

MRD 7-2-98

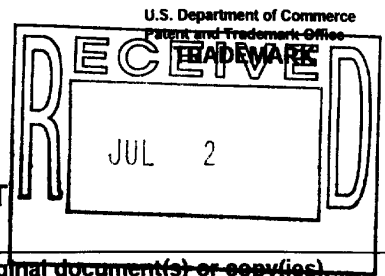
FORM PTO-1618A
Expires 06/30/99
OMB 0651-0027

07-10-1998



100759478

RECORDATION FORM COVER SHEET
TRADEMARKS ONLY



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

Submission Type

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

Conveyance Type

- Assignment
- License
- Security Agreement
- Nunc Pro Tunc Assignment
Effective Date
Month Day Year _____
- Merger
- Change of Name
- Other _____

Conveying Party

Mark if additional names of conveying parties attached

Execution Date
Month Day Year

Name H.O.L.A. Recordings, L.L.C.

06091998

Formerly _____

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

Receiving Party

Mark if additional names of receiving parties attached

Name WP Entertainment, L.P.

DBA/AK/A/T/A _____

Composed of _____

Address (line 1) 31 West 52nd Street

Address (line 2) _____

Address (line 3)

New York

City

New York

State/Country

10019

Zip Code

- Individual
- General Partnership
- Limited Partnership
- Corporation
- Association
- Other _____

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

- Citizenship/State of Incorporation/Organization Delaware

07/09/1998 BMSUYEN 00000180 2132302

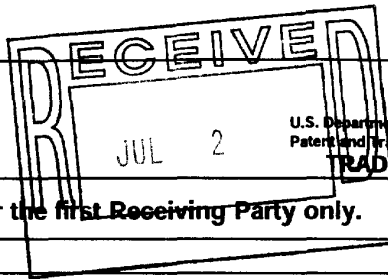
FOR OFFICE USE ONLY

01 FC:481
02 FC:482

40.00 OP
25.00 OP

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

Mail documents to be recorded with required cover sheet(s) information to
Commissioner of Patents and Trademarks, Box Assignments - Washington, D.C. 20231
REEL: 1730 FRAME: 0305



Domestic Representative Name and Address

Enter for the first Receiving Party only.

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

Correspondent Name and Address

Area Code and Telephone Number

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

Pages

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

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

Mark if additional numbers attached

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

Trademark Application Number(s)

Registration Number(s)

<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text" value="2132302"/>	<input type="text" value="2130358"/>	<input type="text"/>
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Number of Properties

Enter the total number of properties involved. #

Fee Amount

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

Method of Payment: Enclosed Deposit Account

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

Authorization to charge additional fees: Yes No

Statement and Signature

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document. Charges to deposit account are authorized, as indicated herein.

Jonathan A. Blum
Name of Person Signing

Signature

6/29/98
Date Signed

RECORDATION FORM COVER SHEET
CONTINUATION
TRADEMARKS ONLY

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

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

Conveying Party

Enter Additional Conveying Party

Mark if additional names of conveying parties attached

Execution Date
Month Day Year

Name

Formerly

Individual General Partnership Limited Partnership Corporation Association

Other

Citizenship State of Incorporation/Organization

Receiving Party

Enter Additional Receiving Party

Mark if additional names of receiving parties attached

Name

DBA/AKA/TA

Composed of

Address (line 1)

Address (line 2)

Address (line 3)

City

State/Country

Zip Code

Individual General Partnership Limited Partnership

Corporation Association

Other

Citizenship/State of Incorporation/Organization

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

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Mark if additional numbers attached

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Registration Number(s)

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TRADEMARK

REEL: 1750 FRAME: 0507

ISSUANCE AND SECURITY AGREEMENT

ISSUANCE AND SECURITY AGREEMENT, dated June 9, 1998, by and among H.O.L.A. RECORDINGS, L.L.C. (the "Borrower"), a limited liability company organized under the laws of Delaware, with an office at 235 Park Avenue South, 10th Floor, New York, New York 10003, WP ENTERTAINMENT, L.P., a limited partnership organized under the laws of Delaware, with an office at 31 West 52nd Street, New York, New York 10019 ("WP"), JOHN BENITEZ ("JB" and together with WP, the "Lenders"), an individual with an office at 235 Park Avenue South, 10th Floor, New York, New York 10003, and MR. JELLY, INC., a corporation organized under the laws of New York ("JBCO"), with an office at 235 Park Avenue South, 10th Floor, New York, New York 10003.

