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11-03-2005

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Form PTO-1594 (Rev. 07/05)
OMB Collection 0651-0027 (exp. 6/30/2008)



MERCE
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RECORDATION FORM CO1
TRADEMARKS ONLY 103112509

To the Director of the U. S. Patent and Trademark Office: Please record the attached documents or the new address(es) below.

1. Name of conveying party(ies):

AOC, LLC

- Individual(s)
- General Partnership
- Corporation- State: _____
- Other Limited Liability Company
- Association
- Limited Partnership

Citizenship (see guidelines) _____

Additional names of conveying parties attached? Yes No

3. Nature of conveyance /Execution Date(s) :

Execution Date(s) October 27, 2005

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

2. Name and address of receiving party(ies)

Additional names, addresses, or citizenship attached? Yes No

Name: The Bank of New York, as Administrative Agent

Internal _____

Address: _____

Street Address: One Wall Street

City: New York

State: New York

Country: USA Zip: 10286

- Association Citizenship _____
- General Partnership Citizenship _____
- Limited Partnership Citizenship _____
- Corporation Citizenship _____
- Other New York Banking Corporation Citizenship _____

If assignee is not domiciled in the United States, a domestic representative designation is attached: Yes No
(Designations must be a separate document from assignment)

4. Application number(s) or registration number(s) and identification or description of the Trademark.

A. Trademark Application No.(s)

See Schedule A attached hereto and made a part hereof

B. Trademark Registration No.(s)

See Schedule A attached hereto and made a part hereof

Additional sheet(s) attached? Yes No

C. Identification or Description of Trademark(s) (and Filing Date if Application or Registration Number is unknown):

See Schedule A attached hereto and made a part hereof

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

Name: Andrew E. Auerbach, Esq.

Internal Address: Bryan Cave LLP

Street Address: 1290 Avenue of the Americas

City: New York

State: New York Zip: 10104-3300

Phone Number: 212-541-1232

Fax Number: 212-904-0535

Email Address: aeauerbach@bryancave.com

6. Total number of applications and registrations involved:

23

7. Total fee (37 CFR 2.6(b)(6) & 3.41) \$ 590.00

- Authorized to be charged by credit card
- Authorized to be charged to deposit account
- Enclosed

8. Payment Information:

a. Credit Card Last 4 Numbers _____
Expiration Date _____

b. Deposit Account Number 02-4467 To be charge
only in the event of any deficiency in the fee presented herewith
Authorized User Name _____

9. Signature: Sharon Elin

Signature

October 28, 2005

Date

Total number of pages including cover sheet, attachments, and document: 05

11/02/2005 BYRNE

01 FC:8521
02 FC:8522

Document Recorded (including cover sheet) should be faxed to (571) 273-0140, or mailed to:
Mail Stop Assignment Recordation Services, Director of the USPTO, P.O. Box 1450, Alexandria, VA 22313-1450

SCHEDULE A

UNITED STATES		
<u>Trademark</u>	<u>Reg. No.</u>	<u>Reg. Date</u>
ALTEK	2,625,477	24-Sep-02
AOC (AND DESIGN)	2,066,171	03-Jun-97
AOCPORT	2,824,930	23-Mar-04
ATRYL	1,553,386	29-Aug-89
ATRYL TCA	78/306,204	26-Sept-03
CHROMA-TEK	1,447,028	14-Jul-87
FIREPEL	2,441,299	03-Apr-01
HYCRYL	2,463,888	26-Jun-01
HYDROPEL	2,221,357	2-Feb-99
HYDROPEL	1,572,710	26-Dec-89
HYDROPRO	2,920,056	18-Jan-05
HYFILL	2,463,889	26-Jun-01
POLYPRESS	2,404,541	14-Nov-00
PULTRU	2,571,815	21-May-02
RAYCURE	2,613,018	27-Aug-02
RESIN.NOW	2,670,289	31-Dec-02
ULTRYL	2,235,009	23-Mar-99
VIBRIN	1,618,223	23-Oct-90
VIBRIN	1,742,046	22-Dec-92
VICAST	2,234,962	23-Mar-99
VIPEL	2,461,679	19-Jun-01
VI-TEXT	78/452,102	16-Jul-04
HYDROPEL	78/727,303	5-Oct-05

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SCHEDULES:

Schedule I	List of Subsidiaries and Addresses for Notices
Schedule 3.1(a)(i)	List of Chief Executive Offices, Jurisdictions of Organization, Federal Employer Identification Numbers and Company Organizational Numbers
Schedule 3.1(a)(ii)	List of Legal and Other Names
Schedule 3.2	List of Locations of Equipment and Inventory
Schedule 3.4	List of Pledged Collateral
Schedule 3.8	List of Letters of Credit
Schedule 3.6	List of Intellectual Property
Schedule 3.7	List of Commercial Tort Claims

EXHIBITS:

Exhibit A	Form of Supplement
Exhibit B	Form of Issuer's Acknowledgement
Exhibit C	Form of Power of Attorney
Exhibit D	Form of Letter Agreement (Secured Hedging Agreements)

(iii)

AOC, LLC US Security Agreement

TRADEMARK
REEL: 003245 FRAME: 0363

US SECURITY AGREEMENT, dated as of October 27, 2005, among AOC, LLC, a Delaware limited liability company (the "Borrower"), each of the subsidiaries of the Borrower listed on Schedule I or which becomes a party hereto in accordance with Article 10 (each such subsidiary, individually, a "Subsidiary Guarantor" and, collectively, the "Subsidiary Guarantors"; the Subsidiary Guarantors and the Borrower are referred to collectively herein as the "Grantors"), and THE BANK OF NEW YORK, as administrative agent under the Credit Agreement referred to in the next paragraph (as amended, supplemented or otherwise modified from time to time, this "Security Agreement").

RECITALS

A. Reference is made to the Credit Agreement, dated as of October 27, 2005, among the Borrower, the Lenders party thereto, Bank of America, N.A. and SunTrust Bank, as Co-Syndication Agents, and The Bank of New York, as Administrative Agent (as the same may be amended, supplemented or otherwise modified from time to time, the "Credit Agreement").

B. The Lenders have agreed to make Loans to, and the Issuing Bank has agreed to issue Letters of Credit for the account of, the Borrower pursuant to, and upon the terms and subject to the conditions specified in, the Credit Agreement. Each of the Subsidiary Guarantors is a direct or indirect subsidiary of the Borrower. The Grantors acknowledge that their business is a mutual and collective enterprise and that the Loans, Letters of Credit and other financial accommodations made under the Loan Documents will enhance the aggregate borrowing powers of the Borrower and credit availability to the other Loan Parties and facilitate their loan relationship with the Credit Parties, all to the mutual advantage of the Grantors.

C. Each Grantor acknowledges that it will derive substantial direct and indirect benefit from the making of the Loans and the issuance of the Letters of Credit. Each Subsidiary Guarantor has, pursuant to the Subsidiary Guarantee Agreement, unconditionally guaranteed the Secured Obligations.

D. This Security Agreement is given by each Grantor in favor of the Administrative Agent for the benefit of the Secured Parties (as hereinafter defined) to secure the payment and performance of all of the Secured Obligations (as hereinafter defined).

E. The execution and delivery by the Grantors of this Security Agreement is a condition precedent to the effectiveness of the Credit Agreement, and the Credit Parties would not have entered into the Credit Agreement if the Grantors had not executed and delivered this Security Agreement.

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

ARTICLE 1.

DEFINITIONS; GRANT OF SECURITY; CONTINUING PERFECTION AND PRIORITY

Section 1.1 General Definitions

As used in this Security Agreement, the following terms shall have the meanings specified below:

“Account Debtor” means each Person who is obligated in respect of any Receivable or any Supporting Obligation or Collateral Support relating thereto.

“Accounts” means all “accounts” as defined in Article 9 of the UCC.

“Additional Grantor” has the meaning assigned to such term in Article 10.

“Applicable Date” means (i) in the case of any Grantor (other than an Additional Grantor), the date hereof, and (ii) in the case of any Additional Grantor, the date of the Supplement executed and delivered by such Additional Grantor.

“Borrower” has the meaning assigned to such term in the preliminary statement of this Security Agreement.

“Chattel Paper” means all “chattel paper” as defined in Article 9 of the UCC.

“Claim Proceeds” means, with respect to any Commercial Tort Claim or any Collateral Support or Supporting Obligation relating thereto, all Proceeds thereof, including all insurance proceeds and other amounts and recoveries resulting or arising from the settlement or other resolution thereof, in each case regardless of whether characterized as a “commercial tort claim” under Article 9 of the UCC or “proceeds” under the UCC.

“Collateral” has the meaning assigned to such term in Section 1.3.

“Collateral Records” means all books, instruments, certificates, Records, ledger cards, files, correspondence, customer lists, blueprints, technical specifications, manuals and other documents, and all computer software, computer printouts, tapes, disks and related data processing software and similar items, in each case that at any time represent, cover or otherwise evidence, or contain information relating to, any of the Collateral or are otherwise necessary or helpful in the collection thereof or realization thereupon.

“Collateral Support” means all property (real or personal) assigned, hypothecated or otherwise securing any of the Collateral, and shall include any security agreement or other agreement granting a lien or security interest in such real or personal property.

“Commercial Tort Claims” means all “commercial tort claims” as defined in Article 9 of the UCC and all Claim Proceeds; including all claims described on Schedule 3.7.

“Copyright License” means any written agreement, now or hereafter in effect, granting any right to any third party under any Copyright now or hereafter owned or held by or behalf of any Grantor or which any Grantor otherwise has the right to license, or granting any right to any Grantor under any Copyright now or hereafter owned by any third party, and all rights of any Grantor under any such agreement, including each agreement described on Schedule 3.6.

“Copyrights” means all of the following: (i) all copyright rights in any work subject to the copyright laws of the United States of America or any other country, whether as author, assignee, transferee or otherwise, (ii) all registrations and applications for registration of any such copyright in the United States of America or any other country, including registrations, recordings, supplemental registrations and pending applications for registration in the United States Copyright Office or any similar offices in the United States of America or any other

country, including those described on Schedule 3.6, (iii) all rights and privileges arising under applicable law with respect to the use of such copyrights, (iv) all reissues, renewals, continuations and extensions thereof and amendments thereto, and (v) all income, fees, royalties, damages, claims and payments now or hereafter due and/or payable with respect thereto, including damages and payments for past, present or future infringements thereof.

“Credit Agreement” has the meaning assigned to such term in Recital A.

“Documents” means all “documents” as defined in Article 9 of the UCC.

“Equipment” means (i) all “equipment” as defined in Article 9 of the UCC, (ii) all machinery, manufacturing equipment, data processing equipment, computers, office equipment, furnishings, furniture, appliances, fixtures and tools, in each case, regardless of whether characterized as “equipment” under the UCC, and (iii) all accessions or additions to any of the foregoing, all parts thereof, whether or not at any time of determination incorporated or installed therein or attached thereto, and all replacements therefor, wherever located, now or hereafter existing.

“Federal Securities Laws” has the meaning assigned to such term in Section 5.3.

“General Intangibles” means (i) all “general intangibles” as defined in Article 9 of the UCC and (ii) all choses in action and causes of action, all indemnification claims, all goodwill, all Hedging Agreements, all tax refunds, all licenses, permits, concessions, franchises and authorizations, all Intellectual Property, all Payment Intangibles and all Software, in each case regardless of whether characterized as a “general intangible” under the UCC; including all rights and interests under all capital contribution, subscription and similar agreements.

“Goods” means (i) all “goods” as defined in Article 9 of the UCC and (ii) all Equipment and Inventory and any computer program embedded in goods and any supporting information provided in connection with such program, to the extent (a) such program is associated with such goods in such a manner that it is customarily considered part of such goods or (b) by becoming the owner of such goods, a Person acquires a right to use the program in connection with such goods, in each case regardless of whether characterized as a “good” under the UCC.

“Grantor” and “Grantors” have the meanings assigned to such terms in the preliminary statement of this Security Agreement.

“Instruments” means all “instruments” as defined in Article 9 of the UCC.

“Insurance” means all insurance policies covering any or all of the Collateral (regardless of whether the Administrative Agent or any other Secured Party is the loss payee thereof) and all business interruption insurance policies.

“Intellectual Property” means all intellectual and similar property of any Grantor of every kind and nature, including inventions, designs, Patents, Copyrights, Trademarks, Licenses, domain names, Trade Secrets, confidential or proprietary technical and business information, know-how, show-how or other data or information, software and databases and all embodiments or fixations thereof and related documentation, registrations and franchises, and all additions, improvements and accessions to, and books and records describing or used in connection with, any of the foregoing.

“Inventory” means (i) all “inventory” as defined in Article 9 of the UCC and (ii) all goods held for sale or lease or to be furnished under contracts of service or so leased or furnished, all raw materials, work in process, finished goods and materials used or consumed in the manufacture, packing, shipping, advertising, selling, leasing, furnishing or production of such inventory or otherwise used or consumed in any Grantor’s business, all goods which are returned to or repossessed by or on behalf of any Grantor, and all computer programs embedded in any goods, and all accessions thereto and products thereof, in each case, regardless of whether characterized as “inventory” under the UCC.

“Issuer’s Acknowledgement” means an acknowledgement substantially in the form of Exhibit B.

“Letter-of-Credit Rights” means (i) all “letter-of-credit rights” as defined in Article 9 of the UCC and (ii) all rights, title and interests of each Grantor to any letter of credit, in each case regardless of whether characterized as a “letter-of-credit right” under the UCC.

