

TRADEMARKS ONLY

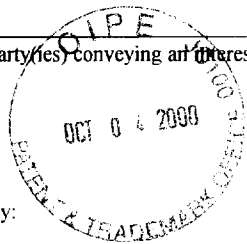


TRADEMARKS ONLY

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10.4.00



1. Name of Party(ies) conveying an interest:  
THQ Inc.

2. Name and Address of Party(ies) receiving an interest:  
Name: Union Bank of California, N.A.

Address: 3403 Tenth Street, Suite 605  
Riverside, California 92501-3617

Entity:

Entity:

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

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

Citizenship

If not domiciled in the United States, a domestic representative designation is attached:

Yes

No

(The attached document must not be an assignment)

3. Interest Conveyed:

- Assignment       Change of Name
- Security Agreement       Merger
- Other

Execution Date - August 31, 2000

4. Application number(s) or registration number(s). Additional sheet attached?       Yes     No

A. Trademark Application No.(s)

B. Trademark Registration No.(s)

- 2,340,469
- 2,320,994
- 2,309,197
- 1,744,660

5. Please mail documents back to:

Paul W. Kruse  
Pillsbury Madison & Sutro LLP  
1100 New York Avenue, N.W.  
Washington, D.C. 20005-3918

6. Number of applications and registrations involved: 4

7. Amount of fee enclosed: \$ 115.00

8. If above amount is missing or inadequate, charge deficiency to our Deposit Account No. 03-3975 under Order No. 05550 / 0000097

C#      M#

10/24/2000 DBYRHE 00000029 2340469

DO NOT USE THIS SPACE

01 FC:481      40.00 OF  
02 FC:482      75.00 OF

9. Statement and signature.

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document.

Signature

Total number of pages including cover sheet, attachments and document. (excluding duplicate cover sheet)

18

Attorney: Paul W. Kruse

Date: October 4, 2000

Atty/Sec: PWK:teh

Tel: (202) 861-3613

Fax: (202) 822-0944

## SECURITY AGREEMENT

This Agreement, dated as of August 31, 2000, is made by THQ INC., a Delaware corporation (the "Borrower"), to UNION BANK OF CALIFORNIA, N.A. ("UBOC"), as administrative agent (the "Agent") for the lenders (the "Lenders") party to the Credit Agreement (as hereinafter defined).

### Recitals

A. The Borrower, the Lenders and the Agent have entered into a Revolving Credit Agreement dated as of August 31, 2000 (said Agreement, as it may hereafter be amended, restated or otherwise modified from time to time, herein called the "Credit Agreement"). Terms defined in the Credit Agreement and not otherwise defined herein are used herein as therein defined, and the rules of interpretation set forth in Sections 1.2 and 1.3 of the Credit Agreement are incorporated herein by reference. Terms defined in the California Uniform Commercial Code (the "Code") and not otherwise defined herein or in the Credit Agreement are used herein as defined in the Code.

B. It is a condition precedent to the making of Advances by the Lenders and to the issuance of Letters of Credit by the Issuing Bank that the Borrower grant the security interest contemplated by this Agreement. Accordingly, the Borrower hereby agrees as set forth below.

Section 1. Grant of Security. The Borrower hereby assigns and pledges to the Agent for its benefit and the ratable benefit of the Lenders, and hereby grants to the Agent for its benefit and the ratable benefit of the Lenders a security interest in, all of the Borrower's right, title and interest in and to the following, whether now owned or hereafter acquired, whether now or hereafter existing and wherever located (the "Collateral"):

(a) all equipment in all of its forms (including (i) all machinery, furniture, furnishings, trade fixtures, tools, appliances and motor vehicles; (ii) all production, manufacturing, distribution, selling, data-processing, computer and office equipment; (iii) all tools, tooling, molds and dies; (iv) all sales literature, promotional literature, processes, practices, techniques, procedures, trade secrets, know-how and other information and data, including designs, drawings, compilations of data, specifications, assembly procedures, software and firmware (all of the Collateral described above in this clause (iv) collectively herein called "Proprietary Works"), in the form of equipment; and (v) all physical representations of or media containing Proprietary Works or other information, including notebooks, drawings, diagrams, plans, manuals, computer peripherals, hardware, firmware, software, data-storage tapes, disks, diskettes and other computerized information, to the extent that such representations or media relate to equipment), and all accessions and additions thereto, parts and appurtenances thereof, substitutions therefor and replacements thereof (all

such equipment, accessions, additions, parts, appurtenances, substitutions and replacements herein called the "Equipment";

