

Form PTO-1594
(Rev. 10/02)

OMB No. 0651-0027 (exp. 6/30/2005)

RECORDATION FORM COVER SHEET TRADEMARKS ONLY

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

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

1. Name of conveying party(ies):

Phyton Biotech, Inc.

- Individual(s)
- General Partnership
- Corporation-State Texas
- 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 30, 2004

2. Name and address of receiving party(ies)

Name: Bank of America, N.A.

Internal

Address:

Street Address: 231 S. LaSalle Street, 8th Floor

City: Chicago State: IL Zip: 60697

- Individual(s) citizenship
- Association
- General Partnership
- Limited Partnership
- Corporation-State
- Other national banking association

If assignee is not domiciled in the United States, a domestic representative designation is attached: Yes No
(Designations must be a separate document from assignment)
Additional name(s) & address(es) attached? Yes No

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

A. Trademark Application No.(s) 76/233,531
76/011,403

B. Trademark Registration No.(s) 2,247,925 2,620,561
2,249,879

Additional number(s) attached Yes No

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

Name: Jeffrey M. Becker

Internal Address: Haynes and Boone, LLP

Street Address: 901 Main Street, Suite 3100

City: Dallas State: TX Zip: 75202

6. Total number of applications and registrations involved: 5

7. Total fee (37 CFR 3.41).....\$ 140.00

- Enclosed
- Authorized to be charged to deposit account

8. Deposit account number:

08-1394

DO NOT USE THIS SPACE

9. Signature.

Jeffrey M. Becker
Name of Person Signing


Signature

8/10/04
Date

Total number of pages including cover sheet, attachments, and document: 43

Mail documents to be recorded with required cover sheet information to:
Mail Stop Assignment Recordation Services, Director of the United States Patent and Trademark Office
P.O. Box 1450, Alexandria, VA 22313-1450

CH \$140.00 081394 76233531

AMENDED AND RESTATED PLEDGE, ASSIGNMENT, AND SECURITY AGREEMENT

(Borrower and Subsidiaries)

THIS AMENDED AND RESTATED PLEDGE, ASSIGNMENT, AND SECURITY AGREEMENT (this "*Security Agreement*") is executed as of July 30, 2004, by PHYTON BIOTECH, INC., a Texas corporation ("*Debtor*"), whose address is 3909 Hulen Street, Fort Worth, Texas 76107, and BANK OF AMERICA, N.A., a national banking association (in its capacity as "*Collateral Agent*" for the Creditors (hereafter defined)), as "*Secured Party*," whose address is 231 S. LaSalle Street, 8th Floor, Chicago, IL 60697.

RECITALS

A. DFB Pharmaceuticals, Inc. ("*Borrower*"), Bank of America, N.A., as Administrative Agent (including its permitted successors and assigns in such capacity, the "*Administrative Agent*"), and the Lenders now or hereafter party to that certain Credit Agreement (including their respective successors and permitted assigns, the "*Lenders*") are concurrently herewith entering into an Amended and Restated Revolving Credit Agreement dated as of July 30, 2004 (as amended, modified, supplemented, or restated from time to time, the "*Credit Agreement*"), which Credit Agreement amends and restates the Existing Credit Agreement (as that term is described and defined in the Credit Agreement).

B. To assure payment and performance of the obligations under the Existing Credit Agreement, certain entities executed Security Agreements (including without limitation, the agreements on *Schedule I*, the "*Existing Security Agreements*").

C. Debtor is concurrently herewith entering into that certain Note Purchase Agreement dated as of July 30, 2004 (as amended, modified, supplemented or restated from time to time, the "*Senior Note Agreement*") with each of the purchasers listed on Schedule A thereto (including their respective successors and permitted assigns, the "*Senior Noteholders*") under and pursuant to which Debtor will issue \$45,000,000 in aggregate principal amount of its Floating Rate Secured Senior Notes due July 30, 2011 (the "*Senior Notes*").

D. The Administrative Agent, the initial Lenders, the initial Senior Noteholders, and Secured Party are concurrently herewith entering into, and Debtor and its Subsidiaries, are concurrently herewith acknowledging, that certain Intercreditor and Collateral Agency Agreement dated as of July 30, 2004 (the "*Intercreditor Agreement*") for the purpose of agreeing that the Obligation (as defined in the Credit Agreement) and the obligations of the Debtor under the Senior Note Agreement and the Senior Notes (the "*Senior Note Obligations*"); the Obligation and the Senior Note Obligation being hereinafter referred to as the "*Secured Obligations*") will be secured *pari passu* pursuant to the Security Documents (hereinafter defined) and the Existing Guaranties (hereinafter defined) and appointing Bank of America, N.A. as collateral agent on behalf of the Creditors on the terms set forth therein.

E. In connection with the execution of, and as a condition of the effectiveness of, the Credit Agreement, the Existing Security Agreements are required to be (and are hereby) amended and restated in their entirety.

F. In addition, as a condition of the effectiveness of the Credit Agreement and the Senior Note Agreement, certain additional entities are required to execute a Security Agreement.

G. This Security Agreement is integral to the transactions contemplated by the Loan Documents (as defined in the Intercreditor Agreement) and the Senior Note Documents (as defined in the Intercreditor Agreement), and the execution and delivery hereof, is a condition precedent to Lenders' obligations to extend credit under the Loan Documents and to the Senior Noteholder's obligations to purchase and pay for the Senior Notes.

ACCORDINGLY, for valuable consideration, the receipt and adequacy of which are hereby acknowledged, Debtor and Secured Party hereby agree as follows:

1. [Intentionally Omitted]

2. **CERTAIN DEFINITIONS.** Unless otherwise defined herein, or the context hereof otherwise requires, each term defined in either of the Intercreditor Agreement or in the UCC is used in this Security Agreement with the same meaning; *provided that*, if the definition given to such term in the Intercreditor Agreement conflicts with the definition given to such term in the UCC, the Intercreditor Agreement definition shall control to the extent legally allowable; and if any definition given to such term in *Chapter 9* of the UCC conflicts with the definition given to such term in any other chapter of the UCC, the *Chapter 9* definition shall prevail. As used herein, the following terms have the meanings indicated:

Agents shall have the meaning set forth in the Credit Agreement

Authorizations means all material filings, recordings and registrations with, and all material validations or exemptions, approvals, orders, authorizations, consents, franchises, licenses, certificates and permits from, any Governmental Authority.

Borrowings shall have the meaning set forth in the Credit Agreement.

Closing Date means July 30, 2004.

Collateral has the meaning set forth in *Paragraph 4* hereof.

Collateral Notes has the meaning set forth in *Paragraph 4* hereof.

Collateral Note Security has the meaning set forth in *Paragraph 4* hereof.

Control Agreement means, with respect to any Collateral consisting of investment property, Deposit Accounts, electronic chattel paper, and letter-of-credit rights, an agreement evidencing that Secured Party has "*control*" (as defined in the UCC) of such Collateral.

Copyrights has the meaning set forth in *Paragraph 4* hereof.

Default Rate shall have the meaning set forth in the Credit Agreement.

Deposit Accounts has the meaning set forth in *Paragraph 4* hereof.

Distribution for any Person means, with respect to any shares of any capital stock, membership interests, or any other equity securities issued by that Person, (a) the retirement, redemption, purchase, or other acquisition for value of any securities, (b) the declaration or payment of any dividend or other distribution on or with respect to any such securities, and (c) any other payment by that Person with respect to those securities.

Galderma Inventory means any unique inventory used solely to manufacture products for Galderma Laboratories, L.P.

Governmental Authority means any (a) local, state, municipal, or federal judicial, executive or legislative instrumentality, (b) private arbitration board or panel, or (c) central bank.

Intellectual Property has the meaning set forth in *Paragraph 4* hereof.

Laws means all applicable statutes, laws, treaties, ordinances, tariff requirements, rules, regulations, orders, writs, injunctions, decrees, judgments, opinions, or interpretations of any Governmental Authority.

LC has the meaning set forth in the Credit Agreement.

Loan Parties has the meaning set forth in the Credit Agreement.

Lenders has the meaning set forth in Recital A hereof.

Material Adverse Event means either (a) Material Adverse Event as defined in the Credit Agreement as in effect on the date hereof or (b) any set of one or more circumstances or events that, individually or in the aggregate, would reasonably be expect to have a Material Adverse Effect as defined in the Senior Note Agreement.

Material Agreements has the meaning set forth in *Paragraph 4* hereof.

Obligation means, collectively, (a) the "*Secured Obligations*" and (b) all indebtedness, liabilities, and obligations of Debtor arising under this Security Agreement or any Existing Guaranty or other guaranties assuring payment of the Secured Obligations; it being the intention and contemplation of Debtor and Secured Party that future advances will be made by one or more Creditors to Debtor for a variety of purposes, that Debtor may guarantee (or otherwise become directly or contingently obligated with respect to) the obligations of others to Secured Party or to one or more Creditors, that from time to time overdrafts of Debtor's accounts with one or more Creditors may occur, and that one or more Creditors may from time to time acquire from others obligations of Debtor to such others, and that payment and repayment of all of the foregoing are intended to and shall be part of the Obligation secured hereby. The Obligation shall include, without limitation, future, *as well as* existing, advances, indebtedness, liabilities, and obligations owed by Debtor to Secured Party or to any Creditor arising under the Loan Documents, the Senior Note Documents, the Intercreditor Agreement or otherwise.

Obligor means any Person obligated with respect to any of the Collateral, whether as an account debtor, obligor on an instrument, issuer of securities, or otherwise.

Other Intellectual Property Collateral has the meaning set forth in *Paragraph 4* hereof.

Partnerships means (a) those partnerships and limited liability companies listed on *Annex B-1* attached hereto and incorporated herein by reference, as such partnerships or limited liability companies exist or may hereinafter be restated, amended, or restructured, (b) any partnership, joint venture, or limited liability company in which Debtor shall, at any time, become a limited or general partner, venturer, or member, or (c) any partnership, joint venture, or

corporation formed as a result of the restructure, reorganization, or amendment of the Partnerships.

Partnership Agreements means (a) those agreements listed on *Annex B-1* attached hereto and incorporated herein by reference (together with any modifications, amendments, or restatements thereof), and (b) partnership agreements, joint venture agreements, or organizational agreements for any of the partnerships, joint ventures, or limited liability companies described in *clause (b)* of the definition of "Partnerships" above (together with any modifications, amendments or restatements thereof), and "**Partnership Agreement**" means any one of the Partnership Agreements.

Partnership Interests means all of Debtor's Right, title and interest now or hereafter accruing under the Partnership Agreements with respect to all distributions, allocations, proceeds, fees, preferences, payments, or other benefits, which Debtor now is or may hereafter become entitled to receive with respect to such interests in the Partnerships and with respect to the repayment of all loans now or hereafter made by Debtor to the Partnerships.

Patents has the meaning set forth in *Paragraph 4* hereof.

Permitted Liens means Liens permitted under *Section 9.13* of the Credit Agreement and *Section 10.5* of the Senior Note Agreement.

Pledged Securities means, collectively, the Pledged Shares and any other Collateral constituting securities.

Rights means all rights, remedies, powers, privileges, and benefits.

Pledged Shares has the meaning set forth in *Paragraph 4* hereof.

Security Interest means the security interest granted and the pledge and assignment made under *Paragraph 3* hereof.

Taxes means, for any Person, taxes, assessments or other governmental charges or levies imposed upon that Person, its income, or any of its properties, franchises, or assets.

Trademarks has the meaning set forth in *Paragraph 4* hereof.

UCC means the Uniform Commercial Code, including each such provision as it may subsequently be renumbered, as enacted in the State of Texas or other applicable jurisdiction, as amended at the time in question.

3. **SECURITY INTEREST.** To secure the full and complete payment and performance of the Obligation when due, Debtor hereby grants to Secured Party a Security Interest in all of Debtor's Rights, titles, and interests in and to the Collateral and pledges, collaterally transfers, and assigns the Collateral to Secured Party, all upon and subject to the terms and conditions of this Security Agreement. This Security Interest is granted and pledge and assignment are made as security only and shall not subject Secured Party to, or transfer or in any way affect or modify, any obligation of Debtor with respect to any of the Collateral or any transaction involving or giving rise thereto. If the grant, pledge, or collateral transfer or assignment of any specific item of the Collateral is expressly prohibited by any contract, then the Security Interest created hereby nonetheless remains effective to the extent allowed by the UCC or other applicable Law, but is otherwise limited by that prohibition.