WHEREAS, the Borrower has executed and delivered a promissory note dated as of the date hereof (said note, as it may hereafter be amended or otherwise modified from time to time, being the "WP Promissory Note") payable to WP; and

WHEREAS, the Borrower has executed and delivered a promissory note dated as of the date hereof (said note, as it may hereafter be amended or otherwise modified from time to time, being the "JB Promissory Note" and, together with the WP Promissory Note, the "Promissory Notes") payable to JB; and

WHEREAS, to secure the payment of all obligations of the Borrower now or hereafter existing under the Promissory Notes, the Borrower wishes to grant the Lenders a first priority security interest in certain of the assets of the Borrower; and

WHEREAS, the Lenders and PolyGram (as defined herein) are parties to an Intercreditor Agreement dated as of June 9, 1998 (the "Intercreditor Agreement"); and

WHEREAS, simultaneously with the execution of this Agreement, the Borrower is issuing Interests (as defined in the Limited Liability Company Agreement of the Borrower, dated October 10, 1995, as amended, (the "LLC Agreement")) equivalent to 66.667% of the Borrower to WP; and

WHEREAS, simultaneously with the execution of this Agreement, the Borrower is issuing Interests equivalent to 7.407% of the Borrower to JBCO; and

WHEREAS, after the issuance of Interests contemplated by this Agreement, the Interests in HOLA shall be allocated as follows: 86.943% to WP; 8.037% to JBCO; and .02% to Michael Greenspan; and PolyGram shall have an option to purchase 5.00% of the Interests in HOLA;

NOW, THEREFORE, in consideration of the above premises, in order to induce the Lenders to accept the Promissory Notes, and for such other good and additional consideration received both herein and under the Promissory Notes, the parties hereby agree as follows:

Section 1. Grant of Security by the Borrower. Subject to the terms of the Intercreditor Agreement, the Borrower hereby assigns and pledges to the Lenders, and hereby grants to the Lenders for their ratable benefit a first priority security interest in, to and under the following (collectively, the "Collateral"):

(a) all of the Borrower's right, title and interest, whether now owned or hereafter acquired, in and to all equipment in all of its forms, wherever located, now or hereafter existing, all fixtures and all parts thereof and all accessions thereto (any and all such equipment, fixtures, parts and accessions being the "Equipment");

(b) all of the Borrower's right, title and interest, whether now owned or hereafter acquired, in and to all accounts, contract rights, chattel paper, instruments, deposit accounts, investment property, general intangibles and other obligations of any kind, now or hereafter existing, whether or not arising out of or in connection with the sale or lease of goods or the rendering of services, and all rights now or hereafter existing in and to all security agreements, leases and other contracts securing or otherwise relating to any such accounts, contract rights, chattel paper, instruments, deposit accounts, investment property, general intangibles or obligations (any and all such accounts, contract rights, chattel paper, instruments, deposit accounts, investment property, general intangibles and obligations, to the extent not referred to in clause (d) or (e) of this Section 1, being the "Receivables", and any and all such leases, security agreements and other contracts being the "Related Contracts");

(c) to the extent permissible under such agreements and applicable law, all of the Borrower's right, title and interest in and to all agreements to which it is or may hereafter become a party, in each case as such agreements may be amended, supplemented or otherwise modified from time to time (collectively, the "Assigned Agreements"), including, without limitation (i) all rights of the Borrower to receive moneys due and to become due under or pursuant to such Assigned Agreements; (ii) all rights of the Borrower to receive proceeds of any insurance, indemnity, warranty or guaranty with respect to the Assigned Agreements; (iii) claims of the Borrower for damages arising out of or for breach of or default under the Assigned Agreements; and (iv) the right of the Borrower to terminate the Assigned Agreements, to perform thereunder and to compel performance and otherwise exercise all remedies thereunder (all such Collateral being the "Agreement Collateral");

(d) all of the Borrower's right, title and interest, whether now owned or hereafter acquired, in and to all notes, checks, money, certificates of deposit and deposit or other bank accounts of the Borrower, instruments, securities, limited or general partnership interests, membership interests, documents, chattel paper, letters of credit, credits, claims, demands and any other real and personal property rights and interests of the Borrower whatsoever, whether now owned or hereafter acquired (collectively, the "Account Collateral") and all interest, dividends, distributions, cash, instruments and other property from time to time received, receivable or otherwise distributable or distributed in respect of or in exchange for any or all of the then existing Account Collateral;