(b) all inventory in all of its forms (including (i) all raw materials and work in process therefor, finished goods thereof and materials used or consumed in the manufacture or production thereof, (ii) all goods in which the Borrower has an interest in mass or a joint or other interest or right of any kind (including goods in which the Borrower has an interest or right as consignee) and (iii) all goods that are returned to or repossessed by the Borrower), and all accessions to, products of and documents for any or all of the foregoing (any and all such inventory, accessions, products and documents herein called the "Inventory");

(c) all accounts, contract rights, chattel paper, instruments, deposit accounts and other obligations to the Borrower of any kind, whether or not arising out of or in connection with the sale or lease of goods or the rendering of services, and all rights 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 or obligations (any and all such accounts, contract rights, chattel paper, instruments, deposit accounts and obligations, to the extent not referred to in Section 1(d) or (e), herein called the "Receivables," and any and all such security agreements, leases and other contracts herein called the "Related Contracts");

(d) the securities accounts described in Schedule 1 and all other investment property of any type, all certificates and instruments representing or evidencing such investment property, and all dividends, interest, distributions, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of the foregoing (any and all such investment property, certificates, instruments, dividends, interest, distributions, cash, instruments and other property herein called the "Investment Property");

(e) all of the following (the "Account Collateral");

(i) the bank accounts described in Schedule 2 (all such bank accounts herein referred to as defined in Schedule 2) and all other bank accounts and deposit accounts (all such bank accounts and deposit accounts, including the bank accounts described in Schedule 2, herein called the "Bank Accounts"), all funds held in the Bank Accounts and all certificates and instruments, if any, from time to time representing or evidencing the Bank Accounts;

(ii) all notes, certificates of deposit, deposit accounts, checks and other instruments from time to time hereafter delivered to or otherwise possessed by the Agent for or on behalf of the Borrower in substitution for or in addition to any or all of the then existing Account Collateral; and

(iii) all interest, dividends, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of the then existing Account Collateral;

(f) all general intangibles, including (i) all tax refunds, know-how, trade secrets, engineering plans, computer software, drawings and other proprietary information; (ii) all rights to receive any assets distributed upon or in connection with the termination of any employee-benefit plan or to receive any proceeds from the sale or other divestment of any assets; and (iii) all patents, patent applications, unpatented inventions (whether or not patentable) and license agreements regarding patents, whether the Borrower is a licensor or licensee under any such license agreement; all copyrights, trade names, trademarks, trade dress, service marks, trademark and service mark registrations, and applications for trademark or service mark registration (herein collectively called "Trademarks"); all goodwill of the business connected with the use of and symbolized by each Trademark, all license agreements regarding Trademarks, whether the Borrower is a licensor or licensee under any such license agreement, and all rights to prepare for sale, sell and advertise for sale all Inventory now or hereafter owned by the Borrower and now or hereafter covered by such licenses; all renewals of the foregoing property described in this clause (f), all income, royalties, damages and payments now or hereafter due or payable with respect to such property (including damages for past or future infringements thereof), all rights to sue or otherwise recover for all past, present and future infringements of such property (including all rights corresponding thereto throughout the world), and all other rights of any kind whatsoever accruing under or pertaining to such property; and

(g) all proceeds of any and all of the foregoing Collateral (including proceeds that constitute property of any type described above in this Section 1) and, to the extent not otherwise included, all (i) payments under insurance (whether or not the Agent is the loss payee thereof), or any indemnity, warranty or guaranty, payable by reason of loss or damage to or otherwise with respect to any of the foregoing Collateral, (ii) books and records with respect to the foregoing Collateral and (iii) cash.

The parties acknowledge and agree that nothing in this Agreement is intended to assign, pledge or grant a security interest in the WWF License Agreement. If and to the extent that the assignment, pledge and grant of a security interest pursuant to this Section 1 (collectively the "Security Interest") would constitute a breach, or permit the acceleration or termination, of any license agreement concerning intellectual property under which the Borrower is the licensee (each such agreement herein called a "Restricted Asset"), the Security Interest shall not attach to such Restricted Asset. In lieu of the attachment of the Security Interest to any such Restricted Asset, the Borrower (i) shall at all times hold its right, title and interest in such Restricted Asset in trust for the Agent (for its benefit and the ratable benefit of the Lenders) and (ii) shall not at any time take any action in respect of such Restricted Asset that would be precluded (and shall take all actions in respect of such Restricted Asset that would be required) by this Agreement were such Restricted Asset included in the Collateral. At such time as the consent of the applicable Person or Persons to the attachment of the Security Interest to any such Restricted Asset is obtained, the Security Interest shall be deemed to attach automatically to such Restricted Asset, and such Restricted Asset shall become a part of the Collateral, without the need for any other or further act on the part of the Borrower, the Agent, any Lender or any other Person.