4. **COLLATERAL.** As used herein, the term "*Collateral*" means the following items and types of property, wherever located, now owned or in the future existing or acquired by Debtor, and all proceeds and products thereof, and any substitutes or replacements therefor:

(a) All personal property and fixture property (but excluding fixtures associated with real property assets located on Hulen Street in Ft. Worth, Texas and McCullough Avenue in San Antonio, Texas) of every kind and nature including, without limitation, all accounts, chattel paper (whether tangible or electronic), goods (including inventory, equipment, and any accessions thereto), software, instruments, investment property, documents, deposit accounts, money, commercial tort claims, letters of credit or letter-of-credit rights, supporting obligations, Tax refunds, and general intangibles (including payment intangibles);

(b) All Rights, titles, and interests of Debtor in and to all present and future issued and outstanding stock, equity, or other investment securities of each Domestic Person that is a Subsidiary of Debtor now owned or hereafter acquired by Debtor, including, without limitation, all capital stock of the Domestic Persons that are Subsidiaries of Debtor as more particularly listed on *Annex B-1* hereto, *together with* all Distributions with respect thereto or other property in exchange therefor, all cash and noncash proceeds thereof, and any securities issued in substitution or replacement thereof (collectively, the "*Domestic Pledged Shares*");

(c) Sixty-five percent (65%) of all present and future issued and outstanding stock, equity, or other investment securities of each directly-owned Foreign Person that is a Subsidiary of Debtor now owned or hereafter acquired by such Debtor, including, without limitation, all capital stock of the directly-owned Foreign Persons that are Subsidiaries of Debtor as more particularly listed on *Annex B-1* hereto, *together with* all Distributions with respect thereto or other property in exchange therefor, all cash and noncash proceeds thereof, and any securities issued in substitution or replacement thereof (the "*Foreign Pledged Shares*," and collectively with the Domestic Pledged Shares, the "*Pledged Shares*").

(d) All Rights, titles, and interests of Debtor in and to all promissory notes and other instruments payable to Debtor, including, without limitation, all inter-company notes from Subsidiaries and those set forth on *Annex B-1* ("*Collateral Notes*") and all Rights, titles, interests, and Liens that Debtor may have, be, or become entitled to under all present and future loan agreements, security agreements, pledge agreements, deeds of trust, mortgages, guarantees, or other documents assuring or securing payment of or otherwise evidencing the Collateral Notes, including, without limitation, those set forth on *Annex B-1* ("*Collateral Note Security*");

(e) The Partnership Interests and all Rights of Debtor with respect thereto, including, without limitation, all Partnership Interests set forth on *Annex B-1* and all of Debtor's distribution rights, income rights, liquidation interest, accounts, contract rights, general intangibles, notes, instruments, drafts, and documents relating to the Partnership Interests;

(f) (i) All copyrights (whether statutory or common law, registered or unregistered), works protectable by copyright, copyright registrations, copyright licenses, and copyright applications of Debtor, including, without limitation, all of Debtor's Right, title, and interest in and to all copyrights registered in the United States Copyright Office or anywhere else in the world and also including, without limitation, the copyrights set forth on *Annex B-2*; (ii) all renewals, extensions, and modifications thereof; (iii) all income, licenses, royalties, damages, profits, and payments relating to or payable under any of the foregoing; (iv) the Right to sue for past, present, or future infringements of any of the foregoing; and (v) all other rights and benefits

relating to any of the foregoing throughout the world; in each case, whether now owned or hereafter acquired by Debtor ("**Copyrights**");

(g) (i) All patents, patent applications, patent licenses, and patentable inventions of Debtor, including, without limitation, registrations, recordings, and applications thereof in the United States Patent and Trademark Office or in any similar office or agency of the United States, any state thereof or any other country or any political subdivision thereof, including, without limitation, those set forth on *Annex B-2*, and all of the inventions and improvements described and claimed therein; (ii) all continuations, divisions, renewals, extensions, modifications, substitutions, reexaminations, continuations-in-part, or reissues of any of the foregoing; (iii) all income, royalties, profits, damages, awards, and payments relating to or payable under any of the foregoing; (iv) the right to sue for past, present, and future infringements of any of the foregoing; and (v) all other rights and benefits relating to any of the foregoing throughout the world; in each case, whether now owned or hereafter acquired by Debtor ("**Patents**");

(h) (i) All trademarks, trademark licenses, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, certification marks, collective marks, logos, other business identifiers, all registrations, recordings, and applications thereof, including, without limitation, registrations, recordings, and applications in the United States Patent and Trademark Office or in any similar office or agency of the United States, any state thereof or any other country or any political subdivision thereof, including, without limitation, those set forth on *Annex B-2*; (ii) all reissues, extensions, and renewals thereof; (iii) all income, royalties, damages, and payments now or hereafter relating to or payable under any of the foregoing, including, without limitation, damages or payments for past or future infringements of any of the foregoing; (iv) the right to sue for past, present, and future infringements of any of the foregoing; (v) all rights corresponding to any of the foregoing throughout the world; and (vi) all goodwill associated with and symbolized by any of the foregoing, in each case, whether now owned or hereafter acquired by Debtor ("**Trademarks**");

(i) All of Debtor's rights, titles, and interests in other proprietary rights not included in the Copyrights, Patents, and Trademarks, whether now owned or hereafter acquired by Debtor (collectively, the "**Other Intellectual Property Collateral**"), and collectively with the Copyrights, the Patents, and the Trademarks, the "**Intellectual Property**"), including without limitation: (i) any knowledge or information that is material to Debtor's business and that enables Debtor to operate its business with the accuracy, efficiency, or precision necessary for commercial success, or otherwise affords Debtor a commercial advantage for the possession or knowledge thereof; (ii) any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof that is material to the operation of Debtor's business and developed by Debtor, its employees, or agents, which could potentially be eligible for protection as Patent(s), but whether or not currently the subject of Patent(s); and (iii) all information or other items recognized as "*trade secrets*" under state or federal law and all comparable rights recognized in foreign jurisdictions or conventions or by treaty;

(j) (i) All Rights of Debtor to receive moneys due and to become due under or pursuant to any contract material to the business of Debtor (the "**Material Agreements**"), (ii) all rights of Debtor to receive proceeds of any insurance, indemnity, warranty, or guaranty with respect to the Material Agreements, (iii) all claims of Debtor for damages arising out of or for breach of or default under the Material Agreements, and (iv) all rights of Debtor to compel performance and otherwise exercise all rights and remedies under the Material Agreements;

(k) All present and future automobiles, trucks, truck tractors, trailers, semi-trailers, or other motor vehicles or rolling stock, now owned or hereafter acquired by such Debtor (collectively, the "*Vehicles*");

(l) Any and all material deposit accounts, bank accounts, investment accounts, or securities accounts, now owned or hereafter acquired or opened by Debtor, including, without limitation, any such accounts set forth on *Annex B-1*, and any account which is a replacement or substitute for any of such accounts, together with all monies, instruments, certificates, checks, drafts, wire transfer receipts, and other property deposited therein and all balances therein (the "*Deposit Accounts*");

(m) All present and future distributions, income, increases, profits, combinations, reclassifications, improvements, and products of, accessions, attachments, and other additions to, tools, parts, and equipment used in connection with, and substitutes and replacements for, all or part of the Collateral described above;

(n) All present and future accounts, contract Rights, general intangibles, chattel paper, documents, instruments, cash and noncash proceeds, and other Rights arising from or by virtue of, or from the voluntary or involuntary sale or other disposition of, or collections with respect to, or insurance proceeds payable with respect to, or proceeds payable by virtue of warranty or other claims against the manufacturer of, or claims against any other Person with respect to, all or any part of the Collateral heretofore described in this clause or otherwise; and

(o) All present and future security for the payment to Debtor or any other Guarantor of any of the Collateral described above and goods which gave or will give rise to any such Collateral or are evidenced, identified, or represented therein or thereby.

The description of the Collateral contained in this *Paragraph 4* shall not be deemed to permit any action prohibited by this Security Agreement or by the terms incorporated in this Security Agreement. Furthermore, notwithstanding any contrary provision, Debtor agrees that, if, but for the application of this paragraph, granting a Security Interest in the Collateral would constitute a fraudulent conveyance under *11 U.S.C. § 548* or a fraudulent conveyance or transfer under any state fraudulent conveyance, fraudulent transfer, or similar Law in effect from time to time (each a "*fraudulent conveyance*"), then the Security Interest remains enforceable to the maximum extent possible without causing the Security Interest to be a fraudulent conveyance, and this Security Agreement is automatically amended to carry out the intent of this paragraph.

Notwithstanding the foregoing, the Collateral shall not include the Galderma Inventory and the real property located at 3801 and 3909 Hulen, Ft. Worth, Texas 76107 and 318 McCullough, San Antonio, Texas 78215, or fixtures located there.

5. **REPRESENTATIONS AND WARRANTIES.** Debtor represents and warrants to Secured Party that:

(a) Credit Agreement. Certain representations and warranties in the Credit Agreement and the Senior Note Agreement are applicable to it or its assets or operations, and each such representation and warranty is true and correct.

(b) Binding Obligation/ Perfection. This Security Agreement creates a legal, valid, and binding Lien in and to the Collateral in favor of Secured Party and enforceable against Debtor. For Collateral in which the Security Interest may be perfected by the filing of financing

statements, once those financing statements have been properly filed in the jurisdictions described on *Annex A* hereto, the Security Interest in that Collateral will be fully perfected and the Security Interest will constitute a first-priority Lien on such Collateral, subject only to Permitted Liens. With respect to Collateral consisting of investment property (*other than* Pledged Securities covered by *Paragraph 5(j)*), Deposit Accounts, electronic chattel paper, letter-of-credit rights, and instruments, upon the delivery of such Collateral to Secured Party or delivery of an executed Control Agreement with respect to such Collateral, the Security Interest in that Collateral will be fully perfected and the Security Interest will constitute a first-priority Lien on such Collateral, subject only to Permitted Liens. None of the Collateral has been delivered nor control with respect thereto given to any other Person. Other than the financing statements and Control Agreements with respect to this Security Agreement, there are no other financing statements or control agreements covering any Collateral, other than those evidencing Permitted Liens. The creation of the Security Interest does not require the consent of any Person that has not been obtained.

(c) Debtor Information. Debtor's exact legal name, mailing address, jurisdiction of organization, type of entity, and state issued organizational identification number are as set forth on *Annex A* hereto.

(d) Location/ Fixtures. (i) Debtor's place of business and chief executive office is where Debtor is entitled to receive notices hereunder; the present and foreseeable location of Debtor's books and records concerning any of the Collateral that is accounts is as set forth on *Annex A* hereto, and the location of all other Collateral, including, without limitation, Debtor's inventory and equipment is as set forth on *Annex A* hereto; and, *except as noted on Annex A* hereto, all such books, records, and Collateral are in Debtor's possession, and (ii) the Collateral that is or may be fixtures is located on or affixed to the real property described on *Annex A* hereto.

(e) Governmental Authority. No Authorization, approval, or other action by, and no notice to or filing with, any Governmental Authority is required either (i) for the pledge by Debtor of the Collateral pursuant to this Security Agreement or for the execution, delivery, or performance of this Security Agreement by Debtor, or (ii) for the exercise by Secured Party of the voting or other Rights provided for in this Security Agreement or the remedies in respect of the Collateral pursuant to this Security Agreement (*except as may be required in connection with the disposition of the Pledged Securities by Laws affecting the offering and sale of securities generally*).

(f) Maintenance of Collateral. All tangible Collateral that is useful in and necessary to Debtor's business is in good repair and condition, ordinary wear and tear excepted, and none thereof is a fixture *except as specifically referred to herein in Paragraph 5(d) hereof*.

(g) Liens. Debtor owns all presently existing Collateral, and will acquire all hereafter-acquired Collateral, free and clear of all Liens, *except Permitted Liens*.

(h) Collateral. *Annex B-1* accurately lists all Collateral Notes, Collateral Note Security, Pledged Shares, Partnership Interests, commercial tort claims, and Deposit Accounts in which Debtor has any Rights, titles, or interest (but such failure of such description to be accurate or complete shall not impair the Security Interest in such Collateral).

(i) Instruments, Chattel Paper, Collateral Notes, and Collateral Note Security. All instruments and chattel paper, including, without limitation, the Collateral Notes, have been

delivered to Secured Party, *together with* corresponding endorsements duly executed by Debtor in favor of Secured Party, and such endorsements have been duly and validly executed and are binding and enforceable against Debtor in accordance with their terms. Each Collateral Note and the documents evidencing the Collateral Note Security are in full force and effect; there have been no renewals or extensions of, or amendments, modifications, or supplements to, any thereof about which the Secured Party has not been advised in writing; and no "default," "potential default," or "event of default" has occurred and is continuing under any such Collateral Note or documents evidencing the Collateral Note Security, *except* as disclosed on *Annex C* hereto. Debtor has good title to the Collateral Notes and Collateral Note Security, and such Collateral Notes and Collateral Note Security are free from any claim for credit, deduction, or allowance of an Obligor and free from any defense, condition, dispute, setoff, or counterclaim, and there is no extension or indulgence with respect thereto.