(e) all of the Borrower's right, title and interest, wherever located and whether now owned or hereafter acquired, including, without limitation, all Intellectual Property (as defined in Section 23) of every kind and nature now owned or hereafter acquired by the Borrower including, without limitation, the Intellectual Property listed on Schedule I and

(f) all other tangible or intangible property of the Borrower, including, without limitation, all proceeds, products and accessions of and to any of the property of the Borrower described in clauses (a) through (e) above in this Section 1, and, to the extent related to any property described in said clauses or such proceeds, products and accessions, (i) all books, correspondence, credit files, records, invoices and other papers, including without limitation all tapes, cards, computer runs and other papers and documents in the possession or under the control of the Borrower or any computer bureau or service company from time to time acting for the Borrower, (ii) all payments under insurance (whether or not the Lenders are the loss payee thereof), or any indemnity, warranty or guaranty by reason of loss of or change to or otherwise with respect to any of the foregoing Collateral, and (iii) cash.

Section 2. Security for Obligations; Priorities; Subordination; Intercreditor Agreement. (a) Subject to the terms of the Intercreditor Agreement, this Agreement secures the payment of all obligations of the Borrower now or hereafter existing hereunder and under the Promissory Notes, whether for principal, interest, costs or expenses or otherwise (all such obligations being the "Secured Obligations"). Without limiting the generality of the foregoing, this Agreement secures the payment of all amounts that constitute part of the Secured Obligations and would be owed by the Borrower to the Lenders under the Promissory Notes but for the fact that they are unenforceable or not allowable due to the existence of a bankruptcy, reorganization or similar proceeding involving the Borrower.

(b) Subject to the terms of the Intercreditor Agreement, (i) the liens and security interests of the Lenders in the Collateral shall rank pari passu and (ii) all Secured Obligations shall be entitled to payment equally and ratably from any proceeds of and realizations upon the Collateral received by any Lender pursuant to the exercise of remedies under Section 15.

(c) Irrespective of (i) the time, order, manner or method of creation, attachment or perfection of (A) the security interest in favor of the Lenders created hereunder and (B) the security interest created in favor of PolyGram Records, Inc., by and between ("PolyGram") pursuant to that certain Production and Distribution Agreement, dated as of October 13, 1995 by and between PolyGram and the Borrower, as amended (such security interest being the "Polygram Security Interest"), (ii) the time or manner of filing of financial statements hereunder or thereunder, (iii) whether either Lender or PolyGram or any bailee or agent thereof holds possession of any or all of the Collateral, (iv) the dating, execution or delivery of any agreement or document or instrument granting the Lenders or PolyGram security interests and/or liens in or on any or all of the Collateral, (v) the giving or failure to give notice of the acquisition or expected acquisition of any purchase money or other security

interests and (vi) any provision of the N.Y. Uniform Commercial Code (as herein defined) or any other applicable law to the contrary, any and all security interests, liens, rights and interests of the Lenders (including, without limitation, the grant of a security interest hereunder), whether now or hereafter arising or existing, in or on any or all of the Collateral shall be, and hereby is subordinated to any and all security interest, liens, rights and interests of PolyGram under the PolyGram Security Interest.

Section 3. Issuance of Membership Units. (a) The Borrower will, simultaneously with the execution of this Agreement, issue Interests equivalent to 66.667% of the Borrower to WP (the "WP New Lender Interests"). The Borrower will, simultaneously with the execution of this Agreement, issue Interests equivalent to 7.407% of the Borrower to JBCO (the "JBCO New Lender Interests"; and, together with the WP New Lender Interests, the "New Lender Interests"). The New Lender Interests shall have identical rights in all respects as all other Interests, except as otherwise specified in the LLC Agreement. WP and JBCO shall not be required to make any Capital Contribution (as defined in the LLC Agreement) in connection with the issuance of the New Lender Interests.

(b) The Interests issued to JBCO shall be subject to forfeiture on the following terms and conditions if JB does not serve as President of HOLA for a period of one year from the date of this Agreement: JBCO shall forfeit that number of Interests (after the date of this Agreement, Membership Units (as defined in the LLC Agreement)) in an amount equal to the difference between (x) the amount of Interests issued herein to JBCO and (y) the amount of Interests issued herein to JBCO multiplied by a fraction (i) the numerator of which is the number of weeks during the one year period from the date of this Agreement that JB has served as President of HOLA (rounded down to the nearest week) and (ii) the denominator of which is the number 52.

