

Notwithstanding the foregoing, the Collateral shall not include any Receivables and any related Receivables Documentation subject to any Permitted Credit Enhancement Transaction.

“Control” shall have the meaning set forth in Article 8 or, if applicable, in Section 9-104, 9-105, 9-106 or 9-107 of Article 9 of the New York UCC.

“Default” means an event described in Section 5.1.

“Deposit Accounts” shall have the meaning set forth in Article 9 of the New York UCC.

“Documents” shall have the meaning set forth in Article 9 of the New York UCC.

“Exhibit” refers to a specific exhibit to this Security Agreement, unless another document is specifically referenced.

“General Intangibles” shall have the meaning set forth in Article 9 of the New York UCC and shall include, without limitation, all agreements, documents and instruments in respect of, as well as the rights and remedies under, the Catalyst Sale/Leaseback Transaction (as defined in the ABL Credit Facility).

“Instruments” shall have the meaning set forth in Article 9 of the New York UCC.

“Inventory” shall have the meaning set forth in Article 9 of the New York UCC.

“New York UCC” means the New York Uniform Commercial Code as in effect from time to time.

“Noncash Proceeds” shall have the meaning set forth in Article 9 of the New York UCC.

“Payment Intangibles” shall have the meaning set forth in Article 9 of the New York UCC.

“Pledged Accounts” shall have the meaning set forth in the definition of “Collateral”.

“Pledged Deposits” means all time deposits of money (other than Deposit Accounts), whether or not evidenced by certificates, which a Grantor may from time to time designate as pledged to the Agent or to any Secured Party as security for any Secured Obligation, and all rights to receive interest on said deposits.

“Receivables” means the Pledged Accounts, Pledged Deposits, and any other rights or claims to receive money which are General Intangibles which are otherwise included as Collateral.

“Section” means a numbered section of this Security Agreement, unless another document is specifically referenced.

“Secured Obligations” means the “Secured Obligations” (as defined in the Credit Agreement) and the “Guaranteed Obligations” (as defined in the Guarantee).

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“Securities Accounts” has the meaning set forth in Article 8 of the New York UCC.

“Security” has the meaning set forth in Article 8 of the New York UCC.

“Security Agreement Supplement” means a Security Agreement Supplement in substantially the form of Annex I attached hereto (with appropriate information inserted or attached to complete such Security Agreement Supplement).

“Specified Intercompany Debt” means all rights to payment at any time owned or acquired by the Borrower or any Subsidiary of the Borrower constituting (a) intercompany Indebtedness resulting from the declaration of a dividend or a debt distribution on account of capital stock of a Subsidiary of the Borrower or a redemption, reclassification or recapitalization

of the capital stock of any such Subsidiary and (b) intercompany Indebtedness resulting from the funding of proceeds of any transaction raising capital (whether by the issuance of debt or equity) for the Borrower or any Subsidiary of the Borrower as an intercompany loan to the Borrower or any such Subsidiary (other than the funding of proceeds of any extension of credit or borrowing under the Credit Agreement), in each case, whether such rights to payment constitute Accounts or Payment Intangibles, or arise under or in connection with Chattel Paper or Instruments.

“Subsidiary” of a Person means (i) any corporation more than 50% of the outstanding securities having ordinary voting power of which shall at the time be owned or controlled, directly or indirectly, by such Person or by one or more of its Subsidiaries or by such Person and one or more of its Subsidiaries, or (ii) any partnership, limited liability company, association, joint venture or similar business organization more than 50% of the ownership interests having ordinary voting power of which shall at the time be so owned or controlled. Unless otherwise expressly provided, all references herein to a “Subsidiary” means a Subsidiary of the Borrower and no Excluded Subsidiary (as defined in the ABL Credit Facility) shall constitute a Subsidiary of the Borrower.

“Trademarks” means, with respect to any Person, all of such Person's right, title, and interest in and to the following: (a) all trademarks (including service marks), trade names, trade dress, and trade styles and the registrations and applications for registration thereof and the goodwill of the business symbolized by the foregoing; (b) all renewals of the foregoing; (c) all income, royalties, damages, and payments now or hereafter due or payable with respect thereto, including, without limitation, damages, claims, and payments for past and future infringements thereof; (d) all rights to sue for past, present, and future infringements of the foregoing, including the right to settle suits involving claims and demands for royalties owing; and (e) all rights corresponding to any of the foregoing throughout the world, but, in each case, excluding applications filed in the U.S. Patent and Trademark Office (the “USPTO”) to register trademarks or service marks on the basis of any Grantor's “intent to use” such marks unless and until the filing of a “Statement of Use” or “Amendment to Allege Use” has been filed and accepted, whereupon such applications shall be automatically be deemed a “Trademark”.