(j) Pledged Securities; Pledged Shares. All Collateral that is Pledged Shares is duly authorized, validly issued, fully paid, and non-assessable, and the transfer thereof is not subject to any restrictions, other than restrictions imposed by applicable securities and corporate Laws. The Pledged Securities include 100% of the issued and outstanding common stock or other equity interests of each Subsidiary owned by Debtor. Debtor has good title to the Pledged Securities, free and clear of all Liens and encumbrances thereon (*except* for the Security Interest created hereby), and has delivered to Secured Party (i) all stock certificates, or other instruments or documents representing or evidencing the Pledged Securities, *together with* corresponding assignment or transfer powers duly executed in blank by Debtor, and such powers have been duly and validly executed and are binding and enforceable against Debtor in accordance with their terms or (ii) to the extent such Pledged Securities are uncertificated, an executed Control Agreement with respect to such Pledged Securities. The pledge of the Pledged Securities in accordance with the terms hereof creates a valid and perfected first priority security interest in the Pledged Securities securing payment of the Obligation.

(k) Partnership Interests. Each Partnership issuing a Partnership Interest, is duly organized, currently existing, and in good standing under all applicable Laws; there have been no amendments, modifications, or supplements to any agreement or certificate creating any Partnership or any material contract relating to the Partnerships, of which Secured Party has not been advised in writing; no default or breach or potential default or breach has occurred and is continuing under any Partnership Agreement, *except* as disclosed on *Annex C* hereto; and Debtor has delivered evidence to Secured Party that no approval or consent of the partners of any Partnership is required as a condition to the validity and enforceability of the Security Interest created hereby or the consummation of the transactions contemplated hereby that has not been duly obtained by Debtor. Debtor has good title to the Partnership Interests free and clear of all Liens and encumbrances (*except* for the Security Interest granted hereby). The Partnership Interests are validly issued, fully paid, and nonassessable and are not subject to statutory, contractual, or other restrictions governing their transfer, ownership, or control, *except* as set forth in the applicable Partnership Agreements or applicable securities Laws. All capital contributions required to be made by the terms of the Partnership Agreements for each Partnership have been made.

(l) Accounts; General Intangibles. All Collateral that is accounts, contract rights, chattel paper, instruments, payment intangibles, or general intangibles is free from any claim for credit, deduction, or allowance of an Obligor and free from any defense, condition, dispute, setoff, or counterclaim, and there is no extension or indulgence with respect thereto.

(m) Material Agreements. Each Material Agreement is in full force and effect; there have been no amendments, modifications, or supplements to any Material Agreement of which Secured Party has not been advised in writing; and no default or breach or potential default or breach has occurred and is continuing under any Material Agreement, *except* as disclosed on *Annex C* hereto.

(n) Deposit Accounts. With respect to the Deposit Accounts, (i) Debtor maintains each Deposit Account with the banks listed on *Annex B-1* hereto, (ii) Debtor shall use its best efforts to, within thirty (30) days of the Closing Date, cause each such bank to acknowledge to Secured Party that each such Deposit Account is subject to the Security Interest and Liens herein created, that the pledge of such Deposit Account has been recorded in the books and records of such bank, and that Secured Party shall have "control" (as defined in the UCC) over such Deposit Account, (iii) Debtor has the legal Right to pledge and assign to Secured Party the funds deposited and to be deposited in each such Deposit Account, and (iv) the Deposit Accounts set forth on *Annex B-1* represent all the Deposit Accounts of Debtor.

(o) Intellectual Property.

(i) All of the Intellectual Property is subsisting, valid, and enforceable. The information contained on *Annex B-2* hereto is true, correct, and complete. All issued Patents, Patent applications, registered Trademarks, Trademark applications, material unregistered Trademarks, registered Copyrights, Copyright applications, and material unregistered Copyrights of Debtor are identified on *Annex B-2* hereto.

(ii) Debtor is the sole and exclusive owner of the entire and unencumbered Right, title, and interest in and to the Intellectual Property free and clear of any Liens, including, without limitation, any pledges, assignments, licenses, user agreements, and covenants by Debtor not to sue third Persons, *other than* Permitted Liens or licenses permitted by *Paragraph 8(c)*.

(iii) To Debtor's knowledge, no third party is infringing, or in Debtor's reasonable business judgment, may be infringing, any of Debtor's Rights under the Intellectual Property.

(iv) Debtor has performed and will continue to perform all acts and has paid and will continue to pay all required fees and Taxes to maintain each and every item of the Intellectual Property in full force and effect throughout the world, as applicable.

(v) Each of the Patents and Trademarks identified on *Annex B-2* hereto has been properly registered with the United States Patent and Trademark Office and in corresponding offices throughout the world (where appropriate) and each of the Copyrights identified on *Annex B-2* hereto has been properly registered with the United States Copyright Office and in corresponding offices throughout the world (where appropriate).

(vi) To Debtor's knowledge, no claims with respect to the Intellectual Property have been asserted and are pending (i) to the effect that the sale, licensing, pledge, or use of any of the products of Debtor's business infringes any other party's valid copyright, trademark, service mark, trade secret, or other intellectual property Right, (ii) against the use by Debtor of any Intellectual Property used in the Debtor's business as currently conducted, or (iii) challenging the ownership or use by Debtor of

any of the Intellectual Property that Debtor purports to own or use, nor, to Debtor's knowledge, is there a valid basis for such a claim described in this *Paragraph (o)(vi)*, in any and all events to such an extent that would constitute a Material Adverse Event.

The foregoing representations and warranties will be true and correct in all respects with respect to any additional Collateral or additional specific descriptions of certain Collateral delivered to Secured Party in the future by Debtor. The failure of any of these representations or warranties or any description of Collateral therein to be accurate or complete shall not impair the Security Interest in any such Collateral.

6. **COVENANTS.** So long as the Senior Notes are outstanding or the Lenders are committed to extend credit to Borrower or Debtor under the Credit Agreement and thereafter until the Obligation is paid and performed in full, Debtor covenants and agrees with Secured Party that Debtor will:

(a) Credit Agreement and Senior Note Agreement. (i) Comply with, perform, and be bound by all covenants and agreements in the Credit Agreement and the Senior Note Agreement that are applicable to it, its assets, or its operations, each of which is hereby ratified and confirmed (**INCLUDING, WITHOUT LIMITATION, THE INDEMNIFICATION AND RELATED PROVISIONS IN SECTION 11.11 OF THE CREDIT AGREEMENT**); AND (ii) **CONSENT TO AND APPROVE THE VENUE, SERVICE OF PROCESS, AND WAIVER OF JURY TRIAL PROVISIONS OF SECTIONS 13.7 AND 13.10 OF THE CREDIT AGREEMENT AND SECTION 23 OF THE SENIOR NOTE AGREEMENT.**

(b) Information/Record of Collateral. Maintain, at the place where Debtor is entitled to receive notices hereunder, a current record of where all Collateral is located, permit representatives of Secured Party at any time during normal business hours to inspect and make abstracts from such records, and furnish to Secured Party, at such intervals as Secured Party may request, such documents, lists, descriptions, certificates, and other information as may be necessary or proper to keep Secured Party informed with respect to the identity, location, status, condition, and value of the Collateral. In addition, from time to time at the request of Secured Party deliver to Secured Party such information regarding Debtor as Secured Party may reasonably request.

(c) Annexes. Immediately update all annexes hereto if any information therein shall become inaccurate or incomplete. Notwithstanding any other provision herein, Debtor's failure to describe any Collateral required to be listed on any annex hereto shall not impair Secured Party's Security Interest in the Collateral.

(d) Perform Obligations. Fully perform all of Debtor's duties under and in connection with each transaction to which the Collateral, or any part thereof, relates, so that the amounts thereof shall actually become payable in their entirety to Secured Party. Furthermore, notwithstanding anything to the contrary contained herein, (i) Debtor shall remain liable under the contracts, agreements, documents, and instruments included in the Collateral to the extent set forth therein to perform all of its duties and obligations thereunder to the same extent as if this Security Agreement had not been executed, (ii) the exercise by Secured Party of any of its Rights or remedies hereunder shall not release Debtor from any of its duties or obligations under the contracts, agreements, documents, and instruments included in the Collateral, and (iii) Secured Party shall not have any indebtedness, liability, or obligation under any of the contracts, agreements, documents, and instruments included in the Collateral by reason of this Security Agreement, and Secured Party shall not be obligated to perform any of the obligations or duties

of Debtor thereunder or to take any action to collect or enforce any claim for payment assigned hereunder.

(e) Notices. (i) Except as otherwise may be expressly permitted under the terms of the Credit Agreement and the Senior Note Agreement promptly notify Secured Party of (A) any change in any fact or circumstances represented or warranted by Debtor with respect to any of the Collateral or Obligation, (B) any claim, action, or proceeding affecting title to all or any of the Collateral or the Security Interest and, at the request of Secured Party, appear in and defend, at Debtor's expense, any such action or proceeding, (C) any material change in the nature of the Collateral, (D) any material damage to or loss of Collateral, and (E) the occurrence of any other event or condition (including, without limitation, matters as to Lien priority) that could have a material adverse effect on the Collateral (taken as a whole) or the Security Interest created hereunder; and (ii) give Secured Party thirty (30) days written notice before any proposed (A) relocation of its principal place of business or chief executive office, (B) change of its name, identity, or corporate structure, (C) relocation of the place where its books and records concerning its accounts are kept, (D) relocation of any Collateral (*other than* delivery of inventory in the ordinary course of business to third party contractors for processing and sales of inventory in the ordinary course of business or as permitted by the Credit Agreement and the Senior Note Agreement) to a location not described on the attached *Annex A*, and (E) change of its jurisdiction of organization or organizational identification number, as applicable. Prior to making any of the changes contemplated in *clause (ii)* preceding, Debtor shall execute and deliver all such additional documents and perform all additional acts as Secured Party, in its sole discretion, may request in order to continue or maintain the existence and priority of the Security Interests in all of the Collateral.

(f) Collateral in Trust. Hold in trust (and not commingle with other assets of Debtor) for Secured Party all Collateral that is chattel paper, instruments, Collateral Notes, Pledged Securities, or documents at any time received by Debtor, and promptly deliver same to Secured Party, *unless* Secured Party at its option (which may be evidenced only by a writing signed by Secured Party stating that Secured Party elects to permit Debtor to so retain) permits Debtor to retain the same, but any chattel paper, instruments, Collateral Notes, Pledged Securities, or documents so retained shall be marked to state that they are assigned to Secured Party; each such instrument shall be endorsed to the order of Secured Party (but the failure of same to be so marked or endorsed shall not impair the Security Interest thereon).

(g) Control. Execute all documents and take any action required by Secured Party in order for Secured Party to obtain "*control*" (as defined in the UCC) with respect to Collateral consisting of Deposit Accounts, investment property, uncertificated Pledged Securities, and letter-of-credit rights. If Debtor at any time holds or acquires an interest in any electronic chattel paper or any "*transferable record*," as that term is defined in the federal *Electronic Signatures in Global and National Commerce Act*, or in the *Uniform Electronic Transactions Act* as in effect in any relevant jurisdiction, promptly notify Secured Party thereof and, at the request of Secured Party, take such action as Secured Party may reasonably request to vest in Secured Party control under the UCC of such electronic chattel paper or control under the federal *Electronic Signatures in Global and National Commerce Act* or, as the case may be, the *Uniform Electronic Transactions Act*, as so in effect in such jurisdiction, of such transferable record.

(h) Further Assurances. At Debtor's expense and Secured Party's request, before or after a Default or Event of Default, (i) file or cause to be filed such applications and take such other actions as Secured Party may request to obtain the consent or approval of any Governmental Authority to Secured Party's Rights hereunder, including, without limitation, the

Right to sell all the Collateral upon a Default or Event of Default without additional consent or approval from such Governmental Authority (and, because Debtor agrees that Secured Party's remedies at Law for failure of Debtor to comply with this provision would be inadequate and that such failure would not be adequately compensable in damages, Debtor agrees that its covenants in this provision may be specifically enforced); (ii) from time to time promptly execute and deliver to Secured Party all such other assignments, certificates, supplemental documents, and financing statements, and do all other acts or things as Secured Party may reasonably request in order to more fully create, evidence, perfect, continue, and preserve the priority of the Security Interest and to carry out the provisions of this Security Agreement; and (iii) pay all filing fees in connection with any financing, continuation, or termination statement or other instrument with respect to the Security Interests.

(i) Encumbrances. Not create, permit, or suffer to exist, and shall defend the Collateral against, any Lien or other encumbrance on the Collateral, and shall defend Debtor's Rights in the Collateral and Secured Party's Security Interest in, the Collateral against the claims and demands of all Persons except those holding or claiming Permitted Liens. Debtor shall do nothing to impair the Rights of Secured Party in the Collateral.