Section 4. Delivery of Account Collateral. All certificates or instruments representing or evidencing Account Collateral shall, upon any Lender's request, be delivered to and held by or on behalf of the Lenders for their ratable benefit pursuant hereto and shall be in suitable form for transfer by delivery, or shall be accompanied by duly executed instruments of transfer or assignment in blank, all in form and substance satisfactory to the Lenders. Any Lender shall have the right, at any time in its discretion and without notice to the Borrower, to transfer to or to register in the name of the Lenders or any of their nominees for their ratable benefit any or all of the Account Collateral. In addition, any Lender shall have the right at any time to exchange certificates or instruments representing or evidencing the Account Collateral for certificates or instruments of smaller or larger denominations.

Section 5. Intellectual Property. The Borrower shall, if requested by any Lender, ensure that fully executed security agreements in the form hereof or as otherwise requested by such Lender and containing a description of all Collateral consisting of Intellectual Property shall be received and be recorded with respect to United States registered trademarks and United States registered copyrights in the United States Patent and Trademark Office and United States Copyright Office, respectively, pursuant to 15 U.S.C. § 1060 or 17 U.S.C. § 205 and the regulations

thereunder, as applicable, and otherwise as may be required pursuant to applicable law of any other jurisdiction, to protect the validity of and to establish a legal, valid and perfected security interest in favor of the Lenders for their ratable benefit in respect of all Collateral consisting of Intellectual Property.

Section 6. Representations and Warranties of the Borrower. The Borrower represents and warrants as follows:

(a) The Borrower is the legal and beneficial owner of the Collateral free and clear of any Liens (as defined in Section 23), encumbrances and restrictions of any kind whatsoever, except for the PolyGram Security Interest and the security interest created by this Agreement. No effective financing statement or other instrument similar in effect covering all or any part of the Collateral is on file in any recording office, except such as may have been filed relating to the PolyGram Security Interest or this Agreement.

(b) No consent of any other Person (as defined in Section 23) and no authorization, approval or other action by, and no notice to or filing with, any governmental authority or regulatory body or other third party is required either (i) for the grant by the Borrower of the assignment and security interest granted hereby or for the execution, delivery or performance of this Agreement by the Borrower, (ii) for the perfection or maintenance of the pledge, assignment and security interest created by the Borrower hereby (including the first priority nature of such pledge, assignment or security interest), except for the filing of financing and continuation statements under the Uniform Commercial Code, which financing statements have been duly filed, or (iii) for the exercise by the Lenders of their rights provided for in this Agreement or the remedies in respect of the Collateral pursuant to this Agreement.

(c) The New Lender Interests will, upon issuance, be owned beneficially and of record by WP and JBCO free and clear of all Liens, encumbrances and restrictions of any kind whatsoever. The New Lender Interests will, upon issuance, be duly authorized, validly issued, fully paid and non-assessable.

(d) This Agreement, and the pledge and assignment of the Account Collateral pursuant hereto, together with the filing of financing statements contemplated hereby, create a valid and perfected first priority security interest in the Collateral securing the payment of the Secured Obligations, and all filings and other actions necessary or desirable to perfect and protect such security interest have been duly taken.

Section 7. Further Assurances. (a) The Borrower agrees that from time to time, at its own expense, it will promptly execute and deliver all further instruments and documents, and take all further action, that may be necessary or desirable, or that any Lender may request, in order to perfect and protect any pledge, assignment or security interest granted or purported to be granted hereby or to enable any Lender to exercise and enforce its rights and remedies hereunder with

respect to any Collateral. Without limiting the generality of the foregoing, the Borrower will each execute and file such financing or continuation statements, or amendments thereto, and such other instruments or notices, as are necessary or desirable, or as any Lender may request, in order to perfect and preserve the pledge, assignment and security interest granted or purported to be granted hereby.

(b) The Borrower hereby authorizes any Lender to file one or more financing or continuation statements, and amendments thereto, relating to all or any part of the Collateral without the signature of the Borrower, where permitted by law. A photocopy or other reproduction of this Agreement or any financing statement covering the Collateral or any part thereof shall be sufficient as a financing statement where permitted by law.

(c) The Borrower will furnish to the Lenders from time to time statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as any Lender may reasonably request, all in reasonable detail.

Section 8. Borrower Remains Liable. Anything herein to the contrary notwithstanding, (a) the Borrower shall remain liable under the contracts and agreements included in the Collateral to the extent set forth therein to perform all of its duties and obligations thereunder to the same extent as if this Agreement had not been executed; (b) the exercise by any Lender of any of the rights hereunder shall not release the Borrower from any of its duties or obligations under the contracts and agreements included in the Collateral; and (c) no Lender shall have any obligation or liability under the contracts and agreements included in the Collateral by reason of this Agreement, nor shall any Lender be obligated to perform any of the obligations or duties of the Borrower thereunder or to take any action to collect or enforce any claim for payment assigned hereunder.