Section 2. Security for Obligations. The security interest granted under this Agreement secures the payment of all obligations of the Borrower now or hereafter existing

under, in respect of or in connection with the Credit Agreement, this Agreement and each other Credit Document to which the Borrower is or becomes a party (all such obligations herein called the "Secured Obligations").

Section 3. Borrower Remains Liable. Notwithstanding anything herein to the contrary, (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 the Agent of any of its 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) neither the Agent nor any Lender shall (i) have any obligation or liability under the contracts and agreements included in the Collateral by reason of this Agreement or (ii) 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 4. Control over Investment Property. The Borrower will cause the Agent to receive control over all investment property included in the Collateral, including (a) in the case of any certificated security in bearer form, by delivering the same to the Agent; (b) in the case of any certificated security in registered form, by delivering the certificate to the Agent and either (i) endorsing such certificate in blank by an endorsement in form and substance satisfactory to the Agent or (ii) registering such certificate in the name of the Agent; (c) in the case of any uncertificated security, either (i) registering such security in the name of the Agent or (ii) causing the issuer of such security to agree, pursuant to documentation in form and substance satisfactory to the Agent, to comply with instructions originated by the Agent without further consent by the registered owner of such security; and (d) in the case of any security entitlement, either (i) causing the Agent to become the entitlement holder with respect thereto or (ii) causing the relevant securities intermediary to agree, pursuant to documentation in form and substance satisfactory to the Agent, to comply with entitlement orders originated by the Agent without further consent by the entitlement holder.

Section 5. Maintaining Bank Accounts. So long as any Secured Obligation remains unpaid, any Letter of Credit is outstanding or any Lender has any Commitment, the Borrower will observe the agreements set forth below.

(a) The Borrower will maintain with UBOC the bank accounts listed in Schedule 2 that are currently maintained with UBOC (the "UBOC Accounts") and will not establish or maintain any other Bank Accounts other than (i) accounts numbers 0009-098-992 and 0009-105-425 at Imperial Bank, which, together with account number 0009-107-657 of THQ/Jakks at Imperial Bank, shall be closed by September 29, 2000, and (ii) the account with Wells Fargo Bank, N.A. listed in Schedule 2, which shall be used only to hold funds to be used for payments with respect to coupons and other minor promotional purposes.

(b) The Borrower will promptly instruct each account debtor or other Person obligated at any time to make any payment to the Borrower or THQI with respect to any Receivable, if such payment is to be made by wire transfer, to make such payment directly to the Sweep Account and, if such payment is to be made by check, to make such payment directly to the lockbox established by the Borrower and the Agent for such purpose.

The Borrower will (i) hold in trust for the benefit of the Agent all payments received directly by the Borrower with respect to any Receivable, whether such payment is made by check or otherwise, and (ii) promptly deposit such payments into the Sweep Account.

(c) It shall be a term and condition of the UBOC Accounts, notwithstanding any term or condition to the contrary in any other agreement relating to the UBOC Accounts, that (i) so long as no Default has occurred and is continuing, amounts held in the UBOC Accounts may be withdrawn to or for the account of the Borrower at any time and (ii) if a Default occurs and is continuing, no amount (including interest on and other proceeds of the cash and other property held in the UBOC Accounts) shall be paid or released to or for the account of, or withdrawn by or for the account of, the Borrower from any of the UBOC Accounts, except in accordance with the terms of Section 15 or otherwise in the sole discretion of the Agent.

Section 6. Representations and Warranties. The Borrower represents and warrants to the Lenders and the Agent as set forth below.

(a) Location of Borrower and Collateral, Etc. All of the Equipment and Inventory are located at the places therefor specified in Schedule 3. The place of business of the Borrower or, if the Borrower has more than one place of business, the chief executive office of the Borrower and the office where the Borrower keeps its records concerning the Receivables, and all originals of all chattel paper that evidence Receivables, are located in each case at the address listed below the name of the Borrower on the signature page hereof. All promissory notes and other instruments evidencing the Collateral have been delivered to the Agent.