(j) Estoppel and Other Agreements and Matters. Upon the reasonable request of Secured Party, either (i) use commercially reasonable efforts to cause the landlord or lessor for each location where any of its inventory or equipment is maintained to execute and deliver to Secured Party an estoppel and subordination agreement in such form as may be reasonably acceptable to Secured Party and its counsel, or (ii) deliver to Secured Party a legal opinion or other evidence (in each case that is reasonably satisfactory to Secured Party and its counsel) that neither the applicable lease nor the Laws of the jurisdiction in which that location is situated provide for contractual, common Law, or statutory landlord's Liens that is senior to or *pari passu* with the Security Interest.

(k) Fixtures. For any Collateral that is a fixture or an accession which has been attached to real estate or other goods prior to the perfection of the Security Interest, furnish Secured Party, upon reasonable demand, a disclaimer of interest in each such fixture or accession and a consent in writing to the Security Interest of Secured Party therein, signed by all Persons having any interest in such fixture or accession by virtue of any interest in the real estate or other goods to which such fixture or accession has been attached.

(l) Certificates of Title. Upon the request of Secured Party, if certificates of title are issued or outstanding with respect to any of the Vehicles or other Collateral, cause the Security Interest to be properly noted thereon.

(m) Warehouse Receipts Non-Negotiable. If any warehouse receipt or receipt in the nature of a warehouse receipt is issued in respect of any of the Collateral, agree that such warehouse receipt or receipt in the nature thereof shall not be "negotiable" (as such term is used in Section 7-104 of the UCC) unless such warehouse receipt or receipt in the nature thereof is delivered to Secured Party.

(n) Impairment of Collateral. Not use any of the Collateral, or permit the same to be used, for any unlawful purpose, in any manner that is reasonably likely to adversely impair the value or usefulness of the Collateral, or in any manner inconsistent with the provisions or requirements of any policy of insurance thereon nor affix or install any accessories, equipment, or device on the Collateral or on any component thereof if such addition will impair the original intended function or use of the Collateral or such component.

(o) Collateral Notes and Collateral Note Security. Without the prior written consent of Secured Party not (i) modify or substitute, or permit the modification or substitution of, any Collateral Note or any document evidencing the Collateral Note Security or (ii) release any Collateral Note Security unless specifically required by the terms thereof.

(p) Securities. Except as permitted by the Credit Agreement and the Senior Note Agreement, not sell, exchange, or otherwise dispose of, or grant any option, warrant, or other Right with respect to, any of the Pledged Securities; to the extent any issuer of any Pledged Securities is controlled by Debtor and/or its Affiliates, not permit such issuer to issue any additional shares of stock or other securities in addition to or in substitution for the Pledged Securities, except issuances to Debtor on terms acceptable to Secured Party; pledge hereunder, immediately upon Debtor's acquisition (directly or indirectly) thereof, any and all additional shares of stock or other securities of each Subsidiary of Debtor; and take any action necessary, required, or requested by Secured Party to allow Secured Party to fully enforce its Security Interest in the Pledged Securities, including, without limitation, the filing of any claims with any court, liquidator, trustee, custodian, receiver, or other like person or party.

(q) Partnerships and Partnership Interests. (i) Promptly perform, observe, and otherwise comply with each and every covenant, agreement, requirement, and condition set forth in the contracts and agreements creating or relating to any Partnership; (ii) do or cause to be done all things necessary or appropriate to keep the Partnerships in full force and effect and the Rights of Debtor and Secured Party thereunder unimpaired; (iii) except as expressly permitted by the Credit Agreement, and Senior Note Agreement not consent to any Partnership selling, leasing, or disposing of substantially all of its assets in a single transaction or a series of transactions; (iv) notify Secured Party of the occurrence of any default or breach or potential default or breach under any contract or agreement creating or relating to the Partnerships; (v) not consent to the amendment, modification, surrender, impairment, forfeiture, cancellation, dissolution, or termination of any Partnership, or material agreement relating thereto; (vi) except as permitted by the Credit Agreement and the Senior Note Agreement, not transfer, sell, or assign any of the Partnership Interests or any part thereof; (vii) to the extent any Partnership is controlled by Debtor and/or its Affiliates, cause such Partnership to refrain from granting any Partnership Interests in addition to or in substitution for the Partnership Interests granted by the Partnerships, *except* to Debtor; (viii) pledge hereunder, immediately upon Debtor's acquisition (directly or indirectly) thereof, any and all additional Partnership Interests of any Partnership granted to Debtor; and any and all additional shares of stock or other securities of each; (ix) deliver to Secured Party a fully-executed Acknowledgment of Pledge, substantially in the form of *Annex E*, for each Partnership Interest; and (x) take any action necessary, required, or requested by Secured Party to allow Secured Party to fully enforce its Security Interest in the Partnership Interests, including, without limitation, the filing of any claims with any court, liquidator, trustee, custodian, receiver, or other like person or party.

(r) Material Agreements. (i) Promptly perform, observe, and otherwise comply with each and every covenant, agreement, requirement, and condition set forth in the Material Agreements; (ii) do or cause to be done all things necessary or appropriate to keep the Material Agreements in full force and effect and the Rights of Debtor and Secured Party thereunder unimpaired; (iii) notify Secured Party of the occurrence of any default or breach or potential default or breach under any Material Agreement; and (iv) without the prior written consent of Secured Party, not consent to the amendment, modification, surrender, impairment, forfeiture, cancellation, dissolution, or termination of any Material Agreement.

(s) Depository Bank. With respect to any Deposit Accounts, (i) maintain the Deposit Accounts at the banks (a "*depository bank*") described on *Annex B-1* or such additional depository banks as have complied with *item (iv)* hereof; (ii) within thirty (30) days of the Closing Date, deliver to each depository bank a letter in the form of *Annex D* hereto with respect to Secured Party's Rights in such Deposit Account and use its best efforts to obtain the execution of such letter by each depository bank that the pledge of such Deposit Account has been recorded in the books and records of such bank and that Secured Party shall have dominion and control over such Deposit Account; (iii) deliver to Secured Party all certificates or instruments, if any, now or hereafter representing or evidencing the Deposit Accounts, accompanied by duly executed instruments of transfer or assignment in blank, all in form and substance reasonably satisfactory to Secured Party; and (iv) notify Secured Party prior to establishing any additional Deposit Accounts and, at the request of Secured Party, obtain from such depository bank an executed letter substantially in the form of *Annex D* and deliver the same to Secured Party.

(t) Marking of Chattel Paper. At the request of Secured Party, not create any chattel paper without placing a legend on the chattel paper acceptable to Secured Party indicating that Secured Party has a security interest in the chattel paper.

(u) Modification of Accounts. In accordance with prudent business practices, endeavor to collect or cause to be collected from each account debtor under its accounts, as and when due, any and all amounts owing under such accounts. Except in the ordinary course of business consistent with prudent business practices and industry standards, without the prior written consent of Secured Party, Debtor shall not (i) grant any extension of time for any payment with respect to any of the accounts, (ii) compromise, compound, or settle any of the accounts for less than the full amount thereof, (iii) release, in whole or in part, any Person liable for payment of any of the accounts, (iv) allow any credit or discount for payment with respect to any account other than trade discounts granted in the ordinary course of business, (v) release any Lien or guaranty securing any account, (vi) modify or substitute, or permit the modification or substitution of, any contract to which any of the Collateral which is accounts relates.

(v) Intellectual Property.

(i) Prosecute diligently all applications in respect of Intellectual Property, now or hereafter pending;

(ii) File federal trademark applications on any material Trademarks that are not registered and all future material Trademarks;

(iii) File federal copyright applications on any material Copyrights that are not registered and all future material Copyrights;

(ii) Except to the extent not required in Debtor's reasonable business judgment, make federal applications on all of its unpatented but patentable inventions and all of its registrable but unregistered Copyrights and Trademarks;

(iii) Preserve and maintain all of its material rights in the Intellectual Property and protect the Intellectual Property from infringement, unfair competition, cancellation, or dilution by all appropriate action necessary in Debtor's reasonable business judgment, including, without limitation, the commencement and prosecution of legal proceedings to recover damages for infringement and to defend and preserve its rights in the Intellectual Property;

- (iv) Not abandon any of the Intellectual Property necessary to the conduct of its business in the exercise of Debtor's reasonable business judgment;
- (v) (A) Not sell or assign any of its interest in any of the Intellectual Property other than in the ordinary course of business for full and fair consideration without the prior written consent of Secured Party; (B) not grant any license or sublicense with respect to any of the Intellectual Property other than as permitted by *Paragraph 8(c)* hereof without the prior written consent of Secured Party; and (C) maintain the quality of any and all products and services with respect to which the Intellectual Property is used;
- (vi) Not enter into any agreement, including, but not limited to any licensing agreement, that is or may be inconsistent with Debtor's obligations under this Security Agreement or any of the other Loan Documents or Senior Note Documents;
- (vii) Give Secured Party prompt written notice if Debtor shall obtain Rights to or become entitled to the benefit of any Intellectual Property not identified on *Annex B-2* hereto;
- (viii) If a Default or Event of Default exists, use its reasonable efforts to obtain any consents, waivers, or agreements necessary to enable Secured Party to exercise its rights and remedies with respect to the Intellectual Property;
- (xi) At any time and from time to time upon the reasonable request of Secured Party, execute and deliver to Secured Party all such other agreements, documents, instruments, and other items as may be necessary to or appropriate for Secured Party to create and perfect its Security Interest in the Intellectual Property and to make all appropriate filings with respect thereto;
- (xii) At least once per year, commencing on the one-year anniversary of the Closing Date, Debtor will, at its sole expense, execute and deliver updated versions of *Annex B-1*. Such versions as updated shall be complete, correct, and current as of the date of delivery thereof and shall contain all information required to be listed or described therein in order to be in compliance with the provisions of this Security Agreement (which, for such purpose, shall apply as of the date of each such further delivery);
- (xiii) Promptly notify Secured Party in the event that any third party threatens or asserts any action or proceedings against Debtor or Debtor's licensees, sublicensees, agents, dealers, distributors, or customers that challenge Debtor's claimed ownership status or rights in any Intellectual Property or Debtor's right to use or otherwise exploit the Intellectual Property in its present or planned business or claim that Debtor is in default of any Intellectual Property contract rights;
- (xiv) Maintain accurate and complete records of its Intellectual Property, and furnish information as Secured Party may reasonable require regarding Debtor's practices regarding its record keeping and its practices to protect and preserve the Intellectual Property;
- (xvi) Whenever Debtor, either by itself or through any agent, employee, licensee, or designee, shall file a patent application or for the registration of any Patent, Trademark, or Copyright with the United States Patent and Trademark Office, the United

States Copyright Office, or any similar office or agency in any other country or any political subdivision thereof or any applicable state agency, (A) simultaneously file or record evidence of Secured Party's Security Interest in the Collateral sufficient to meet the requirements for Secured Party's Security Interest therein to be recognized, protected, and perfected, and (B) report such filing to Secured Party within five Business Days after the last day of the fiscal quarter in which such filing occurs; and

(xvii) Ensure that Debtor's employees assign the entire Right, title, and interest in all "work product" to Debtor (as used herein, "work product" means any and all information, inventions, original works of authorship, ideas, know-how, processes, designs, computer programs, photographs, illustrations, developments, trade secrets, and discoveries, including improvements conceived, created, developed, made, reduced to practice, or completed relating to the employment or work with Debtor); and

(xviii) Use commercially diligent efforts to ensure that Debtor's contractors assign their entire right, title, and interest in all work product to Debtor.

7. **DEFAULT; REMEDIES.** If an Event of Default exists, Secured Party may, at its election (but subject to the terms and conditions of the Intercreditor Agreement), exercise any and all Rights available to a secured party under the UCC, in addition to any and all other Rights afforded by the Loan Documents or the Senior Note Documents, at Law, in equity, or otherwise, including, without limitation, (a) requiring Debtor to assemble all or part of the Collateral and make it available to Secured Party at a place to be designated by Secured Party which is reasonably convenient to Debtor and Secured Party, (b) surrendering any policies of insurance on all or part of the Collateral and receiving and applying in accordance with the Intercreditor Agreement the unearned premiums as a credit on the Obligation, (c) applying by appropriate judicial proceedings for appointment of a receiver for all or part of the Collateral (and Debtor hereby consents to any such appointment), and (d) applying to the Obligation in accordance with the Intercreditor Agreement any cash held by Secured Party under this Security Agreement, including, without limitation, any cash in the Cash Collateral Account (defined in *Section 8(h)*).

(a) Notice. Reasonable notification of the time and place of any public sale of the Collateral, or reasonable notification of the time after which any private sale or other intended disposition of the Collateral is to be made, shall be sent to Debtor and to any other Person entitled to notice under the UCC; *provided that*, if any of the Collateral threatens to decline speedily in value or is of the type customarily sold on a recognized market, Secured Party may sell or otherwise dispose of the Collateral without notification, advertisement, or other notice of any kind. It is agreed that notice sent or given not less than five Business Days prior to the taking of the action to which the notice relates is reasonable notification and notice for the purposes of this subparagraph.