Section 9. Records; Collection of Receivables. (a) The Borrower shall keep its records concerning the Collateral, and the original copies of the Assigned Agreements and originals of all chattel paper that evidence Receivables at the location specified in the recital of parties to this Agreement or, upon 30 days' prior written notice to the Lenders, at such other places in a jurisdiction where all action required by Section 7 shall have been taken with respect to the Collateral. The Borrower will hold and preserve its records, the Assigned Agreements and chattel paper and will permit representatives of any Lender at any time during normal business hours to inspect and make abstracts from such records and chattel paper.

(b) Except as otherwise provided in this subsection (b), the Borrower shall continue to collect, at its own expense, all amounts due or to become due the Borrower under the Receivables. In connection with such collections, the Borrower may take (and, at any Lender's direction, shall take) such action as the Borrower or any Lender may deem necessary or advisable to enforce collection of the Receivables; provided, however, that, subject to the Intercreditor Agreement, any Lender shall have the right at any time after and during the continuance of any payment default under the Promissory Notes, upon written notice to the Borrower of its intention to do so, to notify the obligors under any Receivables of the assignment of such Receivables to the

Lenders for their ratable benefit and to direct such obligors to make payment of all amounts due or to become due to the Borrower thereunder directly to the Lenders and, upon such notification and at the expense of the Borrower, to enforce collection of any such Receivables, and to adjust, settle or compromise the amount or payment thereof, in the same manner and to the same extent as the Borrower might have done. After receipt by the Borrower of the notice from any Lender referred to in the proviso to the preceding sentence, (i) all amounts and proceeds (including instruments) received by the Borrower in respect of the Receivables shall be received in trust for the ratable benefit of the Lenders hereunder, shall be segregated from other funds of the Borrower and shall be forthwith paid over to the Lenders in the same form as so received (with any necessary endorsement) and (ii) the Borrower shall not adjust, settle or compromise the amount or payment of any Receivable, release wholly or partly any obligor thereof, or allow any credit or discount thereon, except to the extent that such adjustment, settlement or compromise occurs within the ordinary course of business and is consistent with such Borrower's applicable prior policies regarding Receivables.

Section 10. As to the Assigned Agreements. The Borrower shall at its expense from time to time (A) furnish to the Lenders such information and reports regarding the Collateral as any Lender may reasonably request and (B) upon request of any Lender make to each other party to any Borrower Agreement such demands and requests for information and reports or for action as the Borrower is entitled to make thereunder. The Borrower shall not agree to amend a Borrower Agreement (i) to prohibit any Lender from exercising any rights any Lender may have thereunder pursuant to this Agreement or (ii) to prohibit or explicitly impede the use and inclusion of a Borrower Agreement as Collateral.

Section 11. Transfers and Other Liens. Except for any such action with respect to the New Polygram Collateral and the Original PolyGram Collateral (both as defined in the Intercreditor Agreement), the Borrower shall not (i) convey, sell, lease, transfer, assign (by operation of law or otherwise) or otherwise dispose of, or grant any option with respect to, any of the Collateral, except sales of Inventory in the ordinary course of business or (ii) create, incur, assume or suffer to exist any Lien upon or with respect to any of the Collateral except for the pledge, assignment and security interest created by this Agreement.

Section 12. Lenders Appointed Attorneys-in-Fact. Upon the occurrence and during the continuance of an Event of Default (as defined in the Promissory Notes), the Borrower shall irrevocably appoint the Lenders as the Borrower's attorneys-in-fact, with full authority in the place and stead of the Borrower and in the name of the Borrower, from time to time in any Lender's discretion, to take any action and to execute any instrument that such Lender may deem necessary or advisable to accomplish the purposes of this Agreement, including, without limitation:

- (a) to ask for, demand, collect, sue for, recover, compromise, receive and give acquittance and receipts for moneys due and to become due under or in respect of any of the Collateral at any time after and during the continuance of any payment default under the Promissory Notes;

(b) to receive, endorse and collect any drafts or other instruments, documents and chattel paper, in connection with clause (a) above; and

(c) to file any claims or take any action or institute any proceedings that any Lender may deem necessary or desirable for the collection of any of the Collateral or otherwise to enforce compliance with the terms and conditions of any Borrower Agreement or the rights of the Lenders with respect to any of the Collateral.

