/1982	05/10/2004
357089/060	CHARLESTON LOGO	Australia	Dobi-Symplex, Inc.	REGISTERED	A656062	656,062	03/20/1995	08/06/1997	03/20/2006
07608	CHARLESTON BENDING BRACE	Australia	Dobi-Symplex, Inc.	REGISTERED	A656063	656,063	03/20/1995	10/30/1996	03/20/2003
06708	LENOX HILL DEROTATION	Australia	Dobi-Symplex, Inc.	REGISTERED		A483477		03/16/1988	03/16/2009

AUSTRIA

MATTERNO	MARK	COUNTRY	OWNER	STATUS	APPNO	REGNO	FILE	REG	EXP. DATE
03663	DEROTATION	Austria	Dobi-Symplex, Inc.	REGISTERED		107,469		11/27/1984	11/27/2004
03662	LENOX HILL	Austria	Dobi-Symplex, Inc.	REGISTERED		101,697		01/18/1983	01/18/2003

BENELUX

MATERNNO	MARK	COUNTRY	OWNER	STATUS	APPNO	REGNO	FILE	REG	EXP. DATE
07592	CHARLESTON LOGO	Benelux	Dobi-Symplex, Inc.	REGISTERED	844.835	572.216	03/22/1995	03/22/1995	03/22/2005
03665	DEROTATION	Benelux	Dobi-Symplex, Inc.	REGISTERED		397.332		03/12/1984	03/12/2004
03666	LENOX HILL	Benelux	Dobi-Symplex, Inc.	REGISTERED		384.208		10/08/1982	10/08/2002
07591	CHARLESTON BENDING BRACE	Benelux	Dobi-Symplex, Inc.	REGISTERED	844.834	572.215	03/22/1995	03/22/1995	03/22/2005

BRAZIL

MATERNNO	MARK	COUNTRY	OWNER	STATUS	APPNO	REGNO	FILE	REG	EXP. DATE
03668	LENOX HILL	Brazil	Dobi-Symplex, Inc.	REGISTERED		810993228		02/14/1984	02/14/2004
03667	DEROTATION	Brazil	Dobi-Symplex, Inc.	REGISTERED		811533603		07/23/1985	07/22/2005

CANADA

MATERNNO	MARK	COUNTRY	OWNER	STATUS	APPNO	REGNO	FILE	REG	EXP. DATE
03669	DEROTATION	Canada	Dobi-Symplex, Inc.	REGISTERED		293.332		07/20/1984	07/20/2014
08446	ORTHO-MOLD	Canada	J. E. Hanger, Inc.	REGISTERED	559.023	334.839	03/14/1986	12/04/1987	12/04/2002
03670	LENOX HILL	Canada	Dobi-Symplex, Inc.	REGISTERED		286.920		01/13/1984	01/13/2014

FRANCE

MATTERNO	MARK	COUNTRY	OWNER	STATUS	APPNO	REGNO	FILE	REG	EXP. DATE
07684	CHARLESTON DESIGN	France	Dobi-Symplex, Inc	REGISTERED	95/563592	95563592	03/20/1995	08/25/1995	03/20/2005
07695	CHARLESTON BENDING BRACE	France	Dobi-Symplex, Inc	REGISTERED	95/563591	9556391	03/20/1995	08/25/1995	03/20/2005
03671	DEROTATION	France	Dobi-Symplex, Inc.	REGISTERED		1,264,200		03/05/1984	03/04/2004
03672	LENOX HILL	France	Dobi-Symplex, Inc	REGISTERED		1,214,751		10/06/1982	10/06/2002
08448	ORTHO-MOLD	France	BRUNSWICK MEDICAL CORPORATION	REGISTERED	102,135	1,508,144	01/11/1989	01/11/1989	01/11/2009

GERMANY

MATTERNO	MARK	COUNTRY	OWNER	STATUS	APPNO	REGNO	FILE	REG	EXP. DATE
07631	CHARLESTON LOGO	Germany	Dobi-Symplex, Inc	REGISTERED	395 13 634.2	395 13 634	03/10/1995	03/08/1996	03/10/2005
07632	CHARLESTON BENDING BRACE	Germany	Dobi-Symplex, Inc	REGISTERED	395 13 626.1	395 13 626	03/29/1995	03/14/1996	03/29/2005
03673	LENOX HILL	Germany	Dobi-Symplex, Inc	REGISTERED		1,050,618		07/06/1983	10/06/2002
03674	LENOX HILL DEROTATION	Germany	Dobi-Symplex, Inc	REGISTERED		1,078,175		06/14/1985	12/20/2004
08447	ORTHO-MOLD	Germany	J. E. Hanger, Inc.	REGISTERED	B86270/10WZ	1,159,973	12/21/1988	12/21/1988	12/21/2008