The foregoing definitions shall be equally applicable to both the singular and plural forms of the defined terms.

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ARTICLE 2

GRANT OF SECURITY INTEREST

Each of the Grantors hereby pledges, assigns and grants to the Agent, on behalf of and for the ratable benefit of the Secured Parties and (to the extent specifically provided herein) their Affiliates, a security interest in all of such Grantor's right, title and interest, whether now owned or hereafter acquired, in and to the Collateral to secure the prompt and complete payment and performance of (i) the Secured Obligations in the case of the Borrower and (ii) the “Guaranteed Obligations” (as defined in the Guarantee) in the case of each other Grantor.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES

Each of the Initial Grantors represents and warrants to the Agent and the Secured Parties, and each Grantor that becomes a party to this Security Agreement pursuant to the execution of a Security Agreement Supplement represents and warrants (after giving effect to supplements to each of the Exhibits hereto with respect to such subsequent Grantor as attached to such Security Agreement Supplement), that:

3.1. Title, Authorization, Validity and Enforceability. Such Grantor has good and valid rights in or the power to transfer the Collateral owned by it and title to the Collateral with respect to which it has purported to grant a security interest hereunder, free and clear of all Liens except for Permitted Liens, and has full power and authority to grant to the Agent the security interest in such Collateral pursuant hereto. The execution and delivery by such Grantor of this Security Agreement has been duly authorized by proper corporate or other proceedings, and this Security Agreement constitutes a legal, valid and binding obligation of such Grantor and creates a security interest which is enforceable against such Grantor in all Collateral it now owns or hereafter acquires, except as enforceability may be limited by (i) bankruptcy, insolvency,

fraudulent conveyances, reorganization or similar laws relating to or affecting the enforcement of creditors' rights generally, (ii) general equitable principles (whether considered in a proceeding in equity or at law), and (iii) requirements of reasonableness, good faith and fair dealing. When financing statements have been filed in the appropriate offices against such Grantor in the locations listed on Exhibit "B", the Agent will have a fully perfected first priority security interest (or second priority security interest subject in priority only to the Liens securing the ABL Obligations permitted under the Credit Agreement with respect to the ABL Collateral to the extent provided in the ABL Intercreditor Agreement) in all Collateral owned by such Grantor in which a security interest may be perfected by filing, subject only to Permitted Liens.

3.2. Conflicting Laws and Contracts. Neither the execution and delivery by such Grantor of this Security Agreement, the creation and perfection of the security interest in the Collateral granted hereunder, nor compliance with the terms and provisions hereof will violate (i) any law, rule, regulation, order, writ, judgment, injunction, decree or award binding on such Grantor, (ii) such Grantor's charter, by laws or similar constitutive documents, or (iii) the provisions of any indenture, instrument or agreement to which such Grantor is a party or is subject, or by which it, or its Property may be bound or affected, or conflict with or constitute a default the-

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reunder, or result in or require the creation or imposition of any Lien in, of or on the Property of such Grantor pursuant to the terms of any such indenture, instrument or agreement (other than any Lien of the Agent on behalf of the Secured Parties).

3.3. Type and Jurisdiction of Organization. Each Grantor's exact legal name and jurisdiction of incorporation, organization or formation (as the case may be) are disclosed in Exhibit "A".

3.4. Principal Location. Such Grantor's mailing address and the location of its place of business (if it has only one) or its chief executive office (if it has more than one place of business), is disclosed in Exhibit "A"; such Grantor has no other places of business except those set forth in Exhibit "A".

3.5. Property Locations. The Inventory of each Grantor is located solely at the locations of such Grantor described in Exhibit "A". All of said locations are owned by such Grantor except for locations (i) which are leased by such Grantor as lessee and designated in Part B of Exhibit "A" and (ii) at which Inventory is held by a bailee or an Eligible Carrier or on consignment by such Grantor as designated in Part C of Exhibit "A", with respect to which Inventory such Grantor has delivered bailment agreements, warehouse receipts, bills of lading, financing statements or other documents, as required by Section 4.3.2 hereof and otherwise satisfactory to the Agent to protect the Agent's and the Secured Parties' security interest in such Inventory.