(b) Ownership of Collateral. The Borrower is the legal and beneficial owner of the Collateral, free and clear of any Lien other than Liens permitted by Section 6.2(a) of the Credit Agreement. No effective financing statement or other instrument similar in effect covering any or all of the Collateral is on file in any recording office, except such as may have been filed in favor of the Agent relating to this Agreement or, as to leases under which the Borrower is the lessee, as may have been filed as precautionary filings by the applicable lessors. The Borrower has no trade names other than "THQ."

(c) Possession of Equipment and Inventory. The Borrower has exclusive possession and control of the Equipment and the Inventory.

(d) Investment Property. As of the date hereof, the Borrower has no Investment Property other than the securities accounts listed in Schedule 1, the security entitlements held in such securities accounts and the shares of, and other equity interests in, its Subsidiaries.

(e) Account Collateral. The Borrower has no deposit accounts into which deposits by third parties, including payments on Receivables, are made or amounts received from third parties, including payments on Receivables, are deposited other than the Sweep Account. The Borrower has no bank accounts or other deposit accounts other than the UBOC Accounts.

(f) Valid and Perfected First-Priority Security Interest; Control. This Agreement and the making of the filings and the taking of other action contemplated by Sections 4.1(c)(ii) and 4.4 of the Credit Agreement create a valid and perfected first-priority security interest in the Collateral. All filings and other actions necessary or desirable to perfect and protect such security interest have been, or will be pursuant to Section 4.4 of the Credit Agreement, duly made or taken.

(g) Third-Party Authorizations, Etc. Except for the filing of the financing statements required pursuant to Section 4.1(c)(ii) of the Credit Agreement, no Governmental Action is required either (i) for the grant by the Borrower of the security interest granted hereby or for the execution, delivery or performance of this Agreement by the Borrower or (ii) for the perfection of or exercise by the Agent of its rights provided for in this Agreement or the remedies in respect of the Collateral provided pursuant to this Agreement (except as may be required in connection with the disposition of Investment Property by laws affecting the offering and sale of securities generally).

(h) Intellectual Property. The Borrower does not have any patents, trademarks or copyrights registered under the federal laws of the United States of America other than those listed on Schedule 4.

#### 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 the Agent may otherwise reasonably request, in order to perfect and protect the security interest granted or purported to be granted hereby or to enable the Agent to exercise and enforce its rights and remedies hereunder with respect to any Collateral. Without limiting the generality of the foregoing, the Borrower will (i) upon the request of the Agent, mark conspicuously each document included in the Inventory, each chattel paper included in the Receivables, each Related Contract and each of its records pertaining to the Collateral, in each case with a legend, in form and substance satisfactory to the Agent, stating that such document, chattel paper, Related Contract or Collateral is subject to the security interest granted hereby; (ii) if any Collateral is evidenced by a promissory note or other instrument or by chattel paper, deliver and pledge to the Agent hereunder such note, instrument or chattel paper, duly endorsed and accompanied by duly executed instruments of transfer or assignment, all in form and substance satisfactory to the Agent; and (iii) execute and file such financing and continuation statements, and amendments thereto, and such other instruments and notices, as may be necessary or desirable, or as the Agent may otherwise reasonably request, in order to perfect and preserve the security interest granted or purported to be granted hereby.

(b) The Borrower hereby authorizes the Agent to file one or more financing or continuation statements, and amendments thereto, relative to all or any part of the Collateral without the signature of 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 Agent from time to time statements and schedules further identifying and describing the Collateral, and such other reports in connection with the Collateral, as the Agent may reasonably request, all in reasonable detail.

Section 8. As to Equipment and Inventory.

(a) The Borrower will keep the Equipment and Inventory (other than Inventory sold in the ordinary course of business) at the places therefor specified in Section 6(a) or, upon 30 days' prior written notice to the Agent, at such other places in jurisdictions where all actions required by Section 7 have been taken with respect to the Equipment and Inventory.

(b) The Borrower will cause the Equipment needed for its business to be maintained and preserved in the same condition, repair and working order as when new, ordinary wear and tear excepted, and in accordance with any applicable manufacturers' manuals, and will forthwith, or in the case of any loss or damage to any of the Equipment as quickly as practicable after the occurrence thereof, make or cause to be made all repairs, replacements and other improvements in connection therewith as are necessary or reasonably desirable to such end. The Borrower will promptly furnish to the Agent a statement respecting any material loss or damage to the Equipment.