Section 13. Lenders May Perform. If the Borrower fails to perform any agreement contained herein, any Lender may itself perform, or cause performance of, such agreement, and the reasonable expenses of such Lender incurred in connection therewith shall be payable by the Borrower under Section 16(b).

Section 14. The Lenders' Duties. The powers conferred on the Lenders hereunder are solely to protect their interest in the Collateral and shall not impose any duty upon them to exercise any such powers. Except for the safe custody of any Collateral in their possession substantially equal to that which the Lenders accord their own property and the accounting for moneys actually received by them hereunder, the Lenders shall have no duty as to any Collateral or as to the taking of any necessary steps to preserve rights against any parties or any other rights pertaining to any Collateral. Any Lender shall be deemed to have exercised reasonable care in the custody and preservation of any Collateral in its possession if such Collateral is accorded treatment substantially equal to that which such Lender accords its own property.

Section 15. Remedies; Distributions. Subject to the Intercreditor Agreement, (a) upon an Event of Default, if the Borrower shall fail to timely pay (i) all or any portion of any Advance (as defined in the Promissory Notes) when due and payable or (ii) any interest, costs or expenses owing under the Promissory Notes, in accordance with the terms of such Promissory Notes:

(i) The Lenders may exercise in respect of the Collateral, in addition to other rights and remedies provided for herein or otherwise available to it, all the rights and remedies of a secured party upon default under the Uniform Commercial Code in effect in the State of New York at such time (the "N.Y. Uniform Commercial Code") (whether or not the N.Y. Uniform Commercial Code applies to the affected Collateral) and also may (A) require the Borrower to, and the Borrower and hereby agrees it will at its expense and upon request of any Lender forthwith, assemble all or part of the Collateral as directed by such Lender and make it available to the Lenders at a place to be designated by such Lender that is reasonably convenient to the Lenders and the Borrower and (B) without notice, except as specified below, sell the Collateral or any part thereof in one or more parcels at public or private sale, at any Lender's offices or elsewhere, for cash, on credit or for future delivery, and upon such other terms as the Lenders may deem commercially reasonable. The Lenders and the Borrower agree that, to the extent notice of sale shall be required by law, at least ten days' notice to the Borrower of the time and place of any public sale or the time after which any

private sale is to be made, shall constitute reasonable notification. The Lenders shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. Any Lender may adjourn any public or private sale from time to time, by announcement at the time and place fixed therefor and such sale may, without further notice, be made at the time and place to which it was so adjourned. No officer of the Borrower shall be precluded by reason of this Agreement from purchasing all or a portion of the Collateral at any such sale.

(ii) All cash proceeds received by any Lender in respect of any sale of, collection from, or other realization upon all or any part of the Collateral may, in the discretion of the Lenders, be held by the Lenders as collateral for, and/or then or at any time thereafter applied (after payment of any amounts payable to the Lenders pursuant to Section 18) against all or any part of the Secured Obligations in such order as the Lenders shall elect. Any surplus of such cash or cash proceeds held by the Lenders and remaining after payment in full of all the Secured Obligations shall be paid over to the Borrower, or to whomever may be lawfully entitled to receive such surplus.

(iii) Any Lender may exercise any and all rights and remedies of the Borrower under or in connection with the Assigned Agreements, or otherwise, in respect of the Collateral, including, without limitation, any and all rights of the Borrower to demand or otherwise require payment of any amount under, or performance of any provision of, any Borrower Agreement.

(b) All cash proceeds received by any Lender in respect of any sale of, collection from, or other realization upon all or any part of the Collateral pursuant to the exercise by such Lender of any of the foregoing remedies shall be held by such Lender for the benefit of the Lenders, and then or at any time thereafter be distributed in whole or in part by such Lender to the Lenders in an amount equal to the ratable portion of the Secured Obligations then owing to each Lender.

Section 16. Indemnity and Expenses. (a) The Borrower agrees to indemnify the Lenders from and against any and all claims, losses and liabilities growing out of or resulting from this Agreement (including, without limitation, enforcement of this Agreement) (collectively, "Claims"), except Claims resulting either from (i) any Lender's gross negligence or willful misconduct as determined by a final judgment of a court of competent jurisdiction, (ii) any acts or omissions of any party other than the Borrower or any of their affiliates, or (iii) the failure of any Lender to exercise reasonable care in the custody and preservation of the Collateral.