3.6. No Other Names. Except as disclosed on Exhibit "A", such Grantor has not conducted business under any name except the name in which it has executed this Security Agreement, which is the exact name as it appears in such Grantor's organizational documents, as amended, as filed with such Grantor's jurisdiction of organization as of the Closing Date.

3.7. No Default. No Default or Unmatured Default exists.

3.8. Accounts and Related Chattel Paper. The names of the obligors, amounts owing, due dates and other information with respect to the Pledged Accounts owned by such Grantor are and will be correctly stated in all records of such Grantor relating thereto and in all invoices and reports with respect thereto furnished to the Agent by such Grantor from time to time. As of the time when each Account or each item of Chattel Paper arises, such Grantor shall be deemed to have represented and warranted that such Account or Chattel Paper, as the case may be, and all records relating thereto, are genuine and in all respects what they purport to be.

3.9. Filing Requirements. None of the Collateral owned by such Grantor is of a type for which security interests or liens may be perfected by filing under any federal statute except for Trademarks held by such Grantor.

3.10. No Financing Statements. No financing statement describing all or any portion of the Collateral which has not lapsed or been terminated naming such Grantor as debtor has been filed in any jurisdiction except financing statements

naming the Agent on behalf of the Secured Parties and the ABL Agent as the secured parties.

3.11. Trademarks. This Security Agreement is effective to create a valid and continuing Lien and, upon filing of appropriate financing statements in the offices listed on Exhibit "B"

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and this Security Agreement (or a short form hereof) with the United States Patent and Trademark Office, fully perfected first priority security interests in favor of the Agent on such Grantor's Trademarks listed on Exhibit "E" hereof (to the extent registered or applied for in the United States), such perfected security interests are enforceable as such as against any and all creditors of and purchasers from such Grantor; and all action necessary or desirable to protect and perfect the Agent's Lien on such Grantor's Trademarks listed on Exhibit "E" hereof (to the extent registered or applied for in the United States) shall have been duly taken (subject, in all cases, to Permitted Liens). The Trademarks of the Grantors listed on Exhibit "E" hereof are subsisting and have not been adjudged invalid or unenforceable in whole or part, and to each such Grantor's knowledge, are valid and enforceable; and such Grantor is not aware of any uses of any item of Trademarks listed on Exhibit "E" hereof that could be expected to lead to such item becoming invalid or unenforceable. No claim, action, suit, investigation, litigation or proceeding has been asserted or is pending or, to the knowledge of such Grantor, is threatened in writing against such Grantor (i) based upon or challenging or seeking to deny or restrict the Grantor's rights in or use of any of the Trademarks listed on Exhibit "E" hereof, (ii) alleging that the Grantor's rights in or use of the Trademarks listed on Exhibit "E" hereof or that any services provided by, processes used by, or products manufactured or sold by, such Grantor infringe, misappropriate, dilute, misuse or otherwise violate any patent, trademark, copyright or any other proprietary right of any third party in any material respect or (iii) alleging that the Trademarks listed on Exhibit "E" hereof are being licensed or sublicensed in violation or contravention of the terms of any license.

3.12. Federal Employer Identification Number; State Organization Number. Such Grantor's Federal employer identification number, and if such Grantor is a registered organization, such Grantor's State organization number, are disclosed on Exhibit "A".

ARTICLE 4

COVENANTS

From the date of this Security Agreement and thereafter until this Security Agreement is terminated, each of the Initial Grantors agrees, and from and after the effective date of any Security Agreement Supplement applicable to any Grantor (and after giving effect to supplements to each of the Exhibits hereto with respect to such subsequent Grantor as attached to such Security Agreement Supplement) and thereafter until this Security Agreement is terminated each such subsequent Grantor agrees:

4.1. General.

4.1.1 Notification of Default. Each Grantor will give prompt notice in writing to the Agent and the Lenders of the occurrence of any Default or Unmatured Default and of any other development, financial or otherwise, which might materially and adversely affect the Collateral.