GREAT BRITAIN

MATTERNO	MARK	COUNTRY	OWNER	STATUS	APPNO	REGNO	FILE	REG	EXP. DATE
05036	LENOX HILL DEROTATION	Great Britain	Dobi-Symplex, Inc.	REGISTERED		B1,252,681		10/22/1985	10/22/2006
07596	CHARLESTON	Great Britain	Dobi-Symplex, Inc.	REGISTERED	2015610	2015610	03/25/1995	03/08/1996	03/25/2005
03675	LENOX HILL	Great Britain	Dobi-Symplex, Inc	REGISTERED		B1182804		10/04/1982	10/04/2003

ITALY

MATTERNO	MARK	COUNTRY	OWNER	STATUS	APPNO	REGNO	FILE	REG	EXP. DATE
03676	LENOX HILL	Italy	Dobi-Symplex, Inc.	REGISTERED		404,069		02/17/1986	10/21/2002
04946	DEROTATION	Italy	Dobi-Symplex, Inc.	REGISTERED		501255		03/30/1984	03/30/2004

JAPAN

MATTERNO	MARK	COUNTRY	OWNER	STATUS	APPNO	REGNO	FILE	REG	EXP. DATE
03677	DEROTATION	Japan	Dobi-Symplex, Inc.	REGISTERED		1,913,059		11/27/1986	11/27/2006
06710	LENOX HILL	Japan	Dobi-Symplex, Inc.	REGISTERED	87564/82	2,368,269		12/25/1991	12/25/2001

SPAIN

MATTERNO	MARK	COUNTRY	OWNER	STATUS	APPNO	REGNO	FILE	REG	EXP. DATE
07944	CHARLESTON	Spain	Dobi-Symplex, Inc.	REGISTERED	1,753,733	1,753,733	03/31/1993	12/03/1993	03/31/2003
07976	CHARLESTON LOGO	Spain	Dobi-Symplex, Inc.	REGISTERED	1995186	1,995,186	11/10/1995	04/03/1996	11/10/2000
06893	CHARLESTON BENDING BRACE	Spain	Dobi-Symplex, Inc.	REGISTERED	1788619	1,788,619	11/10/1993	04/08/1996	11/10/2003

SWEDEN

MATTERNO	MARK	COUNTRY	OWNER	STATUS	APPNO	REGNO	FILE	REG	EXP. DATE
07605	CHARLESTON LOGO	Sweden	Dobi-Symplex, Inc.	REGISTERED	9503465	308533	03/23/1995	02/09/1996	02/09/2006

SWITZERLAND

MATERNO	MARK	COUNTRY	OWNER	STATUS	APPNO	REGNO	FILE	REG	EXP. DATE
03679	LENOX HILL DEROTATION	Switzerland	Dobi-Symplex Inc.	REGISTERED		334 862		12/14/1984	10/31/2004
03678	LENOX HILL	Switzerland	Dobi-Symplex, Inc.	REGISTERED		321 859		05/21/1983	01/06/2002

TAIWAN

MATERNO	MARK	COUNTRY	OWNER	STATUS	APPNO	REGNO	FILE	REG	EXP. DATE
03681	LENOX HILL	Taiwan	Dobi-Symplex, Inc.	REGISTERED		337951		09/01/1986	09/01/2006
03680	DEROTATION	Taiwan	Dobi-Symplex, Inc.	REGISTERED		337952		09/01/1986	09/01/2006

{Form Of}
PERFECTION CERTIFICATE

See Exhibit C to the Credit Agreement.

SUPPLEMENT NO. [] dated as of _____, to the Security Agreement dated as of June 16, 1999, among Hanger Orthopedic Group, Inc., a Delaware corporation (the "*Borrower*"), each subsidiary of the Borrower listed on Schedule I thereto (each such subsidiary individually a "*Subsidiary Guarantor*" and collectively the "*Subsidiary Guarantors*"; the Subsidiary Guarantors, Holdings and the Borrower are referred to collectively herein as the "*Grantors*") and THE CHASE MANHATTAN BANK, a New York banking corporation ("*Chase*"), as collateral agent (in such capacity, the "*Collateral Agent*") for the Secured Parties (as defined herein).