“License” means any Copyright License, Patent License, Trademark License, Trade Secret License or other license or sublicense to which any Grantor is a party.

“Material Commercial Tort Claims” means, with respect to each Grantor, (i) all Commercial Tort Claims asserted by it, or on its behalf, in writing, and (ii) each Commercial Tort Claim in excess of \$250,000 to which it has any right, title or interest and of which it is aware.

“Patent License” means any written agreement, now or hereafter in effect, granting to any third party any right to make, use or sell any invention on which a Patent, now or hereafter owned or held by or on behalf of any Grantor or which any Grantor otherwise has the right to license, is in existence, or granting to any Grantor any right to make, use or sell any invention on which a Patent, now or hereafter owned by any third party, is in existence, and all rights of any Grantor under any such agreement, including each agreement described on Schedule 3.6.

“Patents” means all of the following: (i) all letters patent of the United States of America or any other country, all registrations and recordings thereof and all applications for letters patent of the United States of America or any other country, including registrations, recordings and pending applications in the United States Patent and Trademark Office or any similar offices in the United States of America or any other country, including those described on Schedule 3.6, (ii) all inventions and improvements described and claimed therein, including the right to make, use and/or sell the inventions disclosed or claimed therein, (iii) all reissues, continuations, divisions, continuations in part, renewals or extensions thereof and amendments thereto, and the inventions disclosed or claimed therein, and (iv) all income, fees, royalties, damages, claims and payments now or hereafter due and/or payable thereunder and with respect thereto.

“Payment Intangibles” means all “payment intangibles” as defined in Article 9 of the UCC.

“Pledged Collateral” means, collectively, Pledged Debt and Pledged Equity Interests.

“Pledged Debt” means all debt owed or owing to any Grantor by the Parent or any of its subsidiaries, including all such debt described on Schedule 3.4, all Instruments, Chattel

Paper or other documents, if any, representing or evidencing such debt, and all interest, cash, instruments and other property or proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such debt.

“Pledged Equity Interests” means all Equity Interests owned or held by or on behalf of any Grantor in the Borrower, any Subsidiary and AOC Mexicana, including all such Equity Interests described on Schedule 3.4, and all certificates, instruments and other documents, if any, representing or evidencing such Equity Interests and all interests of such Grantor on the books and records of the issuers of such Equity Interests, all of such Grantor’s right, title and interest in, to and under any partnership, limited liability company, shareholder or similar agreements to which it is a party, and all dividends, distributions, cash, warrants, rights, options, instruments, securities and other property or proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such Equity Interests.

“Power of Attorney” means a Special Power of Attorney in substantially the form of Exhibit C.

“Proceeds” means (i) all “proceeds” as defined in Article 9 of the UCC, (ii) payments or distributions made with respect to any Collateral, (iii) any payment received from any insurer or other Person or entity as a result of the destruction, loss, theft, damage or other involuntary conversion of whatever nature of any asset or property that constitutes the Collateral, and (iv) whatever is receivable or received when any of the Collateral or proceeds are sold, exchanged, collected or otherwise disposed of, whether such disposition is voluntary or involuntary, including any claim of any Grantor against any third party for (and the right to sue and recover for and the rights to damages or profits due or accrued arising out of or in connection with) (a) past, present or future infringement of any Patent now or hereafter owned or held by or on behalf of any Grantor, or licensed under a Patent License, (b) past, present or future infringement or dilution of any Trademark now or hereafter owned or held by or on behalf of any Grantor, or licensed under a Trademark License, or injury to the goodwill associated with or symbolized by any Trademark now or hereafter owned or held by or on behalf of any Grantor, (c) past, present or future infringement of any Copyright now or hereafter owned or held by or on behalf of any Grantor, or licensed under a Copyright License, (d) past, present or future infringement of any Trade Secret now or hereafter owned or held by or on behalf of any Grantor, or licensed under a Trade Secret License, and (e) past, present or future breach of any License, in each case, regardless of whether characterized as “proceeds” under the UCC.

“Receivables” means all rights to payment, whether or not earned by performance, for goods or other property sold, leased, licensed, assigned or otherwise disposed of, or services rendered or to be rendered, including all such rights constituting or evidenced by any Account, Chattel Paper, Instrument or other document, General Intangible or Pledged Collateral, together with all of the applicable Grantor’s rights, if any, in any goods or other property giving rise to such right to payment, and all Collateral Support and Supporting Obligations relating thereto and all Receivables Records.

“Receivables Records” means (i) all originals of all documents, instruments or other writings or electronic records or other Records evidencing any Receivable, (ii) all books, correspondence, credit or other files, Records, ledger sheets or cards, invoices, and other papers relating to any Receivable, including all tapes, cards, computer tapes, computer discs, computer runs, record keeping systems and other papers and documents relating to any Receivable, whether in the possession or under the control of the applicable Grantor or any computer bureau or agent from time to time acting for such Grantor or otherwise, (iii) all evidences of the filing of

financing statements and the registration of other instruments in connection therewith, and amendments, supplements or other modifications thereto, notices to other creditors or secured parties, and certificates, acknowledgments, or other writings, including lien search reports, from filing or other registration officers, (iv) all credit information, reports and memoranda relating thereto, and (v) all other written forms of information related in any way to the foregoing or any Receivable.

“Record” means a “record” as defined in Article 9 of the UCC.

“Registered” means when used in reference to a Patent, Trademark, or Copyright, shall mean a Patent, Trademark or Copyright which is registered in the United States Patent and Trademark Office, the United States Copyright Office, the appropriate registries under the Patent Act (Canada) and the Trademarks Act (Canada), respectively, relative to Canadian Patents and Trademarks and the registry under the Copyright Act (Canada) relative to Canadian Copyrights, as applicable or an application for any of the foregoing.

“Secured Obligations” shall mean (i) the Credit Obligations and (ii) the due and punctual payment and performance of all obligations of Borrower and the other Loan Parties under each Secured Hedging Agreement.

“Secured Hedging Agreement” means an Interest Rate Protection Agreement or Hedging Agreement designed to hedge risk in respect of currency fluctuations, in each case entered into by the Borrower with any counterparty that is a Secured Party.

“Secured Parties” shall mean, collectively, (i) the Administrative Agent, (ii) each Credit Party, (iii) each party (other than any Loan Party) to an Interest Rate Protection Agreement or Hedging Agreement designed to hedge risk in respect of currency fluctuations, if at the date of entering into such Interest Rate Protection Agreement or such Hedging Agreement such Person was a Lender or an Affiliate of a Lender and such Person executes and delivers to the Administrative Agent a letter agreement, substantially in the form of Exhibit D hereto, pursuant to which such Person (x) appoints the Administrative Agent as its agent under the applicable Loan Documents and (y) agrees to be bound by the provisions of Sections 10.3 and 10.9 of the Credit Agreement and the provisions of the applicable Loan Documents, including, without limitation, the provisions of Article 9 hereof, (iv) the beneficiaries of each indemnification obligation undertaken by or on behalf of any Grantor under any Loan Document, and (v) the successors and assigns of each of the foregoing. Notwithstanding the foregoing, BNY and any of its Affiliates party to any such Interest Rate Protection Agreement or other such Hedging Agreement entered into while BNY (or any such Affiliate) is a Lender shall be deemed to be a Secured Party with respect thereto without the necessity of delivering the letter agreement referred to in this definition.

“Security Interest” has the meaning assigned to such term in Section 1.3(a).

“Software” means all “software” as defined in Article 9 of the UCC.

“Subsidiary Guarantor” and “Subsidiary Guarantors” have the meanings assigned to such terms in the preliminary statement of this Security Agreement.

“Supplement” means a supplement hereto, substantially in the form of Exhibit A.

“Supporting Obligations” means (i) all “supporting obligations” as defined in Article 9 of the UCC and (ii) all Guarantees and other secondary obligations supporting any of the Collateral, in each case regardless of whether characterized as a “supporting obligation” under the UCC.

“Trade Secret Licenses” means any written agreement, now or hereafter in effect, granting to any third party any right to use any Trade Secrets now or hereafter owned or held by or on behalf of any Grantor or which such Grantor otherwise has the right to license, or granting to any Grantor any right to use any Trade Secrets now or hereafter owned by any third party, and all rights of any Grantor under any such agreement, including each agreement described on Schedule 3.6.

“Trade Secrets” means all trade secrets and all other confidential or proprietary information and know-how now or hereafter owned or used in, or contemplated at any time for use in, the business of any Grantor (all of the foregoing being collectively called a “Trade Secret”), whether or not such Trade Secret has been reduced to a writing or other tangible form, including all documents and things embodying, incorporating or referring in any way to such Trade Secret, the right to sue for any past, present and future infringement of any Trade Secret, and all proceeds of the foregoing, including licenses, royalties, income, payments, claims, damages and proceeds of suit.

“Trademark License” means any written agreement, now or hereafter in effect, granting to any third party any right to use any Trademark now or hereafter owned or held by or on behalf of any Grantor or which such Grantor otherwise has the right to license, or granting to any Grantor any right to use any Trademark now or hereafter owned by any third party, and all rights of any Grantor under any such agreement, including each agreement described on Schedule 3.6.

“Trademarks” means all of the following: (i) all trademarks, service marks, trade names, corporate names, company names, business names, fictitious business names, trade styles, trade dress, logos, other source or business identifiers, uniform resource locations (URL’s), domain names, designs and general intangibles of like nature, now existing or hereafter adopted or acquired, (ii) all registrations and recordings thereof and all registration and recording applications filed in connection therewith, including registrations and registration applications in the United States Patent and Trademark Office or any similar offices in the United States of America or any other country, including those described on Schedule 3.6, and (iii) all reissues, continuations, extensions and renewals thereof and amendments thereto, (iv) all goodwill associated therewith or symbolized by any of the foregoing, (v) all income, fees, royalties, damages and payments now and hereafter due and/or payable thereunder and with respect thereto and (vi) all other assets, rights and interests that uniquely reflect or embody such goodwill.

“UCC” shall mean the Uniform Commercial Code as in effect from time to time in the State of New York; provided, however, that, at any time, if by reason of mandatory provisions of law, any or all of the perfection or priority of the Administrative Agent’s and the Secured Parties’ security interest in any item or portion of the Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of New York, the term “UCC” shall mean the Uniform Commercial Code as in effect, at such time, in such other jurisdiction for purposes of the provisions hereof relating to such perfection or priority and for purposes of definitions relating to such provisions.

“ULC” means an unlimited company (sometimes called an unlimited liability company) existing under the Companies Act (Nova Scotia).

“ULC Equity Interests” means all of the issued and outstanding Equity Interests in any ULC, including the Equity Interests in AOC Resins.

“Voting Stock” means, with respect to any person, any class or classes of Equity Interests pursuant to which the holders thereof have the general voting power under ordinary circumstances to elect at least a majority of the Board of Directors of such person.

Section 1.2 Other Definitions; Interpretation

(a) Other Definitions. Capitalized terms used herein and not otherwise defined herein, and the term “subsidiary” shall have the meanings assigned to such terms in the Credit Agreement.

(b) Rules of Interpretation. The rules of interpretation specified in Sections 1.2, 1.3 and 1.4 of the Credit Agreement shall be applicable to this Security Agreement. All references herein to (i) a Schedule to this Security Agreement shall refer to such Schedule hereto or to a Supplement, as applicable, and (ii) provisions of the UCC shall include all successor provisions under any subsequent version or amendment to any Article of the UCC.

(c) Resolution of Drafting Ambiguities. Each Grantor acknowledges and agrees that it was represented by counsel in connection with the execution and delivery of this Security Agreement, that it and its counsel reviewed and participated in the preparation and negotiation thereof and that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be employed in the interpretation hereof or thereof.

Section 1.3 Grant of Security

(a) Grant. As security for the payment or performance, as applicable, in full of the Secured Obligations, each Grantor hereby bargains, sells, conveys, assigns, sets over, mortgages, pledges, hypothecates and transfers to the Administrative Agent (and its successors and assigns), for the ratable benefit of the Secured Parties, and hereby grants to the Administrative Agent (and its successors and assigns), for the ratable benefit of the Secured Parties, a security interest (the “Security Interest”) in, all personal property and fixtures of such Grantor, including all of such Grantor’s right, title and interest in, to and under the following, in each case whether now owned or existing or hereafter acquired or arising and wherever located (all of which being hereinafter collectively referred to as the “Collateral”):

- (i) all Accounts,
- (ii) all Chattel Paper,
- (iii) all Commercial Tort Claims listed on Schedule 3.7,
- (iv) all Documents,
- (v) all Equipment,
- (vi) all General Intangibles,

(vii) all Goods,
(viii) all Instruments,
(ix) all Insurance,
(x) all Intellectual Property,
(xi) all Inventory,
(xii) all Pledged Collateral;
(xiii) all Letter-of-Credit Rights,
(xiv) all Receivables and Receivables Records,
(xv) all other goods and other personal property of such Grantor,
whether tangible or intangible,

(xvi) to the extent not otherwise included in clauses (i) through (xv) of this Section, all Collateral Records, Collateral Support and Supporting Obligations in respect of any of the foregoing,

(xvii) to the extent not otherwise included in clauses (i) through (xvi) of this Section, all other property in which a security interest may be granted under the UCC or which may be delivered to and held by the Administrative Agent pursuant to the terms hereof (including the account referred to in Section 3.4(c)(ii)) and all funds and other property from time to time therein or credited thereto), and

(xviii) to the extent not otherwise included in clauses (i) through (xvii) of this Section, all Proceeds, products, substitutions, accessions, rents and profits of or in respect of any of the foregoing.