(b) Condition of Collateral; Warranties. Secured Party has no obligation to clean-up or otherwise prepare the Collateral for sale. Secured Party may sell the Collateral without giving any warranties as to the Collateral. Secured Party may specifically disclaim any warranties of title or the like. This procedure will not be considered adversely to affect the commercial reasonableness of any sale of the Collateral.

(c) Compliance with Other Laws. Secured Party may comply with any applicable state or federal law requirements in connection with a disposition of the Collateral and compliance will not be considered to adversely affect the commercial reasonableness of any sale of the Collateral.

(d) Sales of Pledged Securities.

(i) Debtor agrees that, because of the Securities Act of 1933, as amended, or the rules and regulations promulgated thereunder (collectively, the "*Securities Act*"), or any other Laws or regulations, and for other reasons, there may be legal or practical restrictions or limitations affecting Secured Party in any attempts to dispose of certain portions of the Pledged Securities and for the enforcement of its Rights. For these reasons, Secured Party is hereby authorized by Debtor, but not obligated, upon the occurrence and during the continuation of a Default, to sell all or any part of the Pledged Securities at private sale, subject to investment letter or in any other manner which will not require the Pledged Securities, or any part thereof, to be registered in accordance with the Securities Act or any other Laws or regulations, at a reasonable price at such private sale or other distribution in the manner mentioned above. Debtor understands that Secured Party may in its discretion approach a limited number of potential purchasers and that a sale under such circumstances may yield a lower price for the Pledged Securities, or any part thereof, than would otherwise be obtainable if such Collateral were either afforded to a larger number of potential purchasers, registered under the Securities Act, or sold in the open market. Debtor agrees that any such private sale made under this *Paragraph 7(d)* shall be deemed to have been made in a commercially reasonable manner, and that Secured Party has no obligation to delay the sale of any Pledged Securities to permit the issuer thereof to register it for public sale under any applicable federal or state securities Laws.

(ii) Secured Party is authorized, in connection with any such sale, (A) to restrict the prospective bidders on or purchasers of any of the Pledged Securities to a limited number of sophisticated investors who will represent and agree that they are purchasing for their own account for investment and not with a view to the distribution or sale of any of such Pledged Securities, and (B) to impose such other limitations or conditions in connection with any such sale as Secured Party reasonably deems necessary in order to comply with applicable Law. Debtor covenants and agrees that it will execute and deliver such documents and take such other action as Secured Party reasonably deems necessary in order that any such sale may be made in compliance with applicable Law. Upon any such sale Secured Party shall have the Right to deliver, assign, and transfer to the purchaser thereof the Pledged Securities so sold. Each purchaser at any such sale shall hold the Pledged Securities so sold absolutely free from any claim or Right of Debtor of whatsoever kind, including any equity or Right of redemption of Debtor. Debtor, to the extent permitted by applicable Law, hereby specifically waives all Rights of redemption, stay, or appraisal which it has or may have under any Law now existing or hereafter enacted.

(iii) Debtor agrees that five days' written notice from Secured Party to Debtor of Secured Party's intention to make any such public or private sale or sale at a broker's board or on a securities exchange shall constitute reasonable notice under the UCC. Such notice shall (A) in case of a public sale, state the time and place fixed for such sale, (B) in case of sale at a broker's board or on a securities exchange, state the board or exchange at which such a sale is to be made and the day on which the Pledged Securities, or the portion thereof so being sold, will first be offered to sale at such board or exchange, and (C) in the case of a private sale, state the day after which such sale may be consummated. Any such public sale shall be held at such time or times within ordinary business hours and at such place or places as Secured Party may fix in the notice of such sale. At any such sale, the Pledged Securities may be sold in one lot as an entirety or in separate

parcels, as Secured Party may reasonably determine. Secured Party shall not be obligated to make any such sale pursuant to any such notice. Secured Party 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 the sale, and such sale may be made at any time or place to which the same may be so adjourned.

(iv) In case of any sale of all or any part of the Pledged Securities on credit or for future delivery, the Pledged Securities so sold may be retained by Secured Party until the selling price is paid by the purchaser thereof, but Secured Party shall not incur any liability in case of the failure of such purchaser to take up and pay for the Pledged Securities so sold and in case of any such failure, such Pledged Securities may again be sold upon like notice. Secured Party, instead of exercising the power of sale herein conferred upon it, may proceed by a suit or suits at Law or in equity to foreclose the Security Interests and sell the Pledged Securities, or any portion thereof, under a judgment or decree of a court or courts of competent jurisdiction.

(v) Without limiting the foregoing, or imposing upon Secured Party any obligations or duties not required by applicable Law, Debtor acknowledges and agrees that, in foreclosing upon any of the Pledged Securities, or exercising any other Rights or remedies provided Secured Party hereunder or under applicable Law, Secured Party may, but shall not be required to, (A) qualify or restrict prospective purchasers of the Pledged Securities by requiring evidence of sophistication or creditworthiness, and requiring the execution and delivery of confidentiality agreements or other documents and agreements as a condition to such prospective purchasers' receipt of information regarding the Pledged Securities or participation in any public or private foreclosure sale process, (B) provide to prospective purchasers business and financial information regarding Debtor or the other Guarantors available in the files of Secured Party at the time of commencing the foreclosure process, without the requirement that Secured Party obtain, or seek to obtain, any updated business or financial information or verify, or certify to prospective purchasers, the accuracy of any such business or financial information, or (C) offer for sale and sell the Pledged Securities with, or without, first employing an appraiser, investment banker, or broker with respect to the evaluation of the Pledged Securities, the solicitation of purchasers for Pledged Securities, or the manner of sale of Pledged Securities.

(e) Application of Proceeds. Secured Party shall apply the proceeds of any sale or other disposition of the Collateral under this *Paragraph 7* in accordance with the requirements of the Intercreditor Agreement.

(f) Sales on Credit. If Secured Party sells any of the Collateral upon credit, Debtor will be credited only with payments actually made by the purchaser, received by the Secured Party, and applied to the indebtedness of the purchaser. In the event the purchaser fails to pay for the Collateral, Secured Party may resell the Collateral and Debtor shall be credited with the proceeds of the sale.

8. **OTHER RIGHTS OF SECURED PARTY.**

(a) Performance. If Debtor fails to keep the Collateral in good repair, working order, and condition, as required by the Loan Documents or the Senior Note Documents, or fails to pay when due all Taxes on any of the Collateral in the manner required by the Loan Documents or the Senior Note Documents, or fails to preserve the priority of the Security Interest in any of the

Collateral, or fails to keep the Collateral insured as required by the Loan Documents or the Senior Note Documents, or otherwise fails to perform any of its obligations under the Loan Documents or the Senior Note Documents with respect to the Collateral, then Secured Party may, at its option, but without being required to do so, make such repairs, pay such Taxes, prosecute or defend any suits in relation to the Collateral, or insure and keep insured the Collateral in any amount deemed appropriate by Secured Party, or take all other action which Debtor is required, but has failed or refused, to take under the Loan Documents or the Senior Note Documents. Any sum which may be expended or paid by Secured Party under this subparagraph (including, without limitation, court costs and reasonable attorneys' fees) shall bear interest from the dates of expenditure or payment at the Default Rate until paid and, *together with* such interest, shall be payable by Debtor to Secured Party upon demand and shall be part of the Obligation.

(b) Collection. If an Event of Default exists and upon notice from Secured Party, each Obligor with respect to any payments on any of the Collateral (including, without limitation, dividends and other Distributions with respect to the Pledged Securities and Partnership Interests, payments on Collateral Notes, insurance proceeds payable by reason of loss or damage to any of the Collateral, or payments or distributions with respect to Deposit Accounts) is hereby authorized and directed by Debtor to make payment directly to Secured Party, regardless of whether Debtor was previously making collections thereon. Subject to *Paragraph 8(f)* hereof, until such notice is given, Debtor is authorized to retain and expend all payments made on Collateral. If an Event of Default exists, Secured Party shall have the Right in its own name or in the name of Debtor to compromise or extend time of payment with respect to all or any portion of the Collateral for such amounts and upon such terms as Secured Party may determine; to demand, collect, receive, receipt for, sue for, compound, and give acquittances for any and all amounts due or to become due with respect to Collateral; to take control of cash and other proceeds of any Collateral; to endorse the name of Debtor on any notes, acceptances, checks, drafts, money orders, or other evidences of payment on Collateral that may come into the possession of Secured Party; to sign the name of Debtor on any invoice or bill of lading relating to any Collateral, on any drafts against Obligors or other Persons making payment with respect to Collateral, on assignments and verifications of accounts or other Collateral and on notices to Obligors making payment with respect to Collateral; to send requests for verification of obligations to any Obligor; and to do all other acts and things necessary to carry out the intent of this Security Agreement. If an Event of Default exists and any Obligor fails or refuses to make payment on any Collateral when due, Secured Party is authorized, in its sole discretion, either in its own name or in the name of Debtor, to take such action as Secured Party shall deem appropriate for the collection of any amounts owed with respect to Collateral or upon which a delinquency exists. Regardless of any other provision hereof, however, Secured Party shall never be liable for its failure to collect, or for its failure to exercise diligence in the collection of, any amounts owed with respect to Collateral, nor shall it be under any duty whatsoever to anyone *except* Debtor and the Creditors to account for funds that it shall actually receive hereunder. Without limiting the generality of the foregoing, Secured Party shall have no responsibility for ascertaining any maturities, calls, conversions, exchanges, offers, tenders, or similar matters relating to any Collateral, or for informing Debtor with respect to any of such matters (irrespective of whether Secured Party actually has, or may be deemed to have, knowledge thereof). The receipt of Secured Party to any Obligor shall be a full and complete release, discharge, and acquittance to such Obligor, to the extent of any amount so paid to Secured Party.

(c) Intellectual Property. For purposes of enabling Secured Party to exercise its Rights and remedies under this Security Agreement and enabling Secured Party and its successors and assigns to enjoy the full benefits of the Collateral, Debtor hereby grants to Secured Party an irrevocable, nonexclusive license (exercisable without payment of royalty or other compensation

to Debtor) to make, have made, use, sell, import, reproduce, distribute, display and perform publicly, create derivative works, perform by means of digital transmission, license, or sublicense any of the Intellectual Property. Debtor shall provide Secured Party with reasonable access to all media in which any of the Intellectual Property may be recorded or stored and all computer programs used for the completion or printout thereof. This license shall also inure to the benefit of all successors, assigns, and transferees of Secured Party. Upon the occurrence of a Default, Secured Party may require that Debtor assign all of its Right, title, and interest in and to the Intellectual Property or any part thereof to Secured Party or such other Person as Secured Party may designate pursuant to documents satisfactory to Secured Party. If no Default or Event of Default exists, Debtor shall have the exclusive, non-transferable Right and license to use the Intellectual Property in the ordinary course of business and the exclusive Right to grant to other Persons licenses and sublicenses with respect to the Intellectual Property for full and fair consideration.

(d) Record Ownership of Securities. If a Default or Event of Default exists, Secured Party at any time may have any Collateral that is Pledged Securities and that is in the possession of Secured Party, or its nominee or nominees, registered in its name, or in the name of its nominee or nominees, as Secured Party; and, as to any Collateral that is Pledged Securities so registered, Secured Party shall execute and deliver (or cause to be executed and delivered) to Debtor all such proxies, powers of attorney, dividend coupons or orders, and other documents as Debtor may reasonably request for the purpose of enabling Debtor to exercise the voting Rights and powers which it is entitled to exercise under this Security Agreement or to receive the dividends and other Distributions and payments in respect of such Collateral that is Pledged Securities or proceeds thereof which it is authorized to receive and retain under this Security Agreement.

(e) Voting of Securities. As long as no Event of Default exists, Debtor is entitled to exercise all voting Rights pertaining to any Pledged Securities and Partnership Interests; *provided, however,* that no vote shall be cast or consent, waiver, or ratification given or action taken without the prior written consent of Secured Party which would (x) be inconsistent with or violate any provision of this Security Agreement or any other Loan Document or Senior Note Document or (y) amend, modify, or waive any term, provision or condition of the certificate of incorporation, bylaws, certificate of formation, or other charter document, or other agreement relating to, evidencing, providing for the issuance of, or securing any Collateral; and *provided further* that Debtor shall give Secured Party at least five Business Days' prior written notice in the form of an officers' certificate of the manner in which it intends to exercise, or the reasons for refraining from exercising, any voting or other consensual Rights pertaining to the Collateral or any part thereof which might have a material adverse effect on the value of the Collateral or any part thereof. If an Event of Default exists and if Secured Party elects to exercise such Right, the Right to vote any Pledged Securities shall be vested exclusively in Secured Party. To this end, Debtor hereby irrevocably constitutes and appoints Secured Party the proxy and attorney-in-fact of Debtor, with full power of substitution, to vote, and to act with respect to, any and all Collateral that is Pledged Securities standing in the name of Debtor or with respect to which Debtor is entitled to vote and act, subject to the understanding that such proxy may not be exercised unless an Event of Default exists. The proxy herein granted is coupled with an interest, is irrevocable, and shall continue until the Obligation has been paid and performed in full.