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4.1.2 Financing Statements and Other Actions; Defense of Title. Each Grantor hereby authorizes the Agent to file, and if requested will execute and deliver to the Agent, all financing statements describing the Collateral owned by such Grantor and other documents and take such other actions as may from time to time reasonably be

requested by the Agent in order to maintain a first priority perfected security interest (or second priority security interest subject in priority only to the Liens securing the ABL Obligations permitted under the Credit Agreement with respect to the ABL Collateral to the extent provided in the ABL Intercreditor Agreement) in and, if applicable, Control of, the Collateral owned by such Grantor. Such financing statements may describe the Collateral in the same manner as described herein or may contain an indication or description of collateral that describes such property in any other manner as the Agent may determine, in its sole discretion, is necessary, advisable or prudent to ensure that the perfection of the security interest in the Collateral granted to the Agent herein. Each Grantor will take any and all commercially reasonable actions necessary to defend title to the Collateral owned by such Grantor against all persons and to defend the security interest of the Agent in such Collateral and the priority thereof against any Lien not expressly permitted hereunder.

4.1.3 Change in Corporate Existence, Type or Jurisdiction of Organization, Location, Name. Each Grantor will:

4.1.3.1 preserve its existence and corporate/entity structure as in effect on the Closing Date; and

4.1.3.2 not change its legal name or jurisdiction of organization,

unless, in each such case, such Grantor shall have given the Agent not less than 30 days' prior written notice of such event or occurrence and the Agent shall have either (x) determined that such event or occurrence will not adversely affect the validity, perfection or priority of the Agent's security interest in the Collateral, or (y) taken such steps (with the cooperation of such Grantor to the extent necessary or advisable) as are necessary or advisable to properly maintain the validity, perfection and priority of the Agent's security interest in the Collateral owned by such Grantor.

4.1.4 Other Financing Statements. No Grantor will suffer to exist, or sign or authorize the signing on its behalf or the filing of any financing statement naming it as debtor covering all or any portion of the Collateral owned by such Grantor, except any Financing Statement authorized under Section 4.1.2 and financing statements for the benefit of the ABL Agent.

4.2. Receivables.

4.2.1 Certain Agreements on Receivables. No Grantor will make or agree to make any discount, credit, rebate or other reduction in the original amount owing on a Receivable or accept in satisfaction of a Receivable less than the original amount thereof, except that, prior to the occurrence of a Default, such Grantor may reduce the amount of Accounts arising from the sale of Inventory or the rendering of services in accordance with its present policies and in the ordinary course of business.

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4.2.2 Collection of Receivables. Except as otherwise provided in this Security Agreement, each Grantor will collect and enforce, at such Grantor's sole expense, all amounts due or hereafter due to such Grantor under the Receivables owned by such Grantor.

4.2.3 Delivery of Invoices. Each Grantor will deliver to the Agent immediately upon its request after the occurrence and during the continuance of a Default duplicate invoices with respect to each Account owned by such Grantor bearing such language of assignment as the Agent shall specify.

4.2.3.1 Disclosure of Counterclaims on Receivables. If (i) any discount, credit or agreement to make a rebate or to otherwise reduce the amount owing on a Receivable owned by such Grantor by an amount in excess of \$250,000 exists or (ii) if, to the knowledge of such Grantor, any dispute, setoff (other than in the ordinary course of business), claim, counterclaim or defense exists or has been asserted or threatened with respect to a Receivable, such Grantor will promptly disclose such fact to the Agent in writing in connection with the inspection by the Agent of any record of such Grantor relating to such Receivable and in connection with any invoice or report furnished by such Grantor to the Agent relating to such Receivable.

4.3. Inventory.

4.3.1 Maintenance of Goods. Each Grantor will do all things necessary to maintain, preserve, protect and keep the Inventory owned by such Grantor in saleable condition.