(b) The Borrower will upon demand pay to the Lenders the amount of any and all reasonable expenses, including the fees and expenses of their counsel and of any experts and agents, that the Lenders may incur in connection with (i) the administration of this Agreement, (ii) the custody, preservation, use or operation of, or the sale of, collection from, or other realization upon, any of the Collateral, (iii) the exercise or enforcement of any of the rights of the Lenders hereunder or (iv) the failure by the Borrower to perform or observe any of the provisions hereof.

Section 17. Security Interest Absolute. The obligations of the Borrower under this Agreement are independent of the Secured Obligations, and a separate action or actions may be brought and prosecuted against the Borrower to enforce this Agreement. All rights of the Lenders and the pledge, assignment and security interest hereunder, and all obligations of the Borrower hereunder, shall be absolute and unconditional, irrespective of:

- (a) any lack of validity or enforceability of this Agreement, the Promissory Notes or any other agreement or instrument relating thereto;
- (b) any change in the time, manner or place of payment of, or in any other term of, all or any of the Secured Obligations or any other amendment or waiver of or any consent to any departure from the Promissory Notes, including, without limitation, any increase in the Secured Obligations resulting from the extension of additional credit to the Borrower.
- (c) any taking, exchange, release or non-perfection of any other Collateral, or any taking, release or amendment or waiver of or consent to departure from any guaranty, for all or any of the Secured Obligations;
- (d) any manner of application of Collateral, or proceeds thereof, to the Secured Obligations, or any manner of sale or other disposition of any Collateral for all or any of the Secured Obligations or any other assets of the Borrower;
- (e) any change, restructuring or termination of the corporate structure or existence of the Borrower; or
- (f) any other circumstance that might otherwise constitute a defense available to, or a discharge of the Borrower.

Section 18. Amendments; Waivers; Etc. No amendment or waiver of any provision of this Agreement, and no consent to any departure by the Borrower herefrom, shall, in any event, be effective unless the same shall be in writing and signed by the parties and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. No failure on the part of any Lender to exercise, and no delay in exercising any right, power or privilege hereunder, shall operate as a waiver thereof, nor shall any single or partial exercise of any such, power or privilege right preclude the exercise of any other, the further exercise thereof or the exercise of any other right, power or privilege.

Section 19. Addresses for Notices; Execution in Counterparts. All notices and other communications provided for hereunder shall be in writing and mailed or otherwise delivered (including overnight courier) to the Borrower and to the Lenders, as the case may be, in each case addressed to it at such address as shall be designated by such party in a written notice to each other party complying as to delivery with the terms of this Section 19 or, if no address has been designated by a party, to the address set forth in the recital of parties to this Agreement. All such notices and

other communications shall, when mailed or delivered, respectively, be deemed effective when deposited in the mails or delivered to the overnight courier, respectively, addressed as aforesaid. Delivery by telecopier of an executed counterpart of any amendment or waiver of any provision of this Agreement shall be effective as delivery of a manually executed counterpart thereof.

Section 20. Continuing Security Interest; Assignments under the Promissory Note.

This Agreement shall create a continuing security interest in the Collateral and shall (a) remain in full force and effect until the payment in full in cash of the Secured Obligations, (b) be binding upon the Borrower and its respective successors and assigns and (c) inure, together with the rights and remedies of the Lenders hereunder, to the ratable benefit of the Lenders and their respective successors, transferees and assigns. Without limiting the generality of the foregoing clause (c), any Lender may assign or otherwise transfer all or any portion of its rights and obligations under the Promissory Notes to any other Person and such other Person shall thereupon become vested with all the benefits in respect thereof granted to the Lenders herein or otherwise.

Section 21. Release and Termination. (a) Upon any sale, lease, transfer or other disposition of any item of Collateral, the Lenders will, at the expense of the Borrower, execute and deliver to the Borrower such documents as the Borrower shall reasonably request to evidence the release of such item of Collateral from the assignment and security interest granted hereby; provided, however, that (i) at the time of such request and such release no default by the Borrower under the Promissory Note shall have occurred and be continuing; (ii) the Borrower shall have delivered to each Lender, at least ten business days prior to the date of the proposed release, a written request for release describing the item of Collateral and the terms of the sale, lease, transfer or other disposition in reasonable detail, including the price thereof and any expenses in connection therewith, together with a form of release for execution by each Lender and a certification as to such other matters as any Lender may reasonably request; and (iii) each of the Lenders shall have approved such sale, lease, transfer or other disposition in writing.