(f) Certain Proceeds. Notwithstanding any contrary provision herein, any and all

(i) dividends, interest, or other Distributions paid or payable other than in cash in respect of, and instruments and other property received, receivable, or otherwise distributed in respect of, or in exchange for, any Collateral;

(ii) dividends, interest, or other Distributions hereafter paid or payable in cash in respect of any Collateral in connection with a partial or total liquidation or dissolution, or in connection with a reduction of capital, capital surplus, or paid-in-surplus;

(iii) cash paid, payable, or otherwise distributed in redemption of, or in exchange for, any Collateral; and

(iv) dividends, interest, or other Distributions paid or payable in violation of the Loan Documents,

shall be part of the Collateral hereunder, and shall, if received by Debtor, be held in trust for the benefit of Secured Party, and shall forthwith be delivered to Secured Party (accompanied by proper instruments of assignment and/or stock and/or bond powers executed by Debtor in accordance with Secured Party's instructions) to be held subject to the terms of this Security Agreement. Any cash proceeds of Collateral which come into the possession of Secured Party on and after the occurrence of an Event of Default (including, without limitation, insurance proceeds) may, at Secured Party's option, be applied in whole or in part to the Obligation (to the extent then due), be released in whole or in part to or on the written instructions of Debtor for any general or specific purpose, or be retained in whole or in part by Secured Party as additional Collateral. Any cash Collateral in the possession of Secured Party may be invested by Secured Party in Cash Equivalent Investments. Secured Party shall never be obligated to make any such investment and shall never have any liability to Debtor for any loss which may result therefrom. All interest and other amounts earned from any investment of Collateral may be dealt with by Secured Party in the same manner as other cash Collateral. The provisions of this subparagraph are applicable whether or not a Default or Event of Default exists.

(g) Use and Operation of Collateral. Should any Collateral come into the possession of Secured Party, Secured Party may use or operate such Collateral for the purpose of preserving it or its value pursuant to the order of a court of appropriate jurisdiction or in accordance with any other Rights held by Secured Party in respect of such Collateral. Debtor covenants to promptly reimburse and pay to Secured Party, at Secured Party's request, the amount of all reasonable expenses (including, without limitation, the cost of any insurance and payment of Taxes or other charges) incurred by Secured Party in connection with its custody and preservation of Collateral, and all such expenses, costs, Taxes, and other charges shall bear interest at the Default Rate until repaid and, *together with* such interest, shall be payable by Debtor to Secured Party upon demand and shall become part of the Obligation. However, the risk of accidental loss or damage to, or diminution in value of, Collateral is on Debtor, and Secured Party shall have no liability whatever for failure to obtain or maintain insurance, nor to determine whether any insurance ever in force is adequate as to amount or as to the risks insured. With respect to Collateral that is in the possession of Secured Party, Secured Party shall have no duty to fix or preserve Rights against prior parties to such Collateral and shall never be liable for any failure to use diligence to collect any amount payable in respect of such Collateral, but shall be liable only to account to Debtor for what it may actually collect or receive thereon. The provisions of this subparagraph are applicable whether or not a Default exists.

(h) Cash Collateral Account. If a Default exists, Secured Party shall have, and Debtor hereby grants to Secured Party, the Right and authority to transfer all funds on deposit in the Deposit Accounts to a *Cash Collateral Account* (herein so called) maintained with a depository institution acceptable to Secured Party and subject to the exclusive direction, domain, and control of Secured Party, and no disbursements or withdrawals shall be permitted to be made by Debtor from such Cash Collateral Account. Such Cash Collateral Account shall be subject to the Security Interest and Liens in favor of Secured Party herein created, and Debtor hereby grants a security interest to Secured Party on behalf of the Creditors in and to, such Cash Collateral Account and all checks, drafts, and other items ever received by Debtor for deposit therein. Furthermore, if a Default exists, Secured Party shall have the Right, at any time in its discretion without notice to Debtor, (i) to transfer to or to register in the name of Secured Party or any nominee any certificates of deposit or deposit instruments constituting Deposit Accounts and shall have the Right to exchange such certificates or instruments representing Deposit Accounts for certificates or instruments of smaller or larger denominations and (ii) to take and apply against the Obligation any and all funds then or thereafter on deposit in the Cash Collateral Account or otherwise constituting Deposit Accounts.

(i) Power of Attorney. Debtor hereby irrevocably constitutes and appoints Secured Party and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the name of Debtor or in its own name, to take after the occurrence and during the continuance of a Default and from time to time thereafter, any and all action and to execute any and all documents and instruments which Secured Party at any time and from time to time deems necessary or desirable to accomplish the purposes of this Security Agreement and, without limiting the generality of the foregoing, Debtor hereby gives Secured Party the power and Right on behalf of Debtor and in its own name to do any of the following after the occurrence and during the continuance of a Default and from time to time thereafter, without notice to or the consent of Debtor:

(i) to transfer any and all funds on deposit in the Deposit Accounts to the Cash Collateral Account as set forth herein;

(ii) to receive, endorse, and collect any drafts or other instruments or documents in connection with *clause (b)* above and this *clause (i)*;

(iii) to use the Intellectual Property or to grant or issue any exclusive or non-exclusive license under the Intellectual Property to anyone else, and to perform any act necessary for the Secured Party to assign, pledge, convey, or otherwise transfer title in or dispose of the Intellectual Property to any other Person;

(iv) to demand, sue for, collect, or receive, in the name of Debtor or in its own name, any money or property at any time payable or receivable on account of or in exchange for any of the Collateral and, in connection therewith, endorse checks, notes, drafts, acceptances, money orders, documents of title or any other instruments for the payment of money under the Collateral or any policy of insurance;

(v) to pay or discharge taxes, Liens, or other encumbrances levied or placed on or threatened against the Collateral;

(vi) to notify post office authorities to change the address for delivery of Debtor to an address designated by Secured Party and to receive, open, and dispose of mail addressed to Debtor; and

(vii) (A) to direct account debtors and any other parties liable for any payment under any of the Collateral to make payment of any and all monies due and to become due thereunder directly to Secured Party or as Secured Party shall direct; (B) to receive payment of and receipt for any and all monies, claims, and other amounts due and to become due at any time in respect of or arising out of any Collateral; (C) to sign and endorse any invoices, freight or express bills, bills of lading, storage or warehouse receipts, drafts against debtors, assignments, proxies, stock powers, verifications, and notices in connection with accounts and other documents relating to the Collateral; (D) to commence and prosecute any suit, action, or proceeding at Law or in equity in any court of competent jurisdiction to collect the Collateral or any part thereof and to enforce any other Right in respect of any Collateral; (E) to defend any suit, action, or proceeding brought against Debtor with respect to any Collateral; (F) to settle, compromise, or adjust any suit, action, or proceeding described above and, in connection therewith, to give such discharges or releases as Secured Party may deem appropriate; (G) to exchange any of the Collateral for other property upon any merger, consolidation, reorganization, recapitalization, or other readjustment of the issuer thereof and, in connection therewith, deposit any of the Collateral with any committee, depository, transfer agent, registrar, or other designated agency upon such terms as Secured Party may determine; (H) to add or release any guarantor, indorser, surety, or other party to any of the Collateral; (I) to renew, extend, or otherwise change the terms and conditions of any of the Collateral; (J) to endorse Debtor's name on all applications, documents, papers, and instruments necessary or desirable in order for Secured Party to use or maintain any of the Intellectual Property; (K) to make, settle, compromise or adjust any claims under or pertaining to any of the Collateral (including claims under any policy of insurance); (L) to execute on behalf of Debtor any financing statements or continuation statements with respect to the Security Interests created hereby, and to do any and all acts and things to protect and preserve the Collateral, including, without limitation, the protection and prosecution of all Rights included in the Collateral; and (M) to sell, transfer, pledge, convey, make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though Secured Party were the absolute owner thereof for all purposes, and to do, at Secured Party's option and Debtor's expense, at any time, or from time to time, all acts and things which Secured Party deems necessary to protect, preserve, maintain, or realize upon the Collateral and Secured Party's security interest therein.

This power of attorney is a power coupled with an interest and shall be irrevocable. Secured Party shall be under no duty to exercise or withhold the exercise of any of the Rights, powers, privileges, and options expressly or implicitly granted to Secured Party in this Security Agreement, and shall not be liable for any failure to do so or any delay in doing so. Neither Secured Party nor any Person designated by Secured Party shall be liable for any act or omission or for any error of judgment or any mistake of fact or Law. This power of attorney is conferred on Secured Party solely to protect, preserve, maintain, and realize upon its Security Interest in the Collateral. Secured Party shall not be responsible for any decline in the value of the Collateral and shall not be required to take any steps to preserve rights against prior parties or to protect, preserve, or maintain any Lien given to secure the Collateral.

(j) Purchase Money Collateral. To the extent that Secured Party or any Creditor has advanced or will advance funds to or for the account of Debtor to enable Debtor to purchase or otherwise acquire Rights in Collateral, Secured Party or such Lender, at its option, may pay such funds (i) directly to the Person from whom Debtor will make such purchase or acquire such Rights, or (ii) to Debtor, in which case Debtor covenants to promptly pay the same to such

Person, and forthwith furnish to Secured Party evidence satisfactory to Secured Party that such payment has been made from the funds so provided.

(k) Subrogation. If any of the Obligation is given in renewal or extension or applied toward the payment of indebtedness secured by any Lien, Secured Party shall be, and is hereby, subrogated to all of the Rights, titles, interests, and Liens securing the indebtedness so renewed, extended, or paid.

(l) Indemnification. Debtor hereby assumes all liability for the Collateral, for the Security Interest, and for any use, possession, maintenance, and management of, all or any of the Collateral, including, without limitation, any Taxes arising as a result of, or in connection with, the transactions contemplated herein, and agrees to assume liability for, and to indemnify and hold Secured Party and each Creditor harmless from and against, any and all claims, causes of action, or liability, for injuries to or deaths of Persons and damage to property, howsoever arising from or incident to such use, possession, maintenance, and management, whether such Persons be agents or employees of Debtor or of third parties, or such damage be to property of Debtor or of others. Debtor agrees to indemnify, save, and hold Secured Party and each Creditor harmless from and against, and covenants to defend Secured Party and each Creditor against, any and all losses, damages, claims, costs, penalties, liabilities, and expenses (collectively, "Claims"), including, without limitation, court costs and attorneys' fees, and any of the foregoing arising from the negligence of Secured Party or any Creditor, or any of their respective officers, employees, agents, advisors, employees, or representatives, howsoever arising or incurred because of, incident to, or with respect to Collateral or any use, possession, maintenance, or management thereof; *provided, however*, that the indemnity set forth in this *Paragraph 8(l)* will not apply to Claims caused by the gross negligence or willful misconduct of Secured Party or any Creditor.

(m) Continuing Liability. Notwithstanding anything to the contrary contained in this Security Agreement, (i) Debtor shall remain liable under the contracts, agreements, documents, and instruments included in the Collateral to the extent set forth therein to perform all of its duties and obligation thereunder to the same extent as of this Security Agreement had not been executed, (ii) the exercise by Secured Party of any of its rights or remedies hereunder shall not release Debtor from any of its duties or obligations under the contracts, agreements, documents, and instruments included in the Collateral, and (iii) Secured Party shall not have any indebtedness, liability, or obligation under any of the contracts, agreements, documents, and instruments included in the Collateral by reason of this Security Agreement, and Secured Party shall not be obligated to perform any of the obligations or duties of Debtor thereunder or to take any action to collect or enforce any claim for payment assigned hereunder.

9. MISCELLANEOUS.

(a) Continuing Security Interest. This Security Agreement creates a continuing security interest in the Collateral and shall (i) remain in full force and effect until the termination of the obligations of Lenders to advance Borrowings or issue LCs under the Loan Documents, the payment in full of the Obligation, and the expiration of all LCs and all Financial Hedges issued by any Lender or any Affiliate of any Lender to the Company or any Guarantor; and (ii) inure to the benefit of and be enforceable by Secured Party, Creditors, and their respective successors, transferees, and assigns. Without limiting the generality of the foregoing *clause (ii)*, Secured Party and the Creditors may assign or otherwise transfer any of their respective Rights under this Security Agreement to any other Person in accordance with the terms and provisions of *Section 13.13* of the Credit Agreement, *Section 13* of the Senior Note Agreement, and the

Intercreditor Agreement and to the extent of such assignment or transfer such Person shall thereupon become vested with all the Rights and benefits in respect thereof granted herein or otherwise to Secured Party or the Creditors, as the case may be. Upon payment in full of the Obligation, the termination of the commitment of Lenders to extend credit or issue LCs under the Loan Documents, and the expiration and termination of all LCs and Financial Hedges issued by any Lender or any Affiliate of any Lender to Company or any Guarantor, Debtor shall be entitled to the return, upon its request and at its expense, of such of the Collateral as shall not have been sold or otherwise applied pursuant to the terms hereof.