4.3.2 Documents; Waivers. Subject to the ABL Intercreditor Agreement, each Grantor shall perform any and all steps reasonably requested by the Agent to perfect, maintain and protect the Agent's security interests in and Liens on and against such Grantor's Collateral composed of Inventory to enable the Agent to exercise its rights and remedies hereunder with respect to any Collateral, including, without limitation:

- 4.3.2.1 if requested by the Agent, delivering to the Agent documents of title covering that portion of the Collateral, if any, located with third parties which issue documents of title;
- 4.3.2.2 using its commercially reasonable best efforts to obtain waivers of Liens and access agreements in substantially the form of Exhibit "C" hereto or Exhibit "D" hereto, as applicable (or such other form as may be agreed to by the Agent), from landlords or Eligible Carriers or other third parties in possession of Inventory (in connection with which such Grantor shall be permitted to and hereby is required to update Exhibit "A") of such Grantor as of the date hereof within 90 days after the date hereof (so long as the Discharge of ABL Obligations (as defined in the ABL Intercreditor Agreement) has not occurred, the requirements of this subsection 4.3.2.2 shall be deemed satisfied so long as the ABL Agent is a party to such agreements described above);
- 4.3.2.3 at the request of the Agent, appearing in and defending any action or proceeding which may affect adversely such Grantor's title to, or the security interest of Agent in, any of such Collateral; and

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- 4.3.2.4 executing and delivering all further instruments and documents, and taking all further action, as the Agent or any Secured Party may reasonably request.

4.4. Notification of Bailees. If any Inventory that is part of the Collateral is in the possession or control of any warehouseman or Eligible Carrier or any Grantor's agents or processors, such Grantor shall, upon the Agent's request, notify such warehouseman, agent or processor of the Agent's security interest in such Inventory and, upon the Agent's request, instruct them to hold all such Inventory for the Agent's account and subject to the Agent's instructions.

4.5. Chattel Paper, Documents and Pledged Deposits. Subject to the ABL Intercreditor Agreement, each Grantor will (i) deliver to the Agent (or to the extent such Collateral constitutes ABL Collateral, have delivered or will deliver to the ABL Agent as agent for purposes of perfection in accordance with Section 5.4 of the ABL Intercreditor Agreement) immediately upon execution of this Security Agreement the originals of all Chattel Paper constituting Collateral (if any then exist), (ii) hold in trust for the Agent upon receipt and immediately thereafter deliver to the Agent (or to the extent such Collateral constitutes ABL Collateral, have delivered or will deliver to the ABL Agent as agent for purposes of perfection in accordance with Section 5.4 of the ABL Intercreditor Agreement) any Chattel Paper constituting Collateral, (iii) upon the designation of any Pledged Deposits (as set forth in the definition thereof), deliver to the Agent (or to the extent such Collateral constitutes ABL Collateral, have delivered or will deliver to the ABL Agent as agent for purposes of perfection in accordance with Section 5.4 of the ABL Intercreditor Agreement) such Pledged Deposits which are evidenced by certificates included in the Collateral endorsed in blank, marked with such legends and assigned as the Agent shall specify, and (iv) upon the Agent's request, after the occurrence and during the continuance of a Default, deliver to the Agent (and thereafter hold in trust for the Agent upon receipt and immediately deliver to the Agent) any Document evidencing or constituting Collateral.

4.6. Deposit Accounts. Each Grantor will, upon the Agent's request, cause each bank or other financial institution in which it maintains (a) a Deposit Account into which any proceeds of Collateral are deposited (any such account, a "Collection Account") (other than a Deposit Account maintained for collections from retail sales) to enter into a control agreement with the Agent, in form and substance satisfactory to the Agent in order to give the Agent Control of such Deposit Account or (b) other deposits (general or special, time or demand, provisional or final) that constitute or contain

Collateral to be notified of the security interest granted to the Agent hereunder and cause each such bank or other financial institution to acknowledge such notification in writing. In the case of deposits maintained with Lenders, the terms of such letter shall be subject to the provisions of the Credit Agreement and ABL Intercreditor Agreement regarding setoffs. Notwithstanding anything herein to the contrary, prior to the Discharge of ABL Obligations (as defined in the ABL Intercreditor Agreement), the requirements of this Section 4.6 shall be deemed satisfied so long as the ABL Agent is a party to a control agreement granting "control" (within the meaning of the UCC).

4.7. Federal, State or Municipal Claims. Each Grantor will notify the Agent of any Collateral owned by such Grantor which constitutes a claim against the United States government or any state or local government or any instrumentality or agency thereof, the assignment of which claim is restricted by federal, state or municipal law.

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4.8. Trademarks.