(c) The Borrower will pay promptly when due all property and other taxes, assessments and governmental charges or levies imposed upon, and all claims (including claims for labor, materials and supplies) against, the Equipment and Inventory; provided, however, that the Borrower shall not be required to pay or discharge any such tax, assessment, charge, levy or claim that is being contested in good faith and by proper proceedings and as to which appropriate reserves are being maintained.

Section 9. Place of Business; Collection of Receivables.

(a) The Borrower will keep its place of business or, if the Borrower has more than one place of business, its chief executive office, and the office where it keeps its records concerning the Collateral and all originals of all chattel paper that evidence Receivables, at the location therefor specified in Section 6(a) or, upon 30 days' prior written notice to the Agent, at such other locations in jurisdictions where all actions required by Section 7 have been taken with respect to the Collateral. The Borrower will hold and preserve such records and chattel paper and will permit representatives of the Agent at any time during normal business hours, upon reasonable prior notice, to inspect, copy and make abstracts from such records and chattel paper.

(b) Except as otherwise provided in this Section 9(b), the Borrower will continue to collect, at its own expense, all amounts due or to become due to the Borrower under the Receivables. In connection with such collections, the Borrower may take (and, if a Default has occurred and is continuing, at the Agent's request will take) such action as the Borrower or the Agent may deem necessary or advisable to enforce collection of the Receivables; provided, however, that the Agent shall have the right at any time, upon the occurrence and during the continuation of a Default and upon written notice to the Borrower



of its intention to do so, to notify the account debtors or obligors under any Receivables of the assignment of such Receivables to the Agent and to direct such account debtors or obligors to make payment of all amounts due or to become due to the Borrower thereunder directly to the Agent 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 the Agent 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 benefit of the Agent hereunder, shall be segregated from other funds of the Borrower and shall be forthwith paid over to the Agent in the same form as so received (with any necessary endorsement) to be held as cash collateral and, if an Event of Default has occurred and is continuing, applied as provided by Section 15(b), and (ii) the Borrower will not adjust, settle or compromise the amount or payment of any Receivable, release wholly or partly any account debtor or obligor thereof, or allow any credit or discount thereon.

#### Section 10. Rights with Respect to Investment Property.

(a) So long as no Event of Default has occurred and is continuing, the provisions set forth below shall apply.

(i) The Borrower shall be entitled to exercise any and all voting and other consensual rights pertaining to the Investment Property or any part thereof for any purpose not inconsistent with the terms of this Agreement and the other Credit Documents.

(ii) The Borrower shall be entitled to receive and retain any and all dividends, interest and other distributions paid in respect of the Investment Property; provided, however, that any and all

(A) dividends, interest and 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 exchange for, any Pledged Equity or Pledged Debt,

(B) dividends, interest and other distributions paid or payable in cash in respect of any Pledged Equity in connection with a partial or total liquidation or dissolution of the issuer thereof or in connection with a reduction of capital, capital surplus or paid-in surplus by such issuer, and

(C) cash paid, payable or otherwise distributed in respect of principal of, or in redemption of or exchange for, any Pledged Equity

shall be, and shall be forthwith pledged to the Agent hereunder as, Investment Property and shall, if received by the Borrower, be received in trust for the benefit of the Agent, be segregated from the other property or funds of the Borrower and be forthwith pledged to the Agent hereunder as Investment Property in the same form as so received (with any necessary endorsement).

(iii) The Agent will execute and deliver (or cause to be executed and delivered) to the Borrower all such proxies and other instruments as the Borrower may request for the purpose of enabling the Borrower to exercise the voting and other rights that it is entitled to exercise pursuant to Section 10(a)(i) and to receive the dividends, interest and other distributions that it is authorized to receive and retain pursuant to Section 10(a)(ii).

(b) Upon the occurrence and during the continuation of any Event of Default, the provisions set forth below shall apply.

(i) All rights of the Borrower to exercise the voting and other consensual rights that it would otherwise be entitled to exercise pursuant to Section 10(a)(i) and to receive the dividends, interest and other distributions that it would otherwise be authorized to receive and retain pursuant to Section 10(a)(ii) shall cease, and all such rights shall thereupon become vested in the Agent, which shall thereupon have the sole right to exercise such voting and other consensual rights and to receive and hold as Investment Property such dividends, interest and other distributions.