(b) Headings. The headings, captions, and arrangements used in this Security Agreement are, unless specified otherwise, for convenience only and shall not be deemed to limit, amplify, or modify the terms of this Security Agreement, nor affect the meaning thereof.

(c) Nonbusiness Days. In any case where any payment or action is due under this Security Agreement on a day that is not a Business Day, that payment or action may be delayed until the next-succeeding Business Day, but interest and fees shall continue to accrue in respect of any payment to which it is applicable until the payment is in fact made.

(d) Communications. Unless specifically otherwise provided, whenever this Security Agreement requires or permits any consent, approval, notice, request, or demand from one party to another, the communication must be in writing (which may be by telex or telecopy) to be effective and shall be deemed to have been given (a) if by telex, when transmitted to the telex number, if any, for that party, and the appropriate answer back is received, (b) if by telecopy, when transmitted to the telecopy number for that party (and all such communications sent by telecopy shall be confirmed promptly thereafter by personal delivery or mailing in accordance with the provisions of this section; *provided, however*, that any requirement in this parenthetical shall not affect the date on which the telecopy shall be deemed to have been delivered), (c) if by mail, unless this time period is palpably unreasonable under the then circumstances, on the third Business Day after it is enclosed in an envelope, properly addressed to that party, properly stamped, sealed, and deposited in the appropriate official postal service, or (d) if by any other means, when actually delivered to the party. Until changed by notice pursuant hereto, the address (and telex and telecopy numbers, if any) for Collateral Agent is 231 S. LaSalle Street, 8th Floor, Chicago, IL 60697, Fax: 877/206-8435, Attn: Suzanne Paul, Vice President, and for Debtor is the address set forth by Debtor's signature on the signature page of this Security Agreement. A copy of each such communication to Administrative Agent shall also be sent to Haynes and Boone, LLP, 901 Main Street, Suite 3100, Dallas, Texas 75202, Fax: 214/200-0429, Attn: Kelly L. Turner, Esq.

(g) Invalid Provisions. If any provision in this Security Agreement is held to be illegal, invalid, or unenforceable, that provision shall be fully severable; this Security Agreement shall be construed and enforced as if the provision had never comprised a part thereof; and the remaining provisions hereof shall remain in full force and effect and shall not be affected by that provision or by its severance herefrom. Collateral Agent, Creditors, and Debtor agree to negotiate, in good faith, the terms of a replacement provision as similar to the severed provision as may be possible and be legal, valid, and enforceable.

(m) Term. Upon the later of (i) the termination of Lenders' commitments to fund Borrowing under the Credit Agreement and (ii) the full and final payment and performance of the Obligation, this Security Agreement shall thereafter terminate upon receipt by Secured Party of Debtor's written notice of such termination; *provided that* no Obligor, if any, on any of the Collateral shall ever be obligated to make inquiry as to the termination of this Security

Agreement, but shall be fully protected in making payment directly to Secured Party until actual notice of such total payment of the Obligation is received by such Obligor.

(n) Actions Not Released. The Security Interest and Debtor's obligations and Secured Party's Rights hereunder shall not be released, diminished, impaired, or adversely affected by the occurrence of any one or more of the following events: (i) the taking or accepting of any other security or assurance for any or all of the Obligation; (ii) any release, surrender, exchange, subordination, or loss of any security or assurance at any time existing in connection with any or all of the Obligation; (iii) the modification of, amendment to, or waiver of compliance with any terms of any of the other Loan Documents or Senior Note Documents without the notification or consent of Debtor, *except* as required therein (the Right to such notification or consent being herein specifically waived by Debtor); (iv) the insolvency, bankruptcy, or lack of corporate or trust power of any party at any time liable for the payment of any or all of the Obligation, whether now existing or hereafter occurring; (v) any renewal, extension, or rearrangement of the payment of any or all of the Obligation, either with or without notice to or consent of Debtor, or any adjustment, indulgence, forbearance, or compromise that may be granted or given by Secured Party or any Creditor to Debtor; (vi) any neglect, delay, omission, failure, or refusal of Secured Party or any Creditor to take or prosecute any action in connection with any other agreement, document, guaranty, or instrument evidencing, securing, or assuring the payment of all or any of the Obligation; (vii) any failure of Secured Party or any Creditor to notify Debtor of any renewal, extension, or assignment of the Obligation or any part thereof, or the release of any Collateral or other security, or of any other action taken or refrained from being taken by Secured Party or any Creditor against Debtor or any new agreement between or among Secured Party or one or more Creditors and Debtor, *it being understood that except as expressly provided herein, neither Secured Party nor any Creditor shall be required to give Debtor any notice of any kind under any circumstances whatsoever with respect to or in connection with the Obligation, including, without limitation, notice of acceptance of this Security Agreement or any Collateral ever delivered to or for the account of Secured Party hereunder; (viii) the illegality, invalidity, or unenforceability of all or any part of the Obligation against any party obligated with respect thereto by reason of the fact that the Obligation, or the interest paid or payable with respect thereto, exceeds the amount permitted by Law, the act of creating the Obligation, or any part thereof, is *ultra vires*, or the officers, partners, or trustees creating same acted in excess of their authority, or for any other reason; or (ix) if any payment by any party obligated with respect thereto is held to constitute a preference under applicable Laws or for any other reason Secured Party or any Creditor is required to refund such payment or pay the amount thereof to someone else.*

(o) Waivers. *Except to the extent expressly otherwise provided herein or in any Loan Documents or Senior Loan Documents and to the fullest extent permitted by applicable Law, Debtor waives (i) any Right to require Secured Party or any Creditor to proceed against any other Person, to exhaust its Rights in Collateral, or to pursue any other Right which Secured Party or any Creditor may have; (ii) with respect to the Obligation, presentment and demand for payment, protest, notice of protest and nonpayment, and notice of the intention to accelerate; and (iii) all Rights of marshaling in respect of any and all of the Collateral.*

(p) Financing Statement; Authorization. Secured Party shall be entitled at any time to file this Security Agreement or a carbon, photographic, or other reproduction of this Security Agreement, as a financing statement, but the failure of Secured Party to do so shall not impair the validity or enforceability of this Security Agreement. Debtor hereby irrevocably authorizes Secured Party at any time and from time to time to file in any UCC jurisdiction any initial financing statements and amendments thereto (without the requirement for Debtor's signature

thereon) that (i) indicate the Collateral (A) as all assets of Debtor or words of similar effect, regardless of whether any particular asset comprised in the Collateral falls within the scope of Article 9 of the UCC of the state or such jurisdiction or whether such assets are included in the Collateral hereunder, or (B) as being of an equal or lesser scope or with greater detail, and (ii) contain any other information required by Article 9 of the UCC of the state or such jurisdiction for the sufficiency or filing office acceptance of any financing statement or amendment, including (A) whether the Company is an organization, the type of organization, and any organization identification number issued to Debtor and, (B) in the case of a financing statement filed as a fixture filing or indicating Collateral to be as-extracted collateral or timber to be cut, a sufficient description of real property to which the Collateral relates. Debtor agrees to furnish any such information to Secured Party promptly upon request.

(q) Amendments. This Security Agreement may be amended only by an instrument in writing executed jointly by Debtor and Secured Party, and supplemented only by documents delivered or to be delivered in accordance with the express terms hereof.

(r) Multiple Counterparts. This Security Agreement has been executed in a number of identical counterparts, each of which shall be deemed an original for all purposes and all of which constitute, collectively, one agreement; but, in making proof of this Security Agreement, it shall not be necessary to produce or account for more than one such counterpart.

(i) Parties Bound; Assignment. This Security Agreement shall be binding on Debtor and Debtor's heirs, legal representatives, successors, and assigns and shall inure to the benefit of Secured Party and Secured Party's successors and assigns.

(i) Secured Party is the agent for each Lender under the Credit Agreement and each Senior Noteholder under the Senior Note Agreement, the Security Interest and all Rights granted to Secured Party hereunder or in connection herewith are for the ratable benefit of each Creditor, and Secured Party may, without the joinder of any Creditor, exercise any and all Rights in favor of Secured Party or Creditors hereunder, including, without limitation, conducting any foreclosure sales hereunder, and executing full or partial releases hereof, amendments or modifications hereto, or consents or waivers hereunder. The Rights of each Creditor *vis-a-vis* Secured Party and each other Creditor may be subject to one or more separate agreements between or among such parties, but Debtor need not inquire about any such agreement or be subject to any terms thereof *unless* Debtor specifically joins therein; and consequently, neither Debtor nor Debtor's heirs, personal representatives, successors, and assigns shall be entitled to any benefits or provisions of any such separate agreements or be entitled to rely upon or raise as a defense, in any manner whatsoever, the failure or refusal of any party thereto to comply with the provisions thereof.

(ii) Debtor may not, without the prior written consent of Secured Party, assign any Rights, duties, or obligations hereunder.

(s) GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF TEXAS APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED ENTIRELY WITHIN THAT STATE; *PROVIDED* THAT THE SECURED PARTY SHALL RETAIN ALL RIGHTS ARISING UNDER FEDERAL LAW.

EXECUTED as of the date first stated in this Amended and Restated Pledge, Assignment, and Security Agreement.

PHYTON BIOTECH, INC., a Delaware corporation,
as Debtor

By: 
Michael A. Patterson, Chief Financial Officer

Mailing Address:
3909 Hulen Street
Fort Worth, Texas 76107

SCHEDULE 1 TO
AMENDED AND RESTATED PLEDGE,
ASSIGNMENT, AND SECURITY AGREEMENT

EXISTING SECURITY AGREEMENTS

1. Security Agreement, dated January 1, 1997, executed by Healthpoint, Ltd., a Texas limited partnership.
2. Confirmations of Liens, Security Agreements and Guaranties, dated January 4, 1999, executed by DPT Laboratories, Ltd., DFB Holding, Inc., Healthpoint, Ltd., and NationsBank, N.A., recorded at Volume 7789, Page 548 of the Real Property Records of Bexar County, Texas.
3. Security Agreement, dated January 4, 1999, executed by DPT Laboratories, Ltd., a Texas limited partnership.
4. Confirmation of Liens, Security Agreements and Guaranties, dated August 21, 2000, executed by DPT Laboratories, Ltd., a Texas limited partnership, Healthpoint Ltd., a Texas limited partnership, DFB Pharmaceuticals, Inc., a Texas corporation, and NationsBank, N.A.
5. Pledge, Assignment and Security Agreement, dated November 13, 2001, executed by DFB Pharmaceuticals, Inc., to Bank of America, N.A., as Administrative Agent for Lenders and Secured Party.
6. Pledge, Assignment and Security Agreement, dated November 13, 2001, executed by DPT Lakewood, Inc., to Bank of America, N.A., as Administrative Agent for Lenders and Secured Party.
7. Pledge, Assignment and Security Agreement, dated November 13, 2001, executed by Healthpoint, Ltd., to Bank of America, N.A., as Administrative Agent for Lenders and Secured Party.
8. Pledge, Assignment and Security Agreement, dated November 13, 2001, executed by DPT Laboratories, Ltd., to Bank of America, N.A., as Administrative Agent for Lenders and Secured Party.
9. Pledge, Assignment and Security Agreement, dated November 26, 2003, executed by Phyton Inc. (now known as Phyton Biotech, Inc.), to Bank of America, N.A., as Administrative Agent for Lenders and Secured Party.