4.8.1 Such Grantor shall notify the Agent promptly if it knows or has reason to know that any application or registration relating to any Trademark listed on Exhibit "E" hereof may become abandoned or dedicated, or of any adverse determination or development (including the institution of, or any such determination or development in, any proceeding in the United States Patent and Trademark Office or any court) regarding such Grantor's ownership of any Trademark listed on Exhibit "E" hereof, its right to register the same, or to keep and maintain the same, in each case if such event could reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect.

4.8.2 The Borrower shall notify the Agent within 30 days after each fiscal quarter in which the Borrower or any Grantor acquires any applications for new classes of good/services for the Trademarks listed in part 2 of Exhibit "E" hereof, and upon the request of the Agent, such Grantor shall execute, deliver and file any short form Intellectual Property security agreements to evidence the Agent's security interest on such new Trademarks.

4.8.3 Except where the failure to do so could not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect, and except as permitted under the Credit Agreement, such Grantor shall take all actions necessary or requested by the Agent to maintain and prosecute each application, to obtain the relevant registration and to maintain the registration of each of the Trademarks listed on Exhibit "E" hereof, including the filing of applications for renewal, affidavits of use, affidavits of noncontestability and opposition and interference and cancellation proceedings, unless the Grantor shall determine that such Trademark is not material to the conduct of such Grantor's business.

4.8.4 Except where the failure to do so could not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect, such Grantor shall, unless it shall reasonably determine that such Trademark listed on Exhibit "E" hereof is in no way material to the conduct of its business or operations, at such Grantor's discretion, promptly sue for infringement, misappropriation or dilution and recover any and all damages for such infringement, misappropriation or dilution or take such all other actions as are reasonably appropriate under the circumstances to protect such listed Trademark.

4.8.5 Nothing in this Agreement prevents any Grantor from disposing of, discontinuing the use or maintenance of, failing to pursue, or otherwise allowing to lapse, terminate or put into the public domain any of the Trademarks listed on Exhibit E hereof to the extent permitted by the Credit Agreement or if such Grantor determines in its reasonable business judgment that such actions are desirable in the conduct of its business.

ARTICLE 5

DEFAULT

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5.1. The occurrence of any “Default” under, and as defined in, the Credit Agreement shall constitute a Default.

5.2. Acceleration and Remedies. Upon the acceleration of the Secured Obligations under the Credit Agreement pursuant to Section 9.2 thereof, the Secured Obligations shall immediately become due and payable without presentment, demand, protest or notice of any kind, all of which are hereby expressly waived, and the Agent may, with the concurrence or at the direction of the Required Lenders, exercise any or all of the following rights and remedies, subject to the provisions of the ABL Intercreditor Agreement:

5.2.1 Those rights and remedies provided in this Security Agreement, the Credit Agreement or any other Loan Document, provided that this Section 5.2.1 shall not be understood to limit any rights or remedies available to the Agent and the Secured Parties prior to a Default.

5.2.2 Those rights and remedies available to a secured party under the New York UCC (whether or not the New York UCC applies to the affected Collateral) or under any other applicable law (including, without limitation, any law governing the exercise of a bank's right of setoff or bankers' lien) when a debtor is in default under a security agreement.

5.2.3 Without notice except as specifically provided in Section 8.1 or elsewhere herein, sell, lease, assign, grant an option or options to purchase or otherwise dispose of the Collateral or any part thereof in one or more parcels at public or private sale, for cash, on credit or for future delivery, and upon such other terms as the Agent may deem commercially reasonable.

The Agent, on behalf of the Secured Parties, may comply with any applicable state or federal law requirements in connection with a disposition of the Collateral, and such compliance will not be considered to adversely affect the commercial reasonableness of any sale of the Collateral.

If, after the Credit Agreement has terminated by its terms and all of the Term Loan Obligations have been paid in full, there remain Hedging Obligations that constitute Secured Obligations outstanding, Lenders party thereto may exercise the remedies provided in this Section 5.2 upon the occurrence of any event which would allow or require the termination or acceleration of any Hedging Obligations pursuant to the terms of the agreement governing any such Hedging Obligation.

5.3. Grantors' Obligations Upon Default. Upon the request of the Agent after the occurrence and during the continuance of a Default, each Grantor will permit the Agent, by the Agent's representatives and agents, to enter any premises where all or any part of the Collateral, or the books and records relating thereto, or both, are located, to take possession of all or any part of the Collateral and to remove all or any part of the Collateral.