(b) Upon the payment in full in cash of the Secured Obligations, the pledge, assignment and security interest granted hereby shall terminate and all rights in and to the Collateral shall automatically revert to the Borrower. Upon any such termination, the Lenders will, at the Borrower's expense, execute and deliver to the such documents as the Borrower shall reasonably request to evidence such termination.

Section 22. Governing Law; Terms. This Agreement shall be governed by and construed in accordance with the laws of the State of New York, except to the extent that the validity or perfection of the security interest granted hereby, or remedies hereunder, in respect of any particular Collateral are governed by the laws of a jurisdiction other than the State of New York. Unless otherwise defined herein or in the Promissory Note, terms used in Articles 8 and 9 of the N.Y. Uniform Commercial Code are used herein as therein defined.

Section 23. Definitions.

"Artwork" means all photographs, negatives, photographic plates, covers, liner notes, text, advertising, point of purchase and promotional materials related to, and the art and designs contained in, the package containing the embodiment of Masters and Music Videos.

"Intellectual Property" means (a) trademarks, service marks, trade dress, logos, trade names and corporate names, whether or not registered, including all common law rights and goodwill associated therewith, and registrations and use-based applications for registration thereof, including, but not limited to, all marks registered in the United States Patent and Trademark Office, the Trademark Offices of the States and Territories of the United States of America, and the Trademark Offices of other nations throughout the world, and all rights therein provided by international treaties or conventions, (b) copyrights (registered or otherwise) and registrations and applications for registration thereof, and all rights therein provided by international treaties or conventions, (c) trade secrets and confidential, technical and business information, (d) whether or not confidential, plans, proposals, technical data, copyrightable works, financial, marketing and business data, pricing and cost information, business and marketing plans and customer and supplier lists and information, (e) Masters, (f) Music Videos, (g) Artwork, (h) copies and tangible embodiments of all the foregoing, in whatever form or medium, (i) all rights to obtain and rights to register trademarks and copyrights, (j) all rights to sue or recover and retain damages and costs and attorneys' fees for present and past infringement of any of the foregoing, and (k) all rights to receive and to collect or enforce royalties under any license agreement relating to any of the foregoing.

"Lien" means any lien, security interest or other charge or encumbrance of any kind, or any other type of preferential arrangement.

"Masters" means all master sound recordings from the inception of recording, whether or not coupled with a visual image, which are intended for the reproduction of Records and/or for any other form of exploitation, as well as outtakes, demos, alternative versions of Masters and alternative mixes.

"Music Videos" means all audiovisual materials, including without limitation so-called "long-form" videos, embodying any Masters, including those audiovisual materials which were produced primarily for the purpose of advertising, promoting or otherwise exploiting any Masters.

"Person" includes all types of persons or entities, whether or not having separate legal existence.

"Records" means and includes all forms of sound and audio visual recordings and reproductions thereof of any kind, nature or description, now or hereafter known, manufactured by any means or method, now or hereafter known, for reproduction or recreation on any mediums or devices, now or hereafter known, including but not limited to, phonograph records, audio tapes,

video cassettes, video discs, compact disc recordings and digital transmission, and which are intended primarily for personal use.

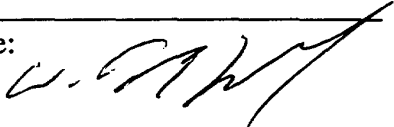
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IN WITNESS WHEREOF, the Borrower and the Lenders have caused this Agreement to be duly executed and delivered by its respective officers thereunto duly authorized as of the date first above written.

WP ENTERTAINMENT, L.P.
by its General Partner
WP Entertainment, Inc.

Name:

Title:



Name:

Title:

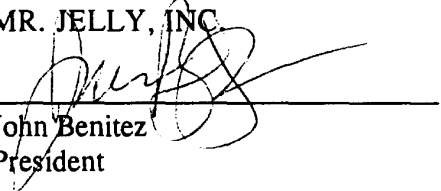


H.O.L.A. RECORDINGS, L.L.C.

By its Members

MR. JELLY, INC.

John Benitez
President

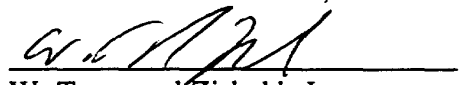


WP ENTERTAINMENT, L.P.

by its general partner

WP ENTERTAINMENT, INC.

W. Townsend Ziebold, Jr.
Vice President



MR. JELLY, INC

John Benitez
President

JOHN BENITEZ

John Benitez