(b) Revisions to UCC. For the avoidance of doubt, it is expressly understood and agreed that, to the extent the UCC is revised after the date hereof such that the definition of any of the foregoing terms included in the description or definition of the Collateral is changed, the parties hereto desire that any property which is included in such changed definitions, but which would not otherwise be included in the Security Interest on the date hereof, nevertheless be included in the Security Interest upon the effective date of such revision. Notwithstanding the immediately preceding sentence, the Security Interest is intended to apply immediately on the Agreement Date to all of the Collateral to the fullest extent permitted by applicable law, regardless of whether any particular item of the Collateral was then subject to the UCC.

(c) Certain Limited Exclusions. Notwithstanding anything in this Section 1.3 to the contrary, in no event shall the Collateral include, and no Grantor shall be deemed to have granted a Security Interest in, (i) any right under any lease, license or other contract or agreement constituting a General Intangible, but only to the extent that the granting of a security interest therein or an assignment thereof would violate any applicable law or any enforceable provision of lease, license or other contract or agreement, as applicable, provided that to the extent such security interest at any time hereafter shall no longer be prohibited by law, and/or immediately upon such provision no longer being enforceable, as the case may be, the Collateral shall

automatically and without any further action include, and the Grantors shall be deemed to have granted automatically and without any further action a Security Interest in, such right as if such law had never existed or such provision had never been enforceable, as the case may be, (ii) any Margin Stock, (iii) any Equity Interests in a Foreign Subsidiary which is not a Material Foreign Subsidiary, (iv) any Equity Interests of a Material Foreign Subsidiary which is a controlled foreign corporation (as defined in Section 957(a) of the Code), provided that this exclusion shall not apply to (x) Voting Stock of any Material Foreign Subsidiary which is a controlled foreign corporation representing 65% (or such lesser percentage as is owned by the Grantors) of the total voting power of all outstanding Voting Stock of such Material Foreign Subsidiary and (y) 100% (or such lesser percentage as is owned by the Grantors) of the Equity Interests not constituting Voting Stock of any such Material Foreign Subsidiary, except that any such Equity Interests constituting "stock entitled to vote" within the meaning of Treas. Reg. Section 1.956-2(c)(2) shall be treated as Voting Stock for purposes of this Section 1.3(c), (v) any insurance policies maintained by any Grantor in order to fund deferred compensation obligations of such Grantor or any distributions received by such Grantor in respect of any such policy, (vi) any Equity Interests owned by the Borrower in Alembic, Inc., a company organized under the laws of the Cayman Islands and (vii) any ULC Equity Interests, provided that if at any time the issuer thereof shall cease to be a ULC (and the Equity Interests therein shall therefore cease to be ULC Equity Interests), the Collateral shall automatically and without any further action include, and the Grantors shall be deemed to have granted automatically and without any further action a Security Interest in, such Equity Interests.

ARTICLE 2.

SECURITY FOR OBLIGATIONS; NO ASSUMPTION OF LIABILITY

Section 2.1 Security for Secured Obligations

This Security Agreement secures, and the Collateral is collateral security for, the prompt and complete payment or performance in full when due, whether at stated maturity, by required prepayment, declaration, acceleration, demand or otherwise (including the payment of amounts that would become due but for the operation of the automatic stay under Section 362(a) of Title 11 of the United States Code, or any similar provision of any other bankruptcy, insolvency, receivership or other similar law), of all Secured Obligations.

Section 2.2 No Assumption of Liability

Notwithstanding anything to the contrary herein, the Security Interest is granted as security only and shall not subject the Administrative Agent or any other Secured Party to, or in any way alter or modify, any obligation or liability of any Grantor with respect to or arising out of the Collateral.

ARTICLE 3.

REPRESENTATIONS AND WARRANTIES AND COVENANTS

Section 3.1 Generally

(a) Representations and Warranties. Each of the Grantors, jointly with the other Grantors and severally, represents and warrants to the Administrative Agent and the other Secured Parties that:

(i) As of the Applicable Date, (A) such Grantor's chief executive office or its principal place of business is, and for the preceding four months has been, located at the office indicated on Schedule 3.1(a)(i), (B) such Grantor's jurisdiction of organization is the jurisdiction indicated on Schedule 3.1(a)(i), and (C) such Grantor's Federal Employer Identification Number and company organizational number is as set forth on Schedule 3.1(a)(i).

(ii) As of the Applicable Date, (A) such Grantor's exact legal name as such name appears in its certificate of incorporation or other organizational document, is as set forth on Schedule 3.1(a)(ii) and (B) such Grantor has not done in the preceding five years, and does not do, business under any other name (including any trade-name or fictitious business name), except for those names set forth on Schedule 3.1(a)(ii).

(iii) Such Grantor has not within the five years preceding the Applicable Date become bound (whether as a result of merger or otherwise) as debtor under a security agreement entered into by another Person, which has not theretofore been terminated.

(iv) Such Grantor has good and valid rights in or title to, the Collateral with respect to which it has purported to grant the Security Interest, except for minor defects in title that do not interfere with its ability to conduct its business as currently conducted or to utilize such Collateral for its intended purposes, and except for Liens expressly permitted pursuant to the Loan Documents.

(v) All Collateral owned or rights in Collateral held by it or on its behalf is owned or held by it or on its behalf free and clear of any Lien, except for Liens expressly permitted by the Loan Documents. It has not filed or consented to the filing of (A) any financing statement or analogous document under the UCC or any other applicable laws covering any such Collateral, (B) any assignment in which it assigns any such Collateral or any security agreement or similar instrument covering any such Collateral with the United States Patent and Trademark Office or the United States Copyright Office, or any similar offices in the United States of America or any other country, or (C) any assignment in which it assigns any such Collateral or any security agreement or similar instrument covering any such Collateral with any foreign governmental, municipal or other office, in each case which financing statement, analogous document, assignment or other instrument, as applicable, is still in effect, except for Liens expressly permitted by the Loan Documents.

(vi) The Security Interest in the Collateral owned or rights in the Collateral held by it or on its behalf (A) is effective to vest in the Administrative Agent, on behalf of the Secured Parties, the rights of the Administrative Agent in such Collateral as set forth herein and (B) does not violate Regulation T, U or X as of the Applicable Date.

(vii) All leases, licenses and other contracts and agreements as to which no security interest is granted by virtue Section 1.3(c) are not material to the business of the Borrower or any of the Subsidiaries, taken as a whole.

(b) Covenants and Agreements. Each Grantor hereby covenants and agrees as follows:

(i) It shall maintain, at its own cost and expense, such complete and accurate Records with respect to the Collateral owned or held by it or on its behalf as is consistent with its current practices and in accordance with such prudent and standard practices used in industries that are the same as or similar to those in which it is engaged, but in any event to include complete accounting Records indicating all payments and proceeds received with respect to any part of such Collateral, and, at such time or times as the Administrative Agent may reasonably request, promptly to prepare and deliver to the Administrative Agent a duly certified schedule or schedules in form and detail satisfactory to the Administrative Agent showing the identity and amount of any and all such Collateral.

(ii) It shall, at its own cost and expense, take any and all actions necessary to defend title to the Collateral owned or rights in Collateral held by it or on its behalf against all Persons and to defend the Security Interest in such Collateral and the priority thereof against any Lien or other interest not expressly permitted by the Loan Documents, and in furtherance thereof, it shall not take, or permit to be taken, any action not otherwise expressly permitted by the Loan Documents that could impair the Security Interest or the priority thereof or any Secured Party's rights in or to such Collateral.

(iii) Without limiting the provisions of Section 6.6 of the Credit Agreement, during normal business hours, and except after the occurrence and during the continuance of an Event of Default, with three Business days notice to any Grantor (with a copy to the Borrower if the Borrower is not the Grantor to which such notice is directed), the Administrative Agent and such Persons as the Administrative Agent may designate shall, as often as reasonably requested, have the right, at the cost and expense of such Grantor, to inspect all of its Records (and to make extracts and copies from such Records), to discuss its affairs and Collateral with its officers (and upon the occurrence of and during the continuance of an Event of Default, its accountants), and to verify under reasonable procedures the validity, amount, quality, quantity, value, condition and status of, or any other matter relating to, the Collateral owned or rights in Collateral held by or on behalf of such Grantor, including, in the case of Receivables, Pledged Debt, General Intangibles, Commercial Tort Claims or Collateral in the possession of any third person, by contacting Account Debtors, contract parties or other obligors thereon or any third person possessing such Collateral for the purpose of making such a verification, provided, however, that so long as no Default shall have occurred and be continuing, the Administrative Agent agrees that it will not contact Account Debtors, contract parties or other obligors in respect of Collateral or any third person possessing Collateral without the consent of the Borrower (which consent shall not be unreasonably withheld or delayed). The Administrative Agent shall have the absolute right to share on a confidential basis any information it gains from such inspection or verification with any Secured Party.

(iv) At its option, the Administrative Agent may discharge past due taxes, assessments, charges, fees, Liens, security interests or other encumbrances at any time levied or placed on the Collateral owned or held by or on behalf of such Grantor, and not permitted by the Loan Documents, and may pay for the maintenance and preservation of such Collateral to the extent such Grantor fails to do so as required by the Loan Documents, and such

Grantor agrees, jointly with the other Grantors and severally, to reimburse the Administrative Agent on demand for any payment made or any expense incurred by the Administrative Agent pursuant to the foregoing authorization; provided, however, that nothing in this paragraph shall be interpreted as excusing any Grantor from the performance of, or imposing any obligation on the Administrative Agent or any other Secured Party to cure or perform, any covenants or other promises of any Grantor with respect to taxes, assessments, charges, fees, Liens, security interests or other encumbrances and maintenance as set forth herein or in the other Loan Documents. Notwithstanding the foregoing, if practical to do so under the circumstances, the Administrative Agent (i) will give the Parent written notice of its intention to take an action under this clause (iv) and (ii) will not take such action until the expiration of three Business Days after the giving of such notice if the Grantor has failed during such period to take such action.

(v) It shall remain liable for the failure to observe and perform all material conditions and obligations to be observed and performed by it under each contract, agreement or instrument relating to the Collateral owned or held by it or on its behalf, all in accordance with the terms and conditions thereof, and it agrees, jointly with the other Grantors and severally, to indemnify and hold harmless the Administrative Agent and the other Secured Parties from and against any and all liability for such performance.

(vi) It shall not make, or permit to be made, an assignment, pledge or hypothecation of the Collateral owned or held by it or on its behalf, or grant any other Lien in respect of such Collateral, except as expressly permitted by the Loan Documents. Except for Liens or transfers expressly permitted by the Loan Documents, it shall not make or permit to be made any transfer of such Collateral, and it except as provided in Section 3.2 shall remain at all times in possession of such Collateral and the direct owner, beneficially and of record, of the Pledged Equity Interests included in such Collateral, except that (A) Inventory may be sold in the ordinary course of business and (B) unless and until the Administrative Agent shall notify it that an Event of Default shall have occurred and be continuing and that, during the continuance thereof, it shall not sell, convey, lease, assign, transfer or otherwise dispose of any such Collateral (which notice may be given by telephone if promptly confirmed in writing), it may use and dispose of such Collateral in any lawful manner not inconsistent with the provisions of this Security Agreement or any other Loan Document.

Section 3.2 Equipment and Inventory

(a) Each of the Grantors, jointly with the other Grantors and severally, represents and warrants to the Administrative Agent and the other Secured Parties that, as of the Applicable Date, all of the Equipment and Inventory included in the Collateral owned or held by it or on its behalf (other than (x) mobile goods, (y) Inventory and Equipment in transit and other Collateral in which possession is not maintained in the ordinary course of its business (including, to the extent permitted by the Credit Agreement, Bulk Containers), and (z) Inventory maintained at the premises of contract processors located outside the United States of America and Canada to the extent that the value thereof does not exceed (1) \$250,000 in respect of any one such location and (2) \$1,000,000 in the aggregate for all such locations) is kept only at the locations specified on Schedule 3.2, which Schedule sets forth with respect to each Grantor, which locations are (i) owned by any Grantor (ii) leased by any Grantor, (iii) warehouses or similar bailments and (iv) locations of consignment Inventory or Equipment.

(b) In addition, but subject to Section 6.16 of the Credit Agreement, each Grantor covenants and agrees that it shall not permit any Equipment or Inventory with a value in excess of \$100,000 owned or held by it or on its behalf (other than (x) mobile goods, (y)

Inventory and Equipment in transit and other Collateral in which possession is not maintained in the ordinary course of its business (including, to the extent permitted by the Credit Agreement, Bulk Containers), and (z) Inventory maintained at the premises of contract processors located outside the United States of America and Canada to the extent that the value thereof does not exceed (1) \$250,000 in respect of any one such location and (2) \$1,000,000 in the aggregate for all such locations) to be in the possession or control of any warehouseman, bailee, agent or processor for a period of greater than thirty (30) consecutive days, unless such warehouseman, bailee, agent or processor shall have been notified of the Security Interest and, at the request of the Administrative Agent, shall have agreed in writing to hold such Equipment or Inventory subject to the Security Interest and the instructions of the Administrative Agent and to waive and release any Lien held by it with respect to such Equipment or Inventory, whether arising by operation of law or otherwise.