(ii) All dividends, interest and other distributions that are received by the Borrower contrary to the provisions of Section 10(b)(i) shall be received in trust for the benefit of the Agent, shall be segregated from other funds of the Borrower and shall be forthwith paid over to the Agent as Investment Property in the same form as so received (with any necessary endorsement).

Section 11. Transfers and Other Liens. Except to the extent permitted by the Credit Agreement, the Borrower will not (i) sell, 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 or permit to exist any Lien upon or with respect to any of the Collateral, except for the security interest created by this Agreement.

Section 12. Agent Appointed Attorney-in-Fact. The Borrower hereby irrevocably appoints the Agent as the Borrower's attorney-in-fact, with full authority in the place and stead of the Borrower and in the name of the Borrower or otherwise, from time to time in the Agent's discretion at any time after the occurrence and during the continuation of any Default, to take any action and to execute any instrument that the Agent may deem necessary or advisable to accomplish the purposes of this Agreement (subject to the rights of the Borrower under Section 9), including:

(a) to obtain and adjust insurance required to be paid to the Agent;

(b) to ask for, demand, collect, sue for, recover, compromise, receive and give acquittance and receipts for moneys due or to become due under or in respect of any of the Collateral;

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

(d) to file any claims, take any action and institute any proceedings that the Agent may deem necessary or desirable for the collection of any of the Collateral or otherwise to enforce compliance with the rights of the Agent with respect to any of the Collateral.

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

Section 14. Agent's Duties. The powers conferred on the Agent hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Except for the safe custody of any Collateral in its possession and the accounting for moneys actually received by it hereunder, the Agent shall have no duty as to any Collateral, as to ascertaining or taking action with respect to calls, conversions, exchanges, maturities, tenders or other matters relative to any Investment Property, whether or not the Agent or any Lender has or is deemed to have knowledge of such matters, or as to the taking of any necessary steps to preserve rights against any parties or any other rights pertaining to any Collateral. The Agent 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 UBOC accords its own similar property.

Section 15. Remedies. If any Event of Default occurs and is continuing, the provisions set forth below shall apply.

(a) The Agent may exercise in respect of the Collateral, in addition to other rights and remedies provided for herein or otherwise available to it, all of the rights and remedies of a secured party on default under the Code (whether or not the Code applies to the affected Collateral) and may also (i) require the Borrower to, and the Borrower hereby agrees that it will at its expense and upon request by the Agent forthwith, assemble all or part of the Collateral as directed by the Agent and make it available to the Agent at a place to be designated by the Agent that is reasonably convenient to both parties and (ii) without notice except as provided below, sell the Collateral or any part thereof in one or more parcels at public or private sale, at any of the Agent's offices or elsewhere, for cash, on credit or for future delivery and upon such other terms as the Agent may deem commercially reasonable. The Borrower agrees that, to the extent notice of sale is required by law, at least 10 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 Agent shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. The Agent may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

(b) All payments received by the Agent in respect of the Collateral, and all cash proceeds received by the Agent 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 Agent, be held by the Agent as collateral for, and/or then or at any time thereafter applied (after payment of any amounts payable to the Agent pursuant to Section 16) in whole or in part by the Agent for

the ratable benefit of the Lenders against, all or any part of the Secured Obligations in such order as the Agent may elect. Any surplus of such payments or cash proceeds held by the Agent and remaining after payment in full of the Secured Obligations shall be paid over to the Borrower or to whoever may be lawfully entitled to receive such surplus.

(c) The Agent may exercise any and all rights and remedies of the Borrower in respect of the Collateral.

(d) All payments received by the Borrower in respect of the Collateral shall be received in trust for the benefit of the Agent, shall be segregated from other funds of the Borrower and shall be forthwith paid over to the Agent in the same form as so received (with any necessary endorsement).

(e) The Agent may, without notice to the Borrower except as required by law and at any time or from time to time, charge, set off and otherwise apply any or all of the Account Collateral and the Investment Property against the Secured Obligations.

#### Section 16. Indemnity and Expenses.

(a) The Borrower agrees to indemnify the Agent from and against any and all claims, losses and liabilities growing out of or resulting from this Agreement (including enforcement of this Agreement), except claims, losses or liabilities resulting from the Agent's gross negligence or willful misconduct.