5.4. License. Subject to the ABL Intercreditor Agreement, the Agent is hereby granted an irrevocable, non-exclusive license, following the occurrence and during the continuance of a Default, without charge, to use those Trademarks listed on Exhibit “E” hereof solely for the purpose of completing production of, advertising for sale, and selling any Collateral. In addition, each Grantor hereby irrevocably agrees that the Agent may, following the occurrence

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and during the continuance of a Default, but subject to the ABL Intercreditor Agreement, sell any of such Grantor's Inventory directly to any person, including, without limitation, persons who have previously purchased such Grantor's Inventory from such Grantor and in connection with any such sale or other enforcement of the Agent's rights under this Security Agreement, may sell and finish Inventory which bears or is affixed any Trademark listed on Exhibit “E” hereof and any Inventory that is covered by any such Trademark.

ARTICLE 6

WAIVERS, AMENDMENTS AND REMEDIES

No delay or omission of the Agent or any Secured Party to exercise any right or remedy granted under this Security Agreement shall impair such right or remedy or be construed to be a waiver of any Default or an acquiescence therein, and any single or partial exercise of any such right or remedy shall not preclude any other or further exercise thereof or the exercise of any other right or remedy. No waiver, amendment or other variation of the terms, conditions or provisions of this Security Agreement whatsoever shall be valid unless in writing signed by the Agent with the concurrence or at the direction of the Lenders required under Section 11.1 of the Credit Agreement and each Grantor, and then only to the extent in such writing specifically set forth, provided that the addition of any Subsidiary as a Grantor hereunder by execution of a Security Agreement Supplement in the form of Annex I (with such modifications as shall be acceptable to the Agent) shall not require receipt of any consent from or execution of any documentation by any other Grantor party hereto. All rights and remedies contained in this Security Agreement or by law afforded shall be cumulative and all shall be available to the Agent and the Secured Parties until the Secured Obligations have been paid in full.

ARTICLE 7

PROCEEDS; COLLECTION OF RECEIVABLES

7.1. Collection Amount Agreements. Subject to the terms of the ABL Intercreditor Agreement, upon request of the Agent, each Grantor shall execute and deliver to the Agent agreements with respect to the Collection Accounts in the form provided by or otherwise acceptable to the Agent, which agreements shall be accompanied by an acknowledgment by the bank where the account is located of the Lien of the Agent granted hereunder and of irrevocable instructions to wire all amounts collected therein to a special collateral account at the Agent.

7.2. Collection of Receivables. Subject to the ABL Intercreditor Agreement, the Agent may at any time after the occurrence and during that continuance of a Default, by giving each Grantor written notice, elect to require that the Receivables be paid directly to the Agent for the benefit of the Secured Parties. In such event, each Grantor shall, and shall permit the Agent to, promptly notify the account debtors or obligors under the Receivables owned by such Grantor of the Agent's interest therein and direct such account debtors or obligors to make payment of all amounts then or thereafter due under such Receivables directly to the Agent. Upon receipt of any such notice from the Agent, each Grantor shall thereafter hold in trust for the Agent, on behalf of the Secured Parties, all amounts and proceeds received by it with respect to the Receivables and immediately and at all times thereafter deliver to the Agent all such amounts and

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proceeds in the same form as so received, whether by cash, check, draft or otherwise, with any necessary endorsements.

ARTICLE 8

GENERAL PROVISIONS

8.1. Notice of Disposition of Collateral; Condition of Collateral. Each Grantor hereby waives notice of the time and place of any public sale or the time after which any private sale or other disposition of all or any part of the Collateral may be made. To the extent such notice may not be waived under applicable law, any notice made shall be deemed reasonable if sent to the Borrower, addressed as set forth in Article 9, at least ten days prior to (i) the date of any such public sale or (ii) the time after which any such private sale or other disposition may be made. Agent shall have no obligation to clean-up or otherwise prepare the Collateral for sale.