(c) The Administrative Agent agrees that it will not perfect its security interest in motor vehicles to the extent such perfection requires the delivery and/or endorsement of certificates of title to the Administrative Agent, provided, however, that upon the occurrence and during the continuance of an Event of Default, the Administrative Agent may, and at the direction of Required Lenders shall, require that each Grantor deliver the Administrative Agent title certificates for all motor vehicles and trailers owned by it having book values of not less than \$25,000 individually and \$250,000 in the aggregate and cause such title certificates to be filed (with Administrative Agent's Lien noted thereon) in the appropriate motor vehicle filing office. Each Grantor agrees to comply with any such request.

Section 3.3 Receivables

(a) Representations and Warranties. Each of the Grantors, jointly with the other Grantors and severally, represents and warrants to the Administrative Agent and the other Secured Parties that no Receivable included in the Collateral owned or held by it or on its behalf is evidenced by an Instrument or Chattel Paper that has not been delivered to the Administrative Agent.

(b) Covenants and Agreements. Each Grantor hereby covenants and agrees that:

(i) It shall mark conspicuously, in form and manner reasonably satisfactory to the Administrative Agent, all Chattel Paper and Instruments included in the Collateral owned or held by it or on its behalf (other than any delivered to the Administrative Agent as provided herein), as well as the related Receivables Records, with an appropriate reference to the fact that the Administrative Agent has a security interest therein.

(ii) It will not, without the Administrative Agent's prior written consent (which consent shall not be unreasonably withheld), grant any extension of the time of payment of any such Receivable, compromise, compound or settle the same for less than the full amount thereof, release, wholly or partly, any Supporting Obligation or Collateral Support relating thereto, or allow any credit or discount whatsoever thereon, other than extensions, credits, discounts, releases, compromises or settlements granted or made in the ordinary course of business and consistent with its current practices or in accordance with such practices reasonably believed by such Grantor to be prudent.

(iii) Except as otherwise provided in this Section, it shall continue to collect all amounts due or to become due to it under all such Receivables and any Supporting

Obligations or Collateral Support relating thereto, and diligently exercise each material right it may have thereunder, in each case at its own cost and expense, and in connection with such collections and exercise, it shall, upon the occurrence and during the continuance of an Event of Default, take such action as it or the Administrative Agent may reasonably deem necessary. Notwithstanding the foregoing, the Administrative Agent shall have the right at any time after the occurrence and during the continuance of an Event of Default to notify, or require such Grantor to notify, any Account Debtor with respect to any such Receivable, Supporting Obligation or Collateral Support of the Administrative Agent's security interest therein, and in addition, at any time during the continuation of an Event of Default, the Administrative Agent may: (A) direct such Account Debtor to make payment of all amounts due or to become due to such Grantor thereunder directly to the Administrative Agent and (B) enforce, at the cost and expense of such Grantor, collection thereof and to adjust, settle or compromise the amount or payment thereof, in the same manner and to the same extent as such Grantor would be able to have done. If the Administrative Agent notifies such Grantor that it has elected to collect any such Receivable, Supporting Obligation or Collateral Support in accordance with the preceding sentence, any payments thereof received by such Grantor shall not be commingled with any of its other funds or property but shall be held separate and apart therefrom, shall be held in trust for the benefit of the Administrative Agent hereunder and shall be forthwith delivered to the Administrative Agent in the same form as so received (with any necessary indorsement), and such Grantor shall not grant any extension of the time of payment thereof, compromise, compound or settle the same for less than the full amount thereof, release the same, wholly or partly, or allow any credit or discount whatsoever thereon.

(iv) It shall use its best efforts to keep in full force and effect any Supporting Obligation or Collateral Support relating to any Receivable.

Section 3.4 Pledged Collateral

(a) Representations and Warranties. Each of the Grantors, jointly with the other Grantors and severally, represents and warrants to the Administrative Agent and the other Secured Parties that:

(i) Schedule 3.4 sets forth, as of the Applicable Date, all of the Pledged Collateral included in the Collateral owned or held by or on behalf of such Grantor.

(ii) All Pledged Equity Interests included in the Collateral owned or held by it or on its behalf have been duly authorized and validly issued and are fully paid and non-assessable, and such Grantor is the direct owner, beneficially and of record, thereof, free and clear of all Liens (other than Liens expressly permitted by the Loan Documents).

(iii) All Pledged Debt included in the Collateral owned or held by it or on its behalf has been duly authorized, issued and delivered and, where necessary, authenticated, and, to the knowledge of such Grantor, constitutes the legal, valid and binding obligation of the obligor with respect thereto, enforceable in accordance with its terms, subject to the effects of bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally.

(iv) All Pledged Collateral consisting of certificated securities, Chattel Paper or Instruments has been delivered to the Administrative Agent.

(v) Other than the Pledged Equity Interests that constitute General Intangibles, there is no Pledged Collateral other than that represented by certificated securities or Instruments in the possession of the Administrative Agent.

(vi) As of the Applicable Date, no Equity Interests constitute ULC Equity Interests other than the Equity Interests in AOC Resins.

(b) Registration in Nominee Name; Denominations. Each Grantor hereby agrees that (i) without limiting Section 6.4, the Administrative Agent, on behalf of the Secured Parties, shall have the right (in its sole and absolute discretion) to hold, where applicable, Pledged Collateral included in the Collateral owned or held by it or on its behalf in the Administrative Agent's own name as pledgee, the name of its nominee (as pledgee or as sub-agent) or the name of the applicable Grantor, endorsed or assigned, where applicable, in blank or in favor of the Administrative Agent, (ii) at the Administrative Agent's request, such Grantor will promptly give to the Administrative Agent copies of any material notices or other material written communications received by it with respect to any Pledged Collateral included in the Collateral owned or held by it or on its behalf registered in its name and (iii) the Administrative Agent shall at all times have the right to exchange any certificates, instruments or other documents representing or evidencing any Pledged Collateral included in the Collateral owned or held by or on behalf of such Grantor for certificates, instruments or other documents of smaller or larger denominations for any purpose consistent with this Security Agreement.

(c) Voting and Distributions.

(i) Unless and until an Event of Default shall have occurred and be continuing:

(A) Each Grantor shall be entitled to exercise any and all voting and/or other consensual rights and powers inuring to an owner of the Pledged Collateral included in the Collateral owned or held by it or on its behalf, or any part thereof, for any purpose consistent with the terms of this Security Agreement and the other Loan Documents; provided, however, that such Grantor will not be entitled to exercise any such right if the result thereof could materially and adversely affect the rights inuring to a holder of the Pledged Collateral or the rights and remedies of any of the Secured Parties under this Security Agreement or any other Loan Document or the ability of any of the Secured Parties to exercise the same.

(B) The Administrative Agent shall execute and deliver to each Grantor, or cause to be executed and delivered to each Grantor, all such proxies, powers of attorney and other instruments as such Grantor may reasonably request for the purpose of enabling it to exercise the voting and/or consensual rights and powers it is entitled to exercise pursuant to subsection (c)(i)(A) and to receive the cash payments it is entitled to receive pursuant to subsection (c)(i)(C).

(C) Each Grantor shall be entitled to receive, retain and use any and all cash dividends, interest and principal paid on the Pledged Collateral included in the Collateral owned or held by it or on its behalf to the extent and only to the extent that such cash dividends, interest and principal are not prohibited by, and not otherwise paid in a manner that violates the terms and conditions of the Credit Agreement, the other Loan Documents and applicable law. All non-cash dividends, interest and principal, and all dividends, interest and principal paid or payable in cash or otherwise in connection

with a partial or total liquidation or dissolution, return of capital, capital surplus or paid in surplus, and all other distributions (other than distributions referred to in the preceding sentence and other than capital contributions made in cash by a Loan Party to another Loan Party which are not prohibited to be made by the Credit Agreement and the other Loan Documents) made on or in respect of the Pledged Collateral included in the Collateral owned or held by it or on its behalf, whether paid or payable in cash or otherwise, whether resulting from a subdivision, combination or reclassification of the outstanding Equity Interests in any issuer or received in exchange for any Pledged Collateral, or any part thereof, or in redemption thereof, or as a result of any merger, consolidation, acquisition or other exchange of assets to which such issuer may be a party or otherwise, shall be and become part of the Collateral, and, if received by such Grantor, shall not be commingled with any of its other funds or property but shall be held separate and apart therefrom, shall be held in trust for the benefit of the Administrative Agent hereunder and shall be forthwith delivered to the Administrative Agent in the same form as so received (with any necessary endorsement).

(ii) Without limiting the generality of the foregoing, upon the occurrence and during the continuance of an Event of Default:

(A) all rights of each Grantor to dividends, interest or principal that it is authorized to receive pursuant to subsection (c)(i)(C) shall cease, and all such rights shall thereupon become vested in the Administrative Agent, which shall have the sole and exclusive right and authority to receive and retain such dividends, interest or principal, as applicable. All dividends, interest and principal received by or on behalf of any Grantor contrary to the provisions of this Section shall be held in trust for the benefit of the Administrative Agent, shall be segregated from other property or funds of such Grantor and shall be forthwith delivered to the Administrative Agent upon demand in the same form as so received (with any necessary endorsement). Any and all money and other property paid over to or received by the Administrative Agent pursuant to the provisions of this subsection (c)(ii)(A) shall be retained by the Administrative Agent in an account to be established in the name of the Administrative Agent, for the ratable benefit of the Secured Parties, upon receipt of such money or other property and shall be applied in accordance with the provisions of Section 5.2. Subject to the provisions of this subsection (c)(ii)(A), such account shall at all times be under the sole dominion and control of the Administrative Agent, and the Administrative Agent shall at all times have the sole right to make withdrawals therefrom and to exercise all rights with respect to the funds and other property from time to time therein or credited thereto as set forth in the Loan Documents. After all Events of Default have been cured or waived, the Administrative Agent shall, within five Business Days after all such Events of Default have been cured or waived, repay to the applicable Grantor all cash dividends, interest and principal (without interest) that such Grantor would otherwise be permitted to retain pursuant to the terms of subsection (c)(i)(C) and which remain in such account.

(B) all rights of each Grantor to exercise the voting and consensual rights and powers it is entitled to exercise pursuant to subsection (c)(i)(A), and the obligations of the Administrative Agent under subsection (c)(i)(B), shall cease, and all such rights shall thereupon become vested in the Administrative Agent, which shall have the sole and exclusive right and authority to exercise such voting and consensual rights and powers, provided that, unless otherwise directed by the Required Lenders, the Administrative Agent shall have the right from time to time following and during the continuance of an Event of Default to permit such Grantor to exercise such

rights. After all Events of Default have been cured or waived, the applicable Grantor will have the right to exercise the voting and consensual rights and powers that it would otherwise be entitled to exercise pursuant to the terms of subsection (c)(i)(A).

(d) Covenants and Agreements. Each Grantor hereby covenants and agrees as follows:

(i) Each Grantor hereby agrees that all certificates or instruments representing or evidencing Pledged Collateral acquired by such Grantor after the Applicable Date shall be delivered to the Administrative Agent at the time required by the Credit Agreement. All certificated Pledged Collateral 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 Administrative Agent.

(ii) Each Grantor hereby agrees that if any Pledged Collateral is at any time not evidenced by certificates of ownership, then it shall (A) cause the issuer thereof to execute and deliver to the Administrative Agent an Issuer's Acknowledgment of the pledge, (B) if necessary to perfect a security interest in such Pledged Collateral, cause such pledge to be recorded on the equityholder register or the books of the issuer, execute any customary pledge forms or other documents necessary or appropriate to complete the pledge and give the Administrative Agent the right to transfer such Pledged Collateral under the terms hereof and (C) after the occurrence and during the continuance of any Event of Default, upon request by the Administrative Agent, (1) cause the Organizational Documents of each such issuer that is a Subsidiary of the Borrower to be amended to provide that such Pledged Collateral shall be treated as "securities" for purposes of the UCC and (ii) cause such Pledged Collateral to become certificated and delivered to the Administrative Agent in accordance with the provisions of clause (i) above.

(iii) In the event that the issuer of any ULC Equity Interests shall cease to be a ULC, the Grantors shall (x) give the Administrative Agent at least 10 Business Days' advance written notice thereof and (y) within 10 Business Days after such issuer ceases to be a ULC, (1) take such actions to confirm the Administrative Agent's Security Interest therein as the Administrative Agent shall request, (2) deliver to the Administrative Agent all certificates evidencing such Equity Interests (together with undated irrevocable stock powers or other instruments of transfer indorsed in blank) and take such other actions as are necessary or appropriate to perfect such Security Interest and (3) deliver to the Administrative Agent an opinion of counsel reasonably acceptable to the Administrative Agent (and in form and substance satisfactory to the Administrative Agent) as to the perfection of such Security Interest and covering such other matters as the Administrative Agent shall reasonably request.

Section 3.5 Letter-of-Credit Rights

Each of the Grantors, jointly with the other Grantors and severally, represents and warrants to the Administrative Agent and the other Secured Parties (i) that Schedule 3.5 sets forth, as of the Applicable Date, each letter of credit giving rise to a Letter of Credit Right included in the Collateral owned or held by or on behalf of such Grantor and (ii) all action by such Grantor necessary or desirable to protect and perfect the security interest of the Administrative Agent on each item set forth on Schedule 3.5 (other than any Letter-of-Credit Rights of such Grantor related to letters of credit provided to such Grantor in the ordinary course of business) has been duly taken.