A. Reference is made to (a) the Credit Agreement dated as of June 16, 1999 (as amended, supplemented or otherwise modified from time to time, the "*Credit Agreement*"), among the Borrower, the lenders from time to time party thereto (the "*Lenders*"), Bankers Trust Company, as syndication agent (in such capacity, the "*Syndication Agent*"), Paribas as documentation agent (in such capacity, the "*Documentation Agent*"), Chase, as administrative agent for the Lenders (in such capacity, the "*Administrative Agent*") and Collateral Agent (and together with the Administrative Agent, the Syndication Agent and the Documentation Agent, the "*Agents*") and The Chase Manhattan Bank Delaware, as issuing bank (in such capacity, the "*Issuing Bank*") and (b) the Guarantee Agreement dated as of June 16, 1999 (as amended, supplemented or otherwise modified from time to time, the "*Guarantee Agreement*"), among the Subsidiary Guarantors and the Collateral Agent.

B. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Security Agreement and the Credit Agreement.

C. The Grantors have entered into the Security Agreement in order to induce the Lenders to make Loans and the Issuing Bank to issue Letters of Credit. Section 7.15 of Security Agreement provides that additional Subsidiaries of the Borrower may become Grantors under the Security Agreement by execution and delivery of an instrument in the form of this Supplement. The undersigned Subsidiary (the "*New Grantor*") is executing this Supplement in accordance with the requirements of the Credit Agreement to become a Grantor under the Security Agreement in order to induce the Lenders to make additional Loans and the Issuing Bank to issue additional Letters of Credit and as consideration for Loans previously made and Letters of Credit previously issued.

Accordingly, the Collateral Agent and the New Grantor agree as follows:

SECTION 1. In accordance with Section 7.15 of the Security Agreement, the New Grantor by its signature below becomes a Grantor under the Security Agreement with the same force and effect as if originally named therein as a Grantor and the New Grantor hereby (a) agrees to all the terms and provisions of the Security Agreement applicable to it as a Grantor thereunder and (b) represents and warrants that the representations and warranties made by it as a Grantor thereunder are true and correct on and as of the date hereof. In furtherance of the foregoing, the New Grantor, as security for the payment and performance in full of the Obligations (as defined in the Security Agreement), does hereby create and grant to the Collateral Agent, its successors and assigns, for the benefit of the Secured Parties, their successors and assigns, a security interest in and lien on all of the New Grantor's right, title and interest in and to the Collateral (as defined in the Security Agreement) of the New Grantor. Each reference to a "Grantor" in the Security Agreement shall be deemed to include the New Grantor. The Security Agreement is hereby incorporated herein by reference.

SECTION 2. The New Grantor represents and warrants to the Collateral Agent and the other Secured Parties that this Supplement has been duly authorized, executed and delivered by it and constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms.

SECTION 3. This Supplement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Supplement shall become effective when the

Collateral Agent shall have received counterparts of this Supplement that, when taken together, bear the signatures of the New Grantor and the Collateral Agent. Delivery of an executed signature page to this Supplement by facsimile transmission shall be as effective as delivery of a manually signed counterpart of this Supplement.

SECTION 4. The New Grantor hereby represents and warrants that (a) set forth on Schedule I attached hereto is a true and correct schedule of the location of any and all Collateral of the New Grantor and (b) set forth under its signature hereto, is the true and correct location of the chief executive office of the New Grantor.

SECTION 5. Except as expressly supplemented hereby, the Security Agreement shall remain in full force and effect.

SECTION 6. THIS SUPPLEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

SECTION 7. In case any one or more of the provisions contained in this Supplement should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and in the Security Agreement shall not in any way be affected or impaired thereby (it being understood that the invalidity of a particular provision in a particular jurisdiction shall not in and of itself affect the validity of such provision in any other jurisdiction). The parties hereto shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 8. All communications and notices hereunder shall be in writing and given as provided in Section 7.01 of the Security Agreement. All communications and notices hereunder to the New Grantor shall be given to it at the address set forth under its signature below.

SECTION 9. The New Grantor agrees to reimburse the Collateral Agent for its reasonable out-of-pocket expenses in connection with this Supplement, including the reasonable fees, other charges and disbursements of counsel for the Collateral Agent.

IN WITNESS WHEREOF, the New Grantor and the Collateral Agent have duly executed this Supplement to the Security Agreement as of the day and year first above written.

[Name Of New Grantor],

by

Name:
Title:
Address:

THE CHASE MANHATTAN BANK, as
Collateral Agent,

by

Name:
Title:

LOCATION OF COLLATERAL

Description

Location