8.2. Compromises and Collection of Collateral. Each Grantor and the Agent recognize that setoffs, counterclaims, defenses and other claims may be asserted by obligors with respect to certain of the Receivables, that certain of the Receivables may be or become uncollectible in whole or in part and that the expense and probability of success in litigating a disputed Receivable may exceed the amount that reasonably may be expected to be recovered with respect to a Receivable. In view of the foregoing and subject to the provisions of the ABL Intercreditor Agreement, each Grantor agrees that the Agent may at any time and from time to time, if a Default has occurred and is continuing, compromise with the obligor on any Receivable, accept in full payment of any Receivable such amount as the Agent in its sole discretion shall

determine or abandon any Receivable, and any such action by the Agent shall be commercially reasonable so long as the Agent acts in good faith based on information known to it at the time it takes any such action.

8.3. Secured Party Performance of Grantor's Obligations. Without having any obligation to do so, the Agent may perform or pay any obligation which any Grantor has agreed to perform or pay in this Security Agreement and such Grantor shall reimburse the Agent for any reasonable amounts paid by the Agent pursuant to this Section 8.3. Each Grantor's obligation to reimburse the Agent pursuant to the preceding sentence shall be a Secured Obligation payable on demand.

8.4. Authorization for Secured Party to Take Certain Action. Subject to the ABL Intercreditor Agreement, each Grantor irrevocably authorizes the Agent at any time and from time to time in the sole discretion of the Agent and appoints the Agent as its attorney in fact (i) to indorse and collect any cash proceeds of the Collateral, (ii) to file a carbon, photographic or other reproduction of this Security Agreement or any financing statements with respect to the Collateral (which financing statements may describe the Collateral in substantially the same manner as described herein) as a financing statement and to file any other financing statement or amendment of a financing statement (which does not add new collateral or add a debtor) in such offices as the Agent in its sole discretion deems necessary or desirable to perfect and to maintain the perfection and priority of the Agent's security interest in the Collateral, (iii) to enforce payment of the Accounts and Receivables in the name of the Agent or such Grantor, (iv) to apply the proceeds of any Collateral received by the Agent to the Secured Obligations as provided in the

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Credit Agreement and (v) to discharge past due taxes, assessments, charges, fees or Liens on the Collateral (except for such Liens as are specifically permitted hereunder or under any other Loan Document), and each Grantor agrees to reimburse the Agent on demand for any reasonable payment made or any reasonable expense incurred by the Agent in connection therewith, provided that this authorization shall not relieve any Grantor of any of its obligations under this Security Agreement or under the Credit Agreement.

8.5. Specific Performance of Certain Covenants. Each Grantor acknowledges and agrees that a breach of any of the covenants contained in Sections 4.4, 5.3, or 8.7 or in Section 7 will cause irreparable injury to the Agent and the Secured Parties, that the Agent and Secured Parties have no adequate remedy at law in respect of such breaches and therefore agrees, without limiting the right of the Agent or the Secured Parties to seek and obtain specific performance of other obligations of the Grantors contained in this Security Agreement, that the covenants of the Grantors contained in the Sections referred to in this Section 8.5 shall be specifically enforceable against the Grantors.

8.6. Use and Possession of Certain Premises. Upon the occurrence of a Default and subject to the provisions of the ABL Intercreditor Agreement, the Agent and its representatives and agents shall be entitled to enter, occupy and use any premises where all or any part of the Collateral, or the books and records relating thereto, or both, are located, to take possession of all or any part of the Collateral or the books and records relating thereto, or both, to remove all or any part of the Collateral or the books and records relating thereto, or both, and to conduct sales of the Collateral, without any obligation to pay the Grantor for such use and occupancy.

8.7. Benefit of Agreement. The terms and provisions of this Security Agreement shall be binding upon and inure to the benefit of the Grantors, the Agent and the Secured Parties and their respective successors and assigns (including all persons who become bound as a debtor to this Security Agreement), except that the Grantors shall not have the right to assign their rights or delegate their obligations under this Security Agreement or any interest herein, without the prior written consent of the Agent.

8.8. Survival of Representations. All representations and warranties of the Grantors contained in this Security Agreement shall survive the execution and delivery of this Security Agreement.

8.9. Taxes and Expenses. Any taxes payable or ruled payable by Federal or State authority in respect of this Security Agreement shall be paid by the Grantors, together with interest and penalties, if any. The Grantors shall reimburse the Agent for any and all reasonable out-of-pocket expenses and internal charges (including reasonable attorneys', auditors' and accountants' fees and reasonable time charges of attorneys, paralegals, auditors and accountants who may be