(a) Representations and Warranties. Each of the Grantors, jointly with the other Grantors and severally, represents and warrants to the Administrative Agent and the other Secured Parties that Schedule 3.6 sets forth, as of the Applicable Date, a list of all of the (i) Trademarks, Patents and Copyrights, in each case included in the Collateral owned by or on behalf of such Grantor and with respect to which a registration, recording or pending application has been made in the United States Patent and Trademark Office or the United States Copyright Office, as applicable, or any similar offices in the United States of America or any other country, and (ii) Trademark Licenses, Patent Licenses, Copyright Licenses and Trade Secret Licenses, in each case included in the Collateral owned or held by or on behalf of such Grantor.

(b) Covenants and Agreements. Each Grantor hereby covenants and agrees as follows:

(i) It will not, nor will it permit any of its licensees (or sublicensees) to, do any act, or omit to do any act, whereby any material Patent that is related to the conduct of its business may become invalidated or dedicated to the public, and it shall continue to mark any products covered by a Patent with the relevant patent number as necessary to establish and preserve its maximum rights under applicable patent laws.

(ii) It will (either directly or through its licensees or its sublicensees), for each material Trademark included in the Collateral that is related to the conduct of its business, (A) maintain such Trademark in full force free from any claim of abandonment or invalidity for non-use, (B) maintain the quality of products and services offered under any such Trademark, (C) display such Trademark with notice of Federal or other analogous registration to the extent necessary to establish and preserve its rights under applicable law, and (D) not knowingly use or knowingly permit any of its licensees or sublicensees to use such Trademark in violation of any third party's valid and legal rights.

(iii) It will (either directly or through its licensees or its sublicensees), for each work covered by a Copyright included in the Collateral that is related to the conduct of its business, continue to publish, reproduce, display, adopt and distribute the material work with appropriate copyright notice as necessary to establish and preserve its maximum rights under applicable copyright laws.

(iv) It will notify the Administrative Agent in its quarterly Compliance Certificate in writing if it knows that any Intellectual Property included in the Collateral material to the conduct of its business may become abandoned, lost or dedicated to the public, or of any adverse determination or development (including the institution of, or any such determination or development in, any proceeding in the United States Patent and Trademark Office or the United States Copyright Office, or any similar offices or tribunals in the United States of America or any other country) regarding such Grantor's ownership of any such Intellectual Property, its right to register the same, or to keep and maintain the same.

(v) In no event shall it, either directly or through any agent, employee, licensee or designee, file an application for any Intellectual Property with the United States Patent and Trademark Office, the United States Copyright Office or any similar offices in the United States of America or any other country, unless it includes information with respect thereto in its next quarterly Compliance Certificate and, upon request of the Administrative Agent, executes and delivers any and all agreements, instruments, documents and papers as the

Administrative Agent may reasonably request to evidence the Administrative Agent's security interest in such Intellectual Property, and such Grantor hereby appoints the Administrative Agent as its attorney-in-fact to execute and file such writings for the foregoing purposes, all acts of such attorney being hereby ratified and confirmed; such power, being coupled with an interest, is irrevocable.

(vi) It will take all necessary steps that are consistent with the practice in any proceeding before the United States Patent and Trademark Office, the United States Copyright Office or any similar offices or tribunals in the United States of America or any other country, to maintain and pursue each material application relating to the Intellectual Property included in the Collateral owned or held by it or on its behalf (and to obtain the relevant grant or registration) and to maintain each issued Patent and each Trademark and Copyright included in the Collateral that is material to the conduct of its business, including timely filings of applications for renewal, affidavits of use, affidavits of incontestability and payment of maintenance fees, and, if consistent, in good faith, with reasonable business judgment, to initiate opposition, interference and cancellation proceedings against third parties. In the event that it has reason to believe that any Intellectual Property included in the Collateral material to the conduct of its business has been or is about to be infringed, misappropriated or diluted by a third party, it promptly shall notify the Administrative Agent in writing and shall, if consistent, in good faith, with reasonable business judgment, promptly sue for infringement, misappropriation or dilution and to recover any and all damages for such infringement, misappropriation or dilution, and take such other actions consistent with reasonable business practices under the circumstances to protect such Intellectual Property.

(vii) During the continuance of an Event of Default, it shall use its best efforts to obtain all requisite consents or approvals by the licensor of each License included in the Collateral owned or held by it or on its behalf to effect the assignment (as collateral security) of all of its right, title and interest thereunder to the Administrative Agent or its designee.

(viii) It shall take reasonable steps necessary to protect the secrecy of all Trade Secrets used in the conduct of its business, including restricting access to such Trade Secrets, except for such disclosures to third parties as are necessary in the ordinary course of business.

(ix) It shall continue to collect all amounts due or to become due to such Grantor under all Intellectual Property included in the Collateral owned or held by it or on its behalf, and diligently exercise each material right it may have thereunder, in each case at its own cost and expense, and in connection with such collections and exercise, it shall, upon the occurrence and during the continuance of an Event of Default, take such action as it or the Administrative Agent may reasonably deem necessary. Notwithstanding the foregoing, the Administrative Agent shall have the right at any time after the occurrence and during the continuance of an Event of Default to notify, or require such Grantor to notify, any relevant obligors with respect to such amounts of the Administrative Agent's security interest therein.

(x) The Administrative Agent agrees that it will not file the US Security Agreement or otherwise record its security interest in Patents, Trademarks and Copyrights other than (1) through the filing of UCC or PPSA financing statements and (2) recording of its security interest in the United States Patent and Trademark Office, the United States Copyright Office and the Canadian Intellectual Property Office, as applicable, with respect to Registered Patents, Trademarks and Copyrights. Notwithstanding the foregoing, the Grantors

hereby agree that upon the occurrence and during the continuance of an Event of Default, the Administrative Agent may, and at the direction of Required Lenders shall, in its or their sole discretion, record the Administrative Agent's Security Interest in Patents, Trademarks and Copyrights in the applicable governmental offices in jurisdictions other than the United States of America and Canada and each Grantor agrees to cooperate with the Administrative Agent in such recording, including the execution of all documents reasonably requested by the Administrative Agent in connection therewith.

Section 3.7 Commercial Tort Claims

(a) Representations and Warranties. Each of the Grantors, jointly with the other Grantors and severally, represents and warrants to the Administrative Agent and the other Secured Parties that Schedule 3.7 sets forth, as of the Applicable Date, all Material Commercial Tort Claims.

(b) Covenants and Agreements. Each Grantor hereby covenants and agrees that it shall provide the Administrative Agent with prompt written notice of each Material Commercial Tort Claim, and any judgment, settlement or other disposition thereof and will take such action as the Administrative Agent may request to grant and perfect a security interest therein in favor of the Administrative Agent and the other Secured Parties.

ARTICLE 4.

FURTHER ASSURANCES; FILING AUTHORIZATION

Section 4.1 Further Assurances

Each Grantor hereby covenants and agrees, at its own cost and expense, to execute, acknowledge, deliver and/or cause to be duly filed all such further agreements, instruments and other documents (including favorable legal opinions in connection with any Transaction if reasonably required by the Administrative Agent), and take all such further actions, that the Administrative Agent may from time to time reasonably request to preserve, protect and perfect the Security Interest granted by it and the rights and remedies created hereby, including the payment of any fees and taxes required in connection with its execution and delivery of this Security Agreement, the granting by it of the Security Interest and the filing of any financing statements or other documents in connection herewith or therewith.

Section 4.2 Filings

(a) Each Grantor hereby irrevocably authorizes the Administrative Agent at any time and from time to time to file in any relevant jurisdiction any financing statements and amendments thereto that contain the information required by Article 9 of the Uniform Commercial Code of each applicable jurisdiction for the filing of any financing statement or amendment relating to the Collateral, including (i) whether such Grantor is an organization, the type of organization and any organizational identification number issued to such Grantor, and (ii) any financing or continuation statements or other documents without the signature of such Grantor where permitted by law, including the filing of a financing statement describing the Collateral as "all assets now owned or hereafter acquired by the Grantor or in which Grantor otherwise has rights". Each Grantor agrees to provide all information described in the

immediately preceding sentence to the Administrative Agent promptly upon the reasonable request by the Administrative Agent.

(b) Each Grantor hereby further authorizes the Administrative Agent to file filings with the United States Patent and Trademark Office or United States Copyright Office (or any successor office or any similar office in any other country), including this Security Agreement or other documents for the purpose of perfecting, confirming, continuing, enforcing or protecting the security interest granted by such Grantor hereunder, without the signature of such Grantor, and naming such Grantor, as debtor, and the Administrative Agent, as secured party.

ARTICLE 5.

REMEDIES UPON DEFAULT

Section 5.1 Remedies Generally

(a) General Rights. Upon the occurrence and during the continuance of an Event of Default, each Grantor agrees to deliver each item of Collateral owned or held by it or on its behalf to the Administrative Agent on demand, and it is agreed that the Administrative Agent shall have the right to take any of or all the following actions at the same or different times: (i) with respect to any Collateral consisting of Intellectual Property or Commercial Tort Claims, on demand, to cause the Security Interest to become an assignment, transfer and conveyance of any such Collateral by the applicable Grantors to the Administrative Agent, or, in the case of Intellectual Property, to license or sublicense, whether general, special or otherwise, and whether on an exclusive or non-exclusive basis, any such Collateral throughout the world on such terms and conditions and in such manner as the Administrative Agent shall determine, unless any of the Grantor's obligations set forth in this clause (a) would violate any then-existing licensing arrangements to the extent that waivers cannot be obtained, (ii) with or without legal process and with or without prior notice or demand for performance, to take possession of the Collateral owned or held by it or on its behalf and without liability for trespass to enter any premises where such Collateral may be located for the purpose of taking possession of or removing such Collateral and, generally, to exercise any and all rights afforded to a secured party under the UCC or other applicable law, and (iii) appoint a receiver for all or any portion of the Collateral. Without limiting the generality of the foregoing, each Grantor agrees that the Administrative Agent shall have the right, upon the occurrence and during the continuance of an Event of Default, subject to the mandatory requirements of applicable law, to sell or otherwise dispose of any of the Collateral owned or held by or on behalf of such Grantor, at public or private sale or at any broker's board or on any securities exchange, for cash, upon credit or for future delivery as the Administrative Agent shall deem appropriate. The Administrative Agent shall be irrevocably authorized at any such sale of such Collateral constituting securities (if it deems it advisable to do so) to restrict the prospective bidders or purchasers to Persons who will represent and agree that they are purchasing such Collateral for their own account for investment and not with a view to the distribution or sale thereof, and upon consummation of any such sale, the Administrative Agent shall have the right to assign, transfer and deliver to the purchaser or purchasers thereof the Collateral so sold. Each such purchaser at any such sale shall hold the property sold absolutely, free from any claim or right on the part of the applicable Grantor, and such Grantor hereby waives (to the extent permitted by law) all rights of redemption, stay, valuation and appraisal which such Grantor now has or may at any time in the future have under any rule of law or statute now existing or hereafter enacted.

(b) Sale of Collateral. The Administrative Agent shall give each Grantor ten days' written notice (which such Grantor agrees is reasonable notice within the meaning of Section 9-611 of the UCC as in effect in the State of New York or its equivalent in other jurisdictions (or any successor provisions)) of the Administrative Agent's intention to make any sale of any of the Collateral owned or held by or on behalf of such Grantor. Such notice, in the case of a public sale, shall state the time and place for such sale and, in the case of a sale at a broker's board or on a securities exchange, shall state the board or exchange at which such sale is to be made and the day on which such Collateral will first be offered for sale at such board or exchange. Any such public sale shall be held at such time or times within ordinary business hours and at such place or places as the Administrative Agent may fix and state in the notice (if any) of such sale. At any such sale, the Collateral to be sold may be sold in one lot as an entirety or in separate parcels, as the Administrative Agent may (in its sole and absolute discretion) determine. The Administrative Agent shall not be obligated to make any sale of any Collateral if it shall determine not to do so, regardless of the fact that notice of sale of such Collateral shall have been given. The Administrative Agent may, without notice or publication, adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for sale, and such sale may, without further notice, be made at the time and place to which the same was so adjourned. In case any sale of any of the Collateral is made on credit or for future delivery, the Collateral so sold may be retained by the Administrative Agent until the sale price is paid by the purchaser or purchasers thereof, but the Administrative Agent shall not incur any liability in case any such purchaser or purchasers shall fail to take up and pay for the Collateral so sold and, in case of any such failure, such Collateral may be sold again upon like notice. At any public (or, to the extent permitted by applicable law, private) sale made pursuant to this Section, any Secured Party may bid for or purchase, free (to the extent permitted by applicable law) from any right of redemption, stay, valuation or appraisal on the part of such Grantor (all said rights being also hereby waived and released to the extent permitted by law), any of the Collateral offered for sale and may make payment on account thereof by using any claim then due and payable to such Secured Party from such Grantor as a credit against the purchase price, and such Secured Party may, upon compliance with the terms of sale, hold, retain and dispose of such property without further accountability to such Grantor therefor. For purposes hereof, (i) a written agreement to purchase any of the Collateral shall be treated as a sale thereof, (ii) the Administrative Agent shall be free to carry out such sale pursuant to such agreement, and (iii) no Grantor shall be entitled to the return of any of the Collateral subject thereto, notwithstanding the fact that after the Administrative Agent shall have entered into such an agreement all Events of Default shall have been remedied and the Secured Obligations paid in full. As an alternative to exercising the power of sale herein conferred upon it, the Administrative Agent may proceed by a suit or suits at law or in equity to foreclose upon any of the Collateral and to sell any of the Collateral pursuant to a judgment or decree of a court or courts having competent jurisdiction or pursuant to a proceeding by a court-appointed receiver. Any sale pursuant to the provisions of this Article shall be deemed to conform to the commercially reasonable standards as provided in Part 6 of Article 9 of the UCC as in effect in the State of New York or its equivalent in other jurisdictions (or any successor provisions). Without limiting the generality of the foregoing, each Grantor agrees as follows: (A) if the proceeds of any sale of the Collateral owned or held by it or on its behalf pursuant to this Article are insufficient to pay all the Secured Obligations, it shall be liable for the resulting deficiency and the fees, charges and disbursements of any counsel employed by the Administrative Agent or any other Secured Party to collect such deficiency, (B) it hereby waives any claims against the Administrative Agent arising by reason of the fact that the price at which any such Collateral may have been sold at any private sale pursuant to this Article was less than the price that might have been obtained at a public sale, even if the Administrative Agent accepts the first offer received and does not offer such Collateral to more than one offeree, (C) there is no adequate remedy at law for failure by it

to comply with the provisions of this Section and that such failure would not be adequately compensable in damages, and therefore agrees that its agreements in this Section may be specifically enforced, (D) the Administrative Agent may sell any such Collateral without giving any warranties as to such Collateral, and the Administrative Agent may specifically disclaim any warranties of title or the like, and (E) the Administrative Agent shall have no obligation to marshal any such Collateral.