**ANNEX A TO AMENDED AND RESTATED PLEDGE,
ASSIGNMENT, AND SECURITY AGREEMENT**

DEBTOR INFORMATION AND LOCATION OF COLLATERAL

- A. Exact Legal Name of Debtor: Phyton Biotech, Inc.
- B. Mailing Address of Debtor: 3909 Hulen Street, Fort Worth, Texas 76107
- C. Type of Entity: Corporation
- D. Jurisdiction of Organization: Delaware
- E. State Issued Organizational Identification Number:
- F. Location of Books and Records: 318 McCullough, San Antonio, Texas 78215
95 Brown Road, Ithaca, New York 14850
- G. Location of Collateral: 95 Brown Road, Ithaca, New York 14850
- H. Location of Real Property: N/A
- I. Jurisdiction(s) for Filing Financing Statements: Secretary of State – Delaware

**ANNEX B-1 TO AMENDED AND RESTATED PLEDGE,
ASSIGNMENT, AND SECURITY AGREEMENT**

COLLATERAL DESCRIPTIONS

A. Collateral Notes and Collateral Note Security

NONE

B. Pledged Shares

Phyton Gesellschaft für Biotechnik mbH
(a German corporation with limited liability)

authorized shares: 51,000 (each par value)

Shares outstanding as follows: 51,000

All held by Phyton Biotech, Inc. 33,150 shares (65% of total outstanding)

C. Partnership Interests

NONE

D. Partnership Agreements

NONE

E. Commercial Tort Claims

NONE

F. Deposit Accounts (including name of bank, address, and account number)

Bank of America
300 Convent, 5th Floor
San Antonio, Texas 78291

Phyton Biotech, Inc. 004783242851 Operating Account

JP Morgan Chase
1020 N.E. Loop 410
San Antonio, Texas 78265

Phyton Biotech, Inc. 12508404519 Payroll Account

Tompkins Trust Company
The Commons
Ithaca, New York 014851

Phyton Biotech, Inc. 111119887 Operating Account (local)

**ANNEX B-2 TO AMENDED AND RESTATED PLEDGE,
ASSIGNMENT, AND SECURITY AGREEMENT**

PHYTON BIOTECH, INC.

COLLATERAL DESCRIPTIONS

- A. Registered Copyrights, Copyright Applications, Material Unregistered Copyrights
None
- B. Issued Patents and Patent Applications

CRYOPRESERVATION RELATED PATENTS AND APPLICATIONS

Patents Granted

Country	Patent No.
Australia	701,381
Europe	0830059*
Great Britain	2,316,854
Great Britain	2,321,840**
New Zealand	312,329
Singapore	47287
United States	5,965,438
United States	6,127,181

*Validated in Austria, Belgium, Switzerland, Germany, Denmark, Spain, Finland, France, Greece, Ireland, Italy, Luxembourg, Liechtenstein, Monaco, Netherlands, Portugal and Sweden.

** Divisional of GB 2,316,854

United States Applications Pending

Country	Serial No.
United States	08/780,449
United States	10/015,939

Foreign Applications Pending

Country	Serial No.
Canada	2,223,959
Japan	502,141/97
South Korea	97-708892

PCT Application That Has Entered National Phase

Country	Application No.
PCT/US96/09998	WO 96/39812

CELL CULTURES OF TAXUS SPECIES PATENTS AND RELATED APPLICATIONS**“Enhanced Production of Taxol and Taxanes by Cell Cultures of Taxus Species” – Parent Application****Patents Granted**

Country	Patents
Australia	672194
Europe	0672162*±
Europe	0960944**
Hong Kong	00103123,4
Hong Kong	1003718
Japan	3,513,151
New Zealand	249,734
Singapore	46427
South Korea	285788
South Korea	10-392036***
United States	5,407,816

*Validated in Ireland, Italy, Spain, Sweden, Switzerland, Great Britain, Monaco, Austria, Belgium, Denmark, France, Germany, Greece, Luxembourg, Netherlands and Portugal.

±Opposed in EPO by Samyang Genex

** Validated in Austria, Belgium, Switzerland, Germany, Denmark, Spain, France, Great Britain, Greece, Ireland, Italy, Luxembourg, Monaco, Netherlands, Portugal and Sweden

*** Divisional of KR 285788

Applications Pending

Country	Applications
Canada	2,130,745
Europe	03021426.6*
Japan	2003-318959**

*Div. Of EP 0960944; claims culture of any *Taxus sp.* with Ag and/or methyl jasmonate

** Div. Of Jp 3,513,151

PCT Application That Has Entered National Phase

App. No.	Pub. No.
PCT/US93/01576	WO 93/17121

“Enhanced Production of Taxanes by Cell Cultures of Taxus Species” – Continuation-In-Part Applications**Patents Granted**

Country	Patents
Australia	727425
Singapore	60641

Applications Pending

Country	Serial No.
Argentina	P980105991
Brazil	9709361.0
Canada	2,256,357
Europe	97926731.7
Europe	03026211.7*
Hungary	P9901788
Hungary	P0302357*
Israel	127,062
Israel	152752*
Japan	542,824/97
Mexico	989,847
South Korea	98-709509
South Korea	03-7001795*
Turkey	1998-02426
United States	09/083,198**

*Divisions of: EP App. 97926731.7

** contains subject matter from parent application

PCT Application That Has Entered National Phase

Serial No.	Publication No.
PCT/US93/08907	WO 97/44476

U.S. Provisional Applications

"Use of Indanoyl Amide to Stimulate Secondary Metabolism in *Taxus sp.*"

Application Pending

Country	Serial No.
US	60/543,921

C. Registered Trademarks, Trademark Applications, Material Unregistered Trademarks

Marks Registered or Pending with the USPTO

Mark	Country	Registration Number	Serial Number
CHEMONOMICS	United States		76233531
DERMOVITA	United States	2247925 - Pending	
PCF	United States		76253795
PHYTON	United States	2249879	75014967

EU Trademarks

Trade	Office	Application Number	Classification
DERMOVITA	EU	000253088	3 (Cosmetics, hygiene products)
DERMOVITA	EU	001109131	1, 42 (chemical and biological products, advisory, consultancy)
PCF	EU	00190198	42 (Research in the discovery, identification and purification of plant-derived molecules)

**ANNEX C TO AMENDED AND RESTATED PLEDGE,
ASSIGNMENT, AND SECURITY AGREEMENT**

**DEFAULTS OR EVENTS OF DEFAULT UNDER ANY COLLATERAL NOTE,
DOCUMENTS EVIDENCING THE COLLATERAL NOTE SECURITY, PARTNERSHIP
AGREEMENTS, OR MATERIAL AGREEMENTS**

NONE

**ANNEX D TO AMENDED AND RESTATED PLEDGE,
ASSIGNMENT, AND SECURITY AGREEMENT**
DEPOSIT ACCOUNT CONTROL AGREEMENT

_____, 20__

Ladies and Gentlemen:

This letter is to notify you (the "**Depository Bank**") that, pursuant to that certain Amended and Restated Pledge, Assignment, and Security Agreement dated as of July 30, 2004 (as amended, modified, supplemented, or restated from time to time, the "**Security Agreement**"), _____, a company organized under the laws of _____ (the "**Pledgor**"), has granted to Bank of America, N.A., as Collateral Agent ("**Pledgee**") a first priority security interest in and lien upon, (a) Account No. _____ (the "**Account**") maintained by Pledgor with you, (b) any extensions or renewals of the Account if the Account is one which may be extended or renewed, and (c) all of Pledgor's right, title, and interest (whether now existing or hereafter created or arising) in and to the Account, all sums from time to time on deposit therein, credited thereto, or payable thereon, all instruments, documents, certificates, and other writings evidencing the Account, and any and all proceeds of any thereof (the items described in **clauses (a), (b) and (c)** being herein collectively called the "**Collateral**").

In connection therewith, the parties hereto agree (which agreement by Pledgor will be construed as instructions to the Depository Bank):

1. The Depository Bank is instructed to register the pledge on its books and hold the Collateral in a pledged status account.
2. The Depository Bank is instructed to deliver to Pledgee copies of monthly statements on the account(s) identified below:
3. The Account will be styled:
" _____ "
4. All dividends, interest, gains, and other profits on the Collateral will be reported in the name and tax identification number of Pledgor.
5. This letter agreement gives Pledgee "control" of the Account and the Collateral. The Depository Bank agrees to comply with any order or instruction from Pledgee as to the withdrawal or disposition of any funds from time to time credited to the Account, or as to any other matters relating to the Collateral, without the further consent of Pledgor. The Depository Bank shall be fully entitled to rely upon such instructions from Pledgee even if such instructions are contrary to any instructions or demands that Pledgor may give to the Depository Bank.

6. Pledgee agrees to indemnify and hold the Depository Bank, its officers and employees, harmless from and against any and all claims, causes of action, liabilities, lawsuits, demands, and/or damages, including, without limitation any and all costs, including court costs and reasonable attorneys' fees, that may arise or result from the Depository Bank complying with the instructions and orders of Pledgee given in connection with Pledgee's exercise of its control over and secured rights in the Account and the Collateral except to the extent that such claims, causes of action, liabilities, lawsuits, demands, and/or damages are found in a final, non-appealable judgment by a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of the Depository Bank.
7. Pledgor agrees to indemnify and hold the Depository Bank, its officers and employees, harmless from and against any and all claims, causes of action, liabilities, lawsuits, demands, and/or damages, including, without limitation, any and all costs, including court costs and reasonable attorneys' fees, that may arise or result from the Depository Bank entering into and performing its obligations under this letter agreement except to the extent that such claims, causes of action, liabilities, lawsuits, demands, and/or damages are found in a final, non-appealable judgment by a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of the Depository Bank.
8. The Depository Bank represents that it has not received notice regarding any lien, encumbrance, or other claim to the Account or the Collateral from any person other than pursuant to this letter agreement and has not entered into another agreement with any other party to act on such party's instructions with respect to the Account. The Depository Bank further agrees not to enter into any such agreement with any other party.
9. The Depository Bank subordinates to the security interest of Pledgee any right of recoupment or set-off, or to assert any security interest or other lien, that it may at any time have against or in any of the Collateral on account of any credit or other obligations owed to the Depository Bank by Pledgor or any other person. The Depository Bank may, however, from time to time debit the Account for any of its customary charges in maintaining the Account or for reimbursement for the reversal of any provisional credits granted by the Depository Bank to the Account, to the extent, in each case, that Pledgor has not separately paid or reimbursed Depository Bank therefor.
10. To the extent a conflict exists between the terms of this letter agreement and any account agreement between Pledgor and the Depository Bank, the terms of this letter agreement will control.
11. The terms of this letter agreement will in no way be modified except by a writing signed by all parties hereto.
12. Each of the parties executing this letter agreement represents that he has the proper authority to execute this letter agreement.

[Remainder of page intentionally blank. Signature page follows.]

IN WITNESS WHEREOF, Pledgor and Pledgee have agreed to the terms of this letter agreement as of the date first indicated above.

Pledgor:

PHYTON BIOTECH, INC.

By: _____
Michael A. Patterson, Chief Financial Officer

Pledgee:

BANK OF AMERICA, N.A., as Collateral Agent

By: _____
Name: _____
Title: _____

Acknowledged and Agreed on _____, 200_:

Depository Bank:

[NAME OF ENTITY]

By: _____
Name: _____
Title: _____

**ANNEX E TO AMENDED AND RESTATED PLEDGE,
ASSIGNMENT, AND SECURITY AGREEMENT**

ACKNOWLEDGMENT OF PLEDGE

PARTNERSHIP: _____ INTEREST OWNER: _____

BY THIS ACKNOWLEDGMENT OF PLEDGE, dated as of _____, 2004, _____ (the "*Partnership*") hereby acknowledges the pledge in favor of Bank of America, N.A. ("*Pledgee*"), in its capacity as Collateral Agent for certain Creditors and as Secured Party under that certain Amended and Restated Pledge, Assignment, and Security Agreement dated as of July 30, 2004 (as amended, modified, supplemented, or restated from time to time, the "*Security Agreement*"), against, and a security interest in favor of Pledgee in, all of _____'s (the "*Interest Owner*") Rights in connection with any partnership interest in the Partnership now and hereafter owned by the Interest Owner ("*Partnership Interest*").

A. Pledge Records. The Partnership has identified Pledgee's interest in all of the Interest Owner's Right, title, and interest in and to all of the Interest Owner's Partnership Interest as subject to a pledge and security interest in favor of Pledgee in the Partnership Records.

B. Partnership Distributions, Accounts, and Correspondence. The Partnership hereby acknowledges that (i) all proceeds, distributions, and other amounts payable to the Interest Owner, including, without limitation, upon the termination, liquidation, and dissolution of the Partnership shall be paid and remitted to the Pledgee upon demand, (ii) all funds in deposit accounts shall be held for the benefit of Pledgee, and (iii) all future correspondence, accountings of distributions, and tax returns of the Partnership shall be provided to the Pledgee. The Partnership acknowledges and accepts such direction and hereby agrees that it shall, upon the written demand by the Collateral Agent, pay directly to the Collateral Agent at such address any and all distributions, income, and cash flow arising from the Partnership Interests whether payable in cash, property or otherwise, subject to and in accordance with the terms and conditions of the Partnership. The Pledgee may from time to time notify the Partnership of any change of address to which such amounts are to be paid.

*Remainder of Page Intentionally Blank.
Signature Page to Follow.*

EXECUTED as of the date first stated in this Acknowledgment of Pledge.

By: _____
Name: _____
Title: _____

[PARTNERSHIP]

By: _____
as General Partner

By: _____
Name: _____
Title: _____