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

#### Section 17. Amendments, Waivers, Etc.

(a) 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 is in writing and signed by the Agent, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

(b) The waiver (whether express or implied) by the Agent of any breach of the terms or conditions of this Agreement, and the consent (whether express or implied) of any Lender thereto, shall not prejudice any remedy of the Agent or any Lender in respect of any continuing or other breach of the terms and conditions hereof and shall not be construed as a bar to any right or remedy that the Agent or any Lender would otherwise have on any future occasion under this Agreement.

(c) No failure to exercise or delay in exercising any right, power or privilege under this Agreement by the Agent or any Lender shall operate as a waiver thereof or the exercise of any other right, power or privilege.

Section 18. Addresses for Notices. All notices and other communications provided for hereunder shall be given in accordance with the provisions of, and with the effect provided in, Section 9.2 of the Credit Agreement. Delivery by telecopier of an executed counterpart of any amendment or waiver of, or consent to departure from, any provision of this Agreement shall be effective as delivery of an originally executed counterpart thereof.

Section 19. Continuing Security Interest; Assignments under Credit Agreement. This Agreement shall create a continuing security interest in the Collateral and shall (a) remain in full force and effect until the Secured Obligations have been paid in full and the Commitments and all Letters of Credit have expired or terminated, (b) be binding upon the Borrower and its successors and assigns and (c) inure, together with the rights and remedies of the Agent hereunder, to the benefit of the Agent, 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 any or all of its rights and obligations under the Credit Documents to any other Person, and such other Person shall thereupon become vested with all of the benefits in respect thereof granted to such Lender herein or otherwise, subject, however, to the provisions of Article 8 (concerning the Agent) and Section 9.8 of the Credit Agreement.

Section 20. Release and Termination. Upon the payment in full of the Secured Obligations and the expiration or termination of the Commitments and all Letters of Credit, the security interest granted hereby shall terminate, and all rights to the Collateral shall revert to the Borrower. Upon any such termination, the Agent will execute and deliver to the Borrower, at the Borrower's expense, such documents as the Borrower may reasonably request to evidence such termination.

Section 21. Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY,  
AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE  
STATE OF CALIFORNIA.

THQ INC

By: 

Fred Gysi  
Senior Vice President,  
Finance & Administration  
& Chief Financial Officer

27001 Agoura Road, Suite 325  
Calabasas Hills, California 91301



SCHEDULE 1  
to Security Agreement

SECURITIES ACCOUNTS

1. Merrill Lynch Premier Institutional Fund, account number 318-327860-6, with Merrill Lynch, P.O. Box 8118, Boston, Massachusetts 02266-8118
2. AIM Institutional Fund, account number 49246, with Chase H & Q, 1100 Newport Center Drive, Newport Beach, California 92660
3. Government Cash Funds, Institutional Class, account number 10-00149047-31-01, with Monarch Funds, P.O. Box 446, Portland, Maine 04112

BANK ACCOUNTS

1. Checking account number 3030154710 at Union Bank of California, N.A., Los Angeles, California (the "Sweep Account")
2. Payroll account number 3030154729 at Union Bank of California, N.A., Los Angeles, California
3. Checking account number 3030154818 at Union Bank of California, N.A., Los Angeles, California
4. Checking account number 3030156004 at Union Bank of California, N.A., Los Angeles, California
5. Checking account number 3030156012 at Union Bank of California, N.A., Los Angeles, California
6. Flex spending account number 3030156098 at Union Bank of California, N.A., Los Angeles, California
7. General direct deposit account number 4159-399880 at Wells Fargo Bank, N.A., Calabasas, California



LOCATIONS OF EQUIPMENT AND INVENTORY

A. Locations of Equipment

1. 27001 Agoura Road, Suite 325, Calabasas Hills, California 91301
2. 6041 Bristol Parkway, Culver City, California 90230

B. Locations of Inventory

AMS Warehouse, 2327 East Pacifica Place, Rancho Dominguez, California 90220

REGISTERED PATENTS, TRADEMARKS AND COPYRIGHTS

1. Registered Patents: none

2. Registered Trademarks:

#2340469 registered on 4/11/00

#2320994 registered on 2/22/00

#2309197 registered on 1/18/00

#1744660 registered on 1/15/93

3. Registered Copyrights:

Pro Rodeo 2000 PC recorded on 9/7/99

#TX4399861 registered on 9/13/96

#TX4399860 registered on 9/13/96

#TX4399859 registered on 9/13/96

#TX4384173 registered on 9/13/96