Section 5.2 Application of Proceeds of Collateral

(a) Except as expressly provided elsewhere in this Security Agreement and in Section 6.11 of the Credit Agreement, all proceeds received by the Administrative Agent in respect of any sale, any collection from, or other realization upon all or any part of the Collateral as well as any Collateral consisting of cash shall be applied in full or in part by the Administrative Agent against, the Secured Obligations in the following order of priority:

FIRST, to the payment of all reasonable costs and expenses incurred by the Administrative Agent (in its capacity as such hereunder or under any other Loan Document) in connection with such collection or sale or otherwise in connection with this Security Agreement, any other Loan Document or any of the Secured Obligations, including all out of pocket court costs and the reasonable fees and expenses of its agents and legal counsel, all amounts for which the Administrative Agent is entitled to indemnification under the Credit Agreement (in its capacity as the Administrative Agent and not as a Lender), the repayment of all advances made by the Administrative Agent hereunder or under any other Loan Document on behalf of any Grantor and any other reasonable out-of-pocket costs or expenses incurred in connection with the exercise of any right or remedy hereunder or under any other Loan Document;

SECOND, to the extent of any excess of such proceeds, to the payment in full of the Secured Obligations (the amounts so applied to be distributed among the Secured Parties pro rata in accordance with the amounts of the Secured Obligations owed to them on the date of any such distribution) with the amount allocable to the Credit Obligations to be applied to the Credit Obligations in the manner set forth in Section 8.3 of the Credit Agreement; and

THIRD, to the extent of any excess of such proceeds to the applicable Grantor, its successors or assigns, or as a court of competent jurisdiction may otherwise direct.

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

Section 5.3 Pledged Collateral

In view of the position of each Grantor in relation to the Pledged Collateral, or because of other current or future circumstances, a question may arise under the Securities Act of

1933, as now or hereafter in effect, or any similar statute hereafter enacted analogous in purpose or effect (such Act and any such similar statute as from time to time in effect being called the "Federal Securities Laws") with respect to any disposition of the Pledged Collateral permitted hereunder. Each Grantor understands that compliance with the Federal Securities Laws might very strictly limit the course of conduct of the Administrative Agent if the Administrative Agent were to attempt to dispose of all or any part of the Pledged Collateral, and might also limit the extent to which or the manner in which any subsequent transferee of any Pledged Collateral could dispose of the same. Similarly, there may be other legal restrictions or limitations affecting the Administrative Agent in any attempt to dispose of all or part of the Pledged Collateral under applicable Blue Sky or other state securities laws or similar laws analogous in purpose or effect. Each Grantor recognizes that in light of such restrictions and limitations the Administrative Agent may, with respect to any sale of the Pledged Collateral, limit the purchasers to those who will agree, among other things, to acquire such Pledged Collateral for their own account, for investment, and not with a view to the distribution or resale thereof. Each Grantor acknowledges and agrees that in light of such restrictions and limitations, the Administrative Agent, in its sole and absolute discretion, (i) may proceed to make such a sale whether or not a registration statement for the purpose of registering such Pledged Collateral, or any part thereof, shall have been filed under the Federal Securities Laws and (ii) may approach and negotiate with a single potential purchaser to effect such sale. Each Grantor acknowledges and agrees that any such sale might result in prices and other terms less favorable to the seller than if such sale were a public sale without such restrictions. In the event of any such sale, the Administrative Agent shall incur no responsibility or liability for selling all or any part of the Pledged Collateral at a price that the Administrative Agent, in its sole and absolute discretion, may in good faith deem reasonable under the circumstances, notwithstanding the possibility that a substantially higher price might have been realized if the sale were deferred until after registration as aforesaid or if more than a single purchaser were approached. The provisions of this Section will apply notwithstanding the existence of a public or private market upon which the quotations or sales prices may exceed substantially the price at which the Administrative Agent sells any such Pledged Collateral.

Section 5.4 Grant of License to Use Intellectual Property

For the purpose of enabling the Administrative Agent to exercise rights and remedies under this Article, at such time as the Administrative Agent shall be lawfully entitled to exercise such rights and remedies, each Grantor hereby grants, to the extent it has the right to grant, to the Administrative Agent an irrevocable, nonexclusive license (exercisable without payment of royalty or other compensation to such Grantor) to use, license or sublicense any of the Collateral consisting of Intellectual Property now owned or held or hereafter acquired or held by or on behalf of such Grantor, and wherever the same may be located, and including in such license reasonable access to all media in which any of the licensed items may be recorded or stored and to all computer software and programs used for the compilation or printout thereof. The use of such license by the Administrative Agent shall be exercised, at the option of the Administrative Agent, upon the occurrence and during the continuation of an Event of Default; provided that any license, sublicense or other transaction entered into by the Administrative Agent in accordance herewith shall be binding upon such Grantor notwithstanding any subsequent cure of an Event of Default. Any royalties and other payments received by the Administrative Agent shall be applied in accordance with Section 5.2.

Section 5.5 Registration, etc.

Each Grantor agrees that, upon the occurrence and during the continuance of an Event of Default, if for any reason the Administrative Agent desires to sell any of the Pledged

Collateral owned or held by or on behalf of such Grantor at a public sale, it will, at any time and from time to time, upon the written request of the Administrative Agent, use its best efforts to take or to cause, where applicable, the issuer of such Pledged Collateral to take such action and prepare, distribute and/or file such documents, as are required or advisable in the reasonable opinion of counsel for the Administrative Agent to permit the public sale of such Pledged Collateral. Each Grantor further agrees to indemnify, defend and hold harmless the Administrative Agent, each other Secured Party, any underwriter and their respective officers, directors, affiliates and controlling Persons from and against all loss, liability, expenses, costs of counsel (including reasonable fees and expenses of legal counsel), and claims (including the costs of investigation) that they may incur, insofar as such loss, liability, expense or claim, as applicable, relates to such Grantor or any of its property, and arises out of or is based upon any alleged untrue statement of a material fact contained in any prospectus (or any amendment or supplement thereto) or in any notification or offering circular, or arises out of or is based upon any alleged omission to state a material fact required to be stated therein or necessary to make the statements in any thereof not misleading, except insofar as the same may have been caused by any untrue statement or omission based upon information furnished in writing to such Grantor or the issuer of such Pledged Collateral, as applicable, by the Administrative Agent or any other Secured Party expressly for use therein. Each Grantor further agrees, upon such written request referred to above, to use its best efforts to qualify, file or register, or cause, where applicable, the issuer of such Pledged Collateral to qualify, file or register, any of the Pledged Collateral owned or held by or on behalf of such Grantor under the Blue Sky or other securities laws of such states as may be requested by the Administrative Agent and keep effective, or cause to be kept effective, all such qualifications, filings or registrations. Each Grantor will bear all costs and expenses of carrying out its obligations under this Section. Each Grantor acknowledges that there is no adequate remedy at law for failure by it to comply with the provisions of this Section and that such failure would not be adequately compensable in damages, and therefore agrees that its agreements contained in this Section may be specifically enforced.

ARTICLE 6.

CONCERNING THE ADMINISTRATIVE AGENT

Section 6.1 In General

The Administrative Agent has been appointed as administrative agent pursuant to the Credit Agreement. The actions of the Administrative Agent hereunder are subject to the provisions of the Credit Agreement. The Administrative Agent shall have the right hereunder to make demands, to give notices, to exercise or refrain from exercising any rights, and to take or refrain from taking action (including the release or substitution of the Collateral), in accordance with this Security Agreement and the Credit Agreement. The Administrative Agent may employ agents and attorneys-in-fact in connection herewith and shall not be liable for the negligence or misconduct of any such agents or attorneys-in-fact selected by it in good faith except for gross negligence or willful misconduct. The Administrative Agent may resign and a successor Administrative Agent may be appointed in the manner provided in the Credit Agreement. Upon the acceptance of any appointment as the Administrative Agent by a successor Administrative Agent, that successor Administrative Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent under this Security Agreement, and the retiring Administrative Agent shall thereupon be discharged from its duties and obligations under this Security Agreement. After any retiring Administrative Agent's

resignation, the provisions hereof shall inure to its benefit as to any actions taken or omitted to be taken by it under this Security Agreement while it was the Administrative Agent.

Section 6.2 Standard of Care

The Administrative Agent shall be deemed to have exercised reasonable care in the custody and preservation of the Collateral in its possession if such Collateral is accorded treatment substantially equivalent to that which the Administrative Agent, in its individual capacity, accords its own property consisting of similar instruments or interests, it being understood that neither the Administrative Agent nor any of the Secured Parties shall have responsibility for (i) ascertaining or taking action with respect to calls, conversions, exchanges, maturities, tenders or other matters relating to any Pledged Collateral, whether or not the Administrative Agent or any other Secured Party has or is deemed to have knowledge of such matters or (ii) taking any necessary steps to preserve rights against any person with respect to any Collateral.

Section 6.3 Administrative Agent Appointed Attorney-in-Fact

Each Grantor hereby appoints the Administrative Agent and any officer or agent thereof, as its true and lawful agent and attorney-in-fact for the purpose of carrying out the provisions of this Security Agreement and taking any action and executing any instrument that the Administrative Agent may deem necessary or advisable to accomplish the purposes hereof, which appointment is irrevocable and coupled with an interest, and without limiting the generality of the foregoing, the Administrative Agent shall have the right, with power of substitution for such Grantor and in such Grantor's name or otherwise, for the use and benefit of the Administrative Agent and the other Secured Parties, upon the occurrence and during the continuance of an Event of Default and at such other time or times permitted by the Loan Documents, (i) to receive, endorse, assign and/or deliver any and all notes, acceptances, checks, drafts, money orders or other evidences of payment relating to the Collateral owned or held by it or on its behalf or any part thereof; (ii) to demand, collect, receive payment of, give receipt for, and give discharges and releases of, any of such Collateral; (iii) to sign the name of such Grantor on any invoice or bill of lading relating to any of such Collateral; (iv) to send verifications of Receivables included in the Collateral owned or held by it or on its behalf to any Account Debtor; (v) to commence and prosecute any and all suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect or otherwise realize on any of the Collateral owned or held by it or on its behalf or to enforce any rights in respect of any of such Collateral; (vi) to settle, compromise, compound, adjust or defend any actions, suits or proceedings relating to any of such Collateral; (vii) to notify, or to require such Grantor to notify, Account Debtors and other obligors to make payment directly to the Administrative Agent, (viii) to use, sell, assign, transfer, pledge, make any agreement with respect to or otherwise deal with any of such Collateral, and (ix) to do all other acts and things necessary to carry out the purposes of this Security Agreement, as fully and completely as though the Administrative Agent were the absolute owner of such Collateral for all purposes; provided, however, that nothing herein contained shall be construed as requiring or obligating the Administrative Agent or any other Secured Party to make any commitment or to make any inquiry as to the nature or sufficiency of any payment received by the Administrative Agent or any other Secured Party, or to present or file any claim or notice, or to take any action with respect to any of the Collateral or the monies due or to become due in respect thereof or any property covered thereby, and no action taken or omitted to be taken by the Administrative Agent or any other Secured Party with respect to any of the Collateral shall give rise to any defense, counterclaim or offset in favor of such Grantor or to any claim or action against the Administrative Agent or any other Secured Party. In furtherance of the powers

granted in this Section 6.3, each Grantor shall execute and deliver to the Administrative Agent a Special Power of Attorney in the form of Exhibit C hereto. The provisions of this Article shall in no event relieve any Grantor of any of its obligations hereunder or under the other Loan Documents with respect to any of the Collateral or impose any obligation on the Administrative Agent or any other Secured Party to proceed in any particular manner with respect to any of the Collateral, or in any way limit the exercise by the Administrative Agent or any other Secured Party of any other or further right that it may have on the date of this Security Agreement or hereafter, whether hereunder, under any other Loan Document, by law or otherwise. Any sale pursuant to the provisions of this paragraph shall be deemed to conform to the commercially reasonable standards as provided in Section 9-611 of the UCC as in effect in the State of New York or its equivalent in other jurisdictions (or any successor provisions).

Section 6.4 Reimbursement of Administrative Agent

Each Grantor agrees, jointly with the other Grantors and severally, to pay to the Administrative Agent the amount of any and all reasonable out-of-pocket expenses, including the reasonable fees, other charges and disbursements of counsel and of any experts or agents, that the Administrative Agent may incur in connection with (i) the administration of this Security Agreement relating to such Grantor or any of its property, (ii) the custody or preservation of, or the sale of, collection from, or other realization upon, any of the Collateral owned or held by or on behalf of such Grantor, (iii) the exercise, enforcement or protection of any of the rights of the Administrative Agent hereunder relating to such Grantor or any of its property, or (iv) the failure by such Grantor to perform or observe any of the provisions hereof. Without limitation of its indemnification obligations under the other Loan Documents, each of the Grantors agrees, jointly with the other Grantors and severally, to indemnify the Administrative Agent and the other Indemnitees against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related out-of-pocket expenses, including reasonable counsel fees, other charges and disbursements, incurred by or asserted against any Indemnitee arising out of, in any way connected with, or as a result of (a) the execution or delivery by such Grantor of this Security Agreement or any other Loan Document or any agreement or instrument contemplated hereby or thereby, or the performance by such Grantor of its obligations under the Loan Documents and the other transactions contemplated thereby or (b) any claim, litigation, investigation or proceeding relating to any of the foregoing, whether or not any Indemnitee is a party thereto, provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee. Any amounts payable as provided hereunder shall be additional Secured Obligations secured hereby and by the other Security Documents. The provisions of this Section shall remain operative and in full force and effect regardless of the termination of this Security Agreement or any other Loan Document, the consummation of the transactions contemplated hereby or thereby, the repayment of any of the Secured Obligations, the invalidity or unenforceability of any term or provision of this Security Agreement or any other Loan Document or any investigation made by or on behalf of the Administrative Agent or any other Secured Party. All amounts due under this Section shall be payable within ten days of written demand therefor and shall bear interest at the rate specified in Section 3.1 of the Credit Agreement.

ARTICLE 7.

WAIVERS; AMENDMENTS

No failure or delay of the Administrative Agent in exercising any power or right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative Agent and the other Secured Parties hereunder and under the other Loan Documents are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Security Agreement or any other Loan Document or consent to any departure by any Grantor therefrom shall in any event be effective unless the same shall be permitted by this Section, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice or demand on any Grantor in any case shall entitle such Grantor to any other or further notice or demand in similar or other circumstances. Neither this Security Agreement nor any provision hereof may be waived, amended, supplemented or otherwise modified, or any departure therefrom consented to, except pursuant to an agreement or agreements in writing entered into by, between or among the Administrative Agent and the Grantor or Grantors with respect to which such waiver, amendment, other modification or consent is to apply, subject to any consent required in accordance with Section 10.2 of the Credit Agreement.

ARTICLE 8.

SECURITY INTEREST ABSOLUTE

All rights of the Administrative Agent hereunder, the Security Interest and all obligations of each Grantor hereunder shall be absolute and unconditional irrespective of (i) any lack of validity or enforceability of the Credit Agreement, any other Loan Document, any agreement with respect to any of the Secured Obligations, or any other agreement or instrument relating to any of the foregoing, (ii) 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 waiver, amendment, supplement or other modification of, or any consent to any departure from, the Credit Agreement, any other Loan Document or any other agreement or instrument relating to any of the foregoing, (iii) except as otherwise expressly permitted under the Loan Documents or effected pursuant thereto, any exchange, release or non-perfection of any Lien on any other collateral, or any release or waiver, amendment, supplement or other modification of, or consent under, or departure from, any guaranty, securing or guaranteeing all or any of the Secured Obligations, or (iv) any other circumstance that might otherwise constitute a defense available to, or a discharge of, any Grantor in respect of the Secured Obligations or in respect of this Security Agreement or any other Loan Document.

ARTICLE 9.

TERMINATION; RELEASE

This Security Agreement and the Security Interest shall terminate when all Commitments have expired or otherwise terminated and all Credit Obligations have been finally and

indefeasibly paid in full in cash and all Letters of Credit have expired and all LC Disbursements have been indefeasibly reimbursed in full in cash. Upon termination of this Security Agreement, the Collateral shall be released from the Lien of this Security Agreement. Upon the effectiveness of any written consent to the release of the Security Interest in any Collateral pursuant to Section 10.2 of the Credit Agreement, the Security Interest in such Collateral shall be automatically released. Upon any sale, transfer or other disposition of Collateral permitted by the Loan Documents (other than to a Loan Party), the Security Interest in such Collateral shall be automatically released (other than to the extent any such sale, transfer or other disposition of such Collateral would, immediately after giving effect thereto, result in the receipt by such Grantor of any other property (whether in the form of Proceeds or otherwise) that would, but for the release of the Security Interest therein pursuant to this clause, constitute Collateral, in which event the Lien created hereunder shall continue in such property). In addition, if any of the Pledged Equity Interests in any Subsidiary or subsidiary, as applicable, are sold, transferred or otherwise disposed of pursuant to a transaction permitted by the Loan Documents and, immediately after giving effect thereto, such Subsidiary or subsidiary, as applicable, would no longer be a Subsidiary or a subsidiary, as applicable, then the obligations of such Subsidiary or subsidiary, as applicable, under this Security Agreement and the Security Interest in the Collateral owned or rights in Collateral held by or on behalf of such Subsidiary or such subsidiary, as applicable, shall be automatically released. In connection with any termination or release pursuant to this Section, the Administrative Agent shall execute and deliver to the applicable Grantor, at such Grantor's own cost and expense, all Uniform Commercial Code termination statements and similar documents that such Grantor may reasonably request to evidence such termination or release. Any execution and delivery of documents pursuant to this Article shall be without recourse to or warranty by the Administrative Agent or any other Secured Party.

ARTICLE 10.

ADDITIONAL GRANTORS

Upon execution and delivery after the date hereof by the Administrative Agent and a Subsidiary of a Supplement, such Subsidiary or subsidiary, as applicable, shall become a Grantor hereunder with the same force and effect as if originally named as a Grantor herein (each an "Additional Grantor"). The execution and delivery of any Supplement shall not require the consent of any other Grantor hereunder. The rights and obligations of each Grantor hereunder and each other Loan Party and other party (other than a Credit Party) under the Loan Documents shall remain in full force and effect notwithstanding the addition of any Additional Grantor as a party to this Security Agreement.

ARTICLE 11.

NOTICES

All communications and notices hereunder shall be in writing and given as provided in Section 10.1 of the Credit Agreement. All communications and notices hereunder to the Administrative Agent or the Borrower shall be given to it at its address for notices set forth in such Section, and all communications and notices hereunder to any other Grantor shall be given to it c/o the Borrower at such address, with, in the case of any Grantor other than the Borrower, a copy to the Borrower.

ARTICLE 12.

BINDING EFFECT; SEVERAL AGREEMENT; ASSIGNMENTS

Whenever in this Security Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party, and all covenants, promises and agreements by or on behalf of any Grantor that are contained in this Security Agreement shall bind and inure to the benefit of each party hereto and its successors and assigns. This Security Agreement shall become effective as to any Grantor when a counterpart hereof executed on behalf of such Grantor shall have been delivered to the Administrative Agent and a counterpart hereof shall have been executed on behalf of the Administrative Agent, and thereafter shall be binding upon such Grantor and the Administrative Agent and their respective successors and assigns, and shall inure to the benefit of such Grantor, the Administrative Agent and the other Secured Parties, and their respective successors and assigns, except that no Grantor shall have the right to assign its rights or obligations hereunder or any interest herein or in any of the Collateral (and any such attempted assignment shall be void), except as expressly contemplated by this Security Agreement or the other Loan Documents. This Security Agreement shall be construed as a separate agreement with respect to each of the Grantors and may be amended, supplemented, waived or otherwise modified or released with respect to any Grantor without the approval of any other Grantor and without affecting the obligations of any other Grantor hereunder.

ARTICLE 13.

SURVIVAL OF AGREEMENT; SEVERABILITY

All covenants, agreements, representations and warranties made by the Grantors herein and in the certificates or other instruments prepared or delivered in connection with or pursuant to this Security Agreement or any other Loan Document shall be considered to have been relied upon by the Administrative Agent and the other Secured Parties and shall survive the execution and delivery of any Loan Document and the making of any Loan or issuance of any Letter of Credit, regardless of any investigation made by the Secured Parties or on their behalf, and shall continue in full force and effect until this Security Agreement shall terminate. In the event any one or more of the provisions contained in this Security Agreement or in any other Loan Document should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein or therein shall not in any way be affected or impaired thereby (it being understood that the invalidity of a particular provision in a particular jurisdiction shall not in and of itself affect the validity of such provision in any other jurisdiction). The parties shall endeavor in good faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of such invalid, illegal or unenforceable provisions.

ARTICLE 14.

MISCELLANEOUS

Section 14.1 GOVERNING LAW

THIS SECURITY AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

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AOC, LLC US Security Agreement

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Section 14.2 Counterparts

This Security Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which, when taken together, shall constitute but one contract (subject to Article 12), and shall become effective as provided in Article 12. Delivery of an executed counterpart of this Security Agreement by facsimile transmission shall be as effective as delivery of a manually executed counterpart of this Security Agreement.

Section 14.3 Headings

Article and Section headings used herein are for convenience of reference only, are not part of this Security Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Security Agreement.

Section 14.4 Jurisdiction; Venue; Consent to Service of Process

Each Grantor hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of any New York State court or Federal court of the United States of America sitting in New York City, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Security Agreement or the other Loan Documents, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that, to the extent permitted by applicable law, all claims in respect of any such action or proceeding may be heard and determined in such New York State court or, to the extent permitted by applicable law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Security Agreement shall affect any right that the Administrative Agent or any other Secured Party may otherwise have to bring any action or proceeding relating to this Security Agreement or the other Loan Documents against any Grantor or any of its property in the courts of any jurisdiction. Each Grantor hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Security Agreement or the other Loan Documents in any foregoing court referred to in this Article. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by applicable law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court. Each of the parties hereto irrevocably consents to service of process in the manner provided for notices in Article 11. Nothing in this Security Agreement will affect the right of any party hereto to serve process in any other manner permitted by law.

Section 14.5 WAIVER OF JURY TRIAL

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

AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS ARTICLE.

[Remainder of Page Intentionally Left Blank]

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

AOC, LLC

By: FS Norman
Name: Frederick S. Norman
Title: Executive Vice President and
Chief Financial Officer

AOC HOLDINGS, LLC

By: FS Norman
Name: Frederick S. Norman
Title: Executive Vice President and
Chief Financial Officer

AOC CANADA INC.

By: FS Norman
Name: Frederick S. Norman
Title: Vice President

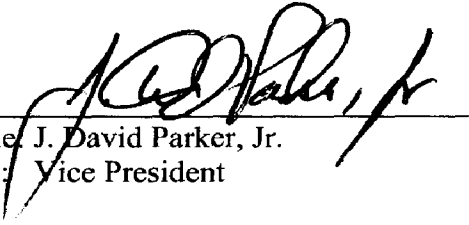
AOC RESINS AND COATINGS COMPANY

By: FS Norman
Name: Frederick S. Norman
Title: Vice President

AOC, LLC US Security Agreement

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THE BANK OF NEW YORK,
as Administrative Agent

By: 
Name: J. David Parker, Jr.
Title: Vice President

AOC, LLC US Security Agreement

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REEL: 003245 FRAME: 0398

**AOC, LLC SCHEDULE I
TO US SECURITY AGREEMENT
DATED AS OF OCTOBER 27, 2005**

LIST OF SUBSIDIARIES

AOC Holdings, LLC
AOC Canada Inc.
AOC Resins and Coatings Company

INITIAL ADDRESSES FOR NOTICES

AOC, LLC
950 Highway 57 East
Collierville, Tennessee 38017
Attn: Frederick S. Norman
Telephone (901) 854-2800
Facsimile ((901) 854-7277

AOC Holdings, LLC
950 Highway 57 East
Collierville, Tennessee 38017
Attn: Frederick S. Norman
Telephone (901) 854-2800
Facsimile ((901) 854-7277

AOC Canada Inc.
950 Highway 57 East
Collierville, Tennessee 38017
Attn: Frederick S. Norman
Telephone (901) 854-2800
Facsimile ((901) 854-7277

AOC Resins and Coatings Company
950 Highway 57 East
Collierville, Tennessee 38017
Attn: Frederick S. Norman
Telephone (901) 854-2800
Facsimile ((901) 854-7277

**AOC, LLC SCHEDULE 3.1(a)(i)
TO US SECURITY AGREEMENT
DATED AS OF OCTOBER 27, 2005**

**LIST OF CHIEF EXECUTIVE OFFICES, JURISDICTIONS OF ORGANIZATION,
FEDERAL EMPLOYER IDENTIFICATION NUMBERS AND COMPANY
ORGANIZATION NUMBERS**

<u>Grantor</u>	<u>Chief Executive Office</u>	<u>Jurisdiction of Organization</u>	<u>Federal Employer Identification No.</u>	<u>Company Organization No.</u>
AOC, LLC	950 Highway 57 East Collierville, Tennessee 38017 (Fayette County)	Delaware	62-1576207	0284145
AOC Holdings, LLC	950 Highway 57 East Collierville, Tennessee 38017 (Fayette County)	Delaware	04-3704188	0445853
AOC Canada Inc.	950 Highway 57 East Collierville, Tennessee 38017 (Fayette County)	Ontario	139093843RCC0002	4825227(Ontario) 9-ZZAS-0152-4 (Quebec)
AOC Resins and Coatings Company	950 Highway 57 East Collierville, Tennessee 38017 (Fayette County)	Nova Scotia	84202 2873 RC0001	1661472 (Ontario) 1210585393 (Quebec)

**AOC, LLC SCHEDULE 3.1(a)(ii)
TO US SECURITY AGREEMENT
DATED AS OF OCTOBER 27, 2005**

LIST OF LEGAL AND OTHER NAMES

Exact Legal Name	Trade, Product, Division, Names, Other Names and All Region of Use thereof
AOC, LLC	In California, d/b/a as AOC
AOC Holdings LLC	None
AOC Canada Inc.	None
AOC Resins and Coatings Company	None

**AOC, LLC SCHEDULE 3.2
TO US SECURITY AGREEMENT
DATED AS OF OCTOBER 27, 2005**

LIST OF LOCATIONS OF EQUIPMENT AND INVENTORY

I. AOC, LLC

Equipment and Inventory on Owned Premises

<u>Street Address</u>	<u>County</u>
830 Highway 57 East Collierville, Tennessee 38017	Fayette County
860 Highway 57 East Collierville, Tennessee 38017	Fayette County
920 Highway 57 East Collierville, Tennessee 38017	Fayette County
920 Highway 57 East Collierville, Tennessee 38017	Riverside County
18080 Harvill Street Perris, CA 92570	Riverside County
4620 North Galloway Road Lakeland, Florida 33809	Polk County
2552 Industrial Drive Valparaiso, Indiana 46383-9510	Porter County

Equipment and Inventory on Leased Premises

<u>Name and Street Address of Landlord</u>	<u>County</u>
2600 Michelson Suite 1700 Irvine, CA 92612	Orange County
The Alpha Corporation of Tennessee 175 Commerce Street Collierville, TN 38017	Fayette County

Equipment and Inventory in the Possession of Warehouseman or other Bailees

Name and Street Address of Warehouseman or Other Bailee	County	Responsible for Damages (Receipts, Yes/No)
Wolf Lake Terminals, Inc. P.O. Box 565 Hammond, Indiana 46327	Porter County	No
Maclan 9601 Lilac Drive St. Louis, Missouri	St. Louis County	No

Equipment and Inventory on Consignment

Name and Street Address of Consignee	County
Sequentia, Inc. Highway 368 Grand Junction, TN 38039	Fayette County
The Thyssenkrupp Budd Company 1276 Industrial Ave Van Wert, OH 45891	Van Wert County

Temporary Locations of Property

Street Address	County
Norfolk Southern Rail Spur Grand Junction, TN 38039	Fayette County

II. AOC HOLDINGS, LLC

None

AOC, LLC US Security Agreement

AOC, LLC US Security Agreement

IV. AOC RESINS AND COATINGS COMPANY

Equipment and Inventory on Owned Premises

<u>Street Address</u>	<u>County</u>
38 Royal Road Guelph, Ontario N1H 6N9 Canada	Wellington County

Equipment and Inventory on Leased Premises

<u>Name and Street Address of Lessor</u>	<u>County</u>
Kratzer Trucking Ltd. 39 Arrow Rd. Guelph, Ontario Canada N1K 1S8	Wellington County

Equipment and Inventory in the Possession of Warehouseman or other Bailees

<u>Name and Street Address of Warehouseman or Other Bailee</u>	<u>County</u>	<u>Negotiable Warehouse Receipts (Yes/No)</u>
Wedco (ICO Polymers) 706 W. Madison Ave. Grand Junction, TN 38039	Fayette County	No

Equipment and Inventory on Consignment

<u>Name and Street Address of Consignor</u>	<u>County</u>
Camoplast, Inc. 1550 RR #2 Acton Vale, PQ, Canada J0H 1A0	Quebec
Camoplast, Inc. 200 Rue Carignon Princeville, PQ, Canada G6L 4M4	Quebec
Camoplast, Inc. 130 Rue De L'Eglise Roxton Falls, PQ, Canada J0H 1E0	Quebec

Temporary Locations of Property

Street Address	County
CEXR Junction Point Guelph, Ontario Canada	Wellington County

AOC, LLC US Security Agreement

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**AOC, LLC SCHEDULE 3.4
TO US SECURITY AGREEMENT
DATED AS OF OCTOBER 27, 2005
LIST OF PLEDGED COLLATERAL**

Pledged Debt

<u>Grantor</u>	<u>Obligor</u>	<u>Date of Note</u>	<u>Type</u>
AOC, LLC	Composite Material Supply Limited	October 27, 2005	Intercompany Note
AOC, LLC	AOC Europe B.V.	October 27, 2005	Intercompany Note
AOC, LLC	AOC Italy Srl	October 27, 2005	Intercompany Note
AOC Canada Inc.	AOC, LLC	October 27, 2005	Intercompany Note
AOC, LLC	AOC Canada Inc.	October 27, 2005	Intercompany Note
AOC, LLC	AOC Resins and Coatings Company	October 27, 2005	Intercompany Note

Pledged Equity Interests

<u>Issuer</u>	<u>Certificate No. (if Applicable)</u>	<u>Registered Owner</u>	<u>No. and Class of Shares</u>	<u>Percentage of Outstanding Equity Interests of Class</u>
AOC Holdings, LLC	-	AOC, LLC	Membership Interest	100%
AOC Canada Inc.	C-2	AOC LLC	1,000 shares common stock; no par value	100%
Composite Material Supply Ltd	13	AOC, LLC	520 ordinary shares, £1 par value	65% ¹
AOC Mexicana, S.A. de C.V.	7	AOC, LLC	50,000 (Class I Common)	50%
	7		4,950,000 (Class II Common)	50%

¹ AOC, LLC is pledging 65% of the 800 shares it owns in Composite Material Supplies, Ltd. 800 Shares constitutes 100% of the outstanding shares of stock in Composite Material Supplies, Ltd.

**AOC, LLC SCHEDULE 3.5
TO US SECURITY AGREEMENT
DATED AS OF OCTOBER 27, 2005**

LIST OF LETTERS OF CREDIT

AOC, LLC is the beneficiary of each of the following:

Account Party	Issuer	LC No.	Terms of Obligations	Amount
Anticorrosion Protective Systems - Dubai	Bank of America, N.A.	5753670	90 Day Letter of Credit for shipment of Goods	\$37,904.24
S&J Trading Company - Korea	Bank of America, N.A.	6606134	At Sight Letter of Credit for shipment of Goods	\$19,165.00
Anticorrosion Protective Systems - Dubai	The Bank of New York	43894	90 Day Letter of Credit for shipment of Goods	\$37,904.24
Greentank Limited - New Zealand	Bank of America, N.A.	66005411	30 Day Letter of Credit for shipment of Goods	\$42,909.84

**AOC, LLC SCHEDULE 3.6
TO US SECURITY AGREEMENT
DATED AS OF OCTOBER 27, 2005**

LIST OF INTELLECTUAL PROPERTY

AOC, LLC

US Patents

Patent Title	Patent No.	Issue Date
Unsaturated Polyester Resin Compositions Containing Compatible Compounds	5,089,544	2/18/92
B-side carriers – Sheet molding compound resin	5,102,926	4/7/92
Unsaturated Polyester Resin Compositions Containing Compatible Compounds	5,162,401	11/10/92
Unsaturated Polyester Resin Compositions Containing Compatible Compounds Having Sulfur Substituents	5,256,708	10/26/93
Unsaturated Polyester Resin Compositions Containing Compatible Compounds Having Aromatic Substituents	5,256,709	10/26/93
Unsaturated Polyester Resin Compositions Containing Compatible Compounds Having Ether Substituents	5,262,457	11/16/93
Thermoplastic Low-Profile Additives and Use thereof in Unsaturated Polyester Resin Compositions	5,290,854	3/1/94
Unsaturated Polyester Resin Compositions	5,373,058	12/13/94
Rubber Modified Polyester SMC; Unsaturated Polyester Incorporating Dicyclopentadiene or Long Hydrocarbon Acids or alcohols reacted with a rubber having reactive end Groups; Storage-Stabile Molding Materials; Exterior Automobile Panels	5,541,254	7/30/96
Sheet Molding Composition Having Controllable Thickening	5,747,607	5/5/98
Molding Compositions Having Improved Properties	6,759,466	7/6/04
Pigmented, Weatherable Molding Compositions	6,767,950	7/27/04

US Patent Applications

Patent Title	Serial No.	Filing Date
Styrene-Free Unsaturated Polyester Resin Compositions	10/440,610	5/19/03
Styrene-Free Unsaturated Resin Compositions for Coating Application	10/789,245	2/27/04

International Patent Applications

Patent Title	Serial No.	Filing Date
Weatherable Molding Compositions (Europe)	02709329.3	2/5/02
Weatherable Molding Compositions (Mexico)	PA/a/2003/007027	2/5/02
Molding Compositions Having Improved Properties(Australia)	2002-363006	10/25/02
Molding Compositions Having Improved Properties(China)	02823836.2	10/25/02
Molding Compositions Having Improved Properties(Europe)	02798421.0-2102	10/25/02
Molding Compositions Having Improved Properties(Japan)	2003-532850	10/25/02
Molding Compositions Having Improved Properties(Mexico)	PA/a/2004/003917	10/25/02
Styrene-Free Unsaturated Polyester Resin Composition(Australia)	2003-233571	10/25/02
Styrene-Free Unsaturated Polyester Resin Composition(Europe)	03729007.9	10/25/02
Styrene-Free Unsaturated Polyester Resin Composition for Coating Applications (Australia)	2004-224898	10/25/02

Canadian Patent Applications

Patent Title	Serial No.	Filing Date
Pigmented, Weatherable Molding Compositions	2,439,554	Pending
Molding Compositions Having Improved Properties	2,467,658	Pending

AOC Canada Inc.

No Patents

AOC Resins and Coatings

No Patents

AOC, LLC

AOC, LLC US Security Agreement

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Technology Licenses

Licensee	Licensor	Date of License Agreement	Expiration Date	Description
AOC, LLC	Deltech Europe Limited DMA House 48 West street Marlow, Buckinghamshire, SL9 2NB, UK	3/14/2001	1/31/06 Then Annually, Unless 12 Mo Notice	Royalty Free License to use AOC, LLC technology to manufacture products exclusively for AOC, LLC
AOC, LLC	Thai Epoxy & Allied Products Co. Ltd, 16th Floor Mahatun Plaza Bldg. 888/167 Ploenchit Road Lumpini, Pathumwan Bangkok 10330 Thailand	2/27/02	2/28/07 Then Annually, Unless 12 Mo Notice	Royalty Free License to use AOC, LLC technology to manufacture products exclusively for AOC, LLC
AOC, LLC	Nuplex Resins Vietnam Street 9A Bien Hoa II Industrial Zone Dong Nai, Vietnam	4/18/05	2/28/10 Then Annually, Unless 12 Mo Notice	Royalty Free License to use AOC, LLC technology to manufacture products exclusively for AOC, LLC
AOC, LLC	Chemolak a.s. Smolenice Tovarenska Str. 7 Slovak Republik	6/7/05	6/6/10 Then Annually, Unless 12 Mo Notice	Royalty Free License to use AOC, LLC technology to manufacture products exclusively for AOC, LLC

AOC, LLC

Trademarks

CANADA		
ALTEK	608,631	27-Apr-04
AOC	619,971	17-Sep-04
ATRYL	575,096	05-Feb-03
CHROMA-TEK	589,181	09-Sep-03
FIREPEL	573,588	14-Jan-03
HYCRYL	570,219	05-Nov-02
HYDROPEL	588,364	27-Aug-03
HYFILL	570,221	05-Nov-02
PULTRU	572,186	12-Dec-02
ULTRYL	572,205	12-Dec-02
VIBRIN	100,759	03-Jun-55
VIBRIN	361,697	27-Oct-89
VICAST	544,360	01-May-01
VIPEL	570,222	05-Nov-02
CHINA		
AOC	Pending	Pending
AOC	Pending	Pending
ATRYL	Pending	Pending
ATRYL	Pending	Pending
ATRYL TCA	Pending	Pending
ATRYL TCA	Pending	Pending
VIPEL	Pending	Pending
VIPEL	Pending	Pending
EUROPEAN COMMUNITY		
AOC (STYLIZED)	003002375	30-Jun-04
HYDROPEL	003055118	21-Dec-04
VICAST	002993533	18-Nov-04
EUROPEAN COMMUNITY		
VIPEL	Pending	Pending
MEXICO		
VICAST	669,249	29-Aug-00
UNITED KINGDOM		
HYDROPEL	Pending	Pending

UNITED STATES

Trade Name	Reg. No.	Reg. Date
ALTEK	2,625,477	24-Sep-02
AOC (AND DESIGN)	2,066,171	03-Jun-97
AOCPORT	2,824,930	23-Mar-04
ATRYL	1,553,386	29-Aug-89
ATRYL TCA	78/306,204	26-Sept-03
CHROMA-TEK	1,447,028	14-Jul-87
FIREPEL	2,441,299	03-Apr-01
HYCRYL	2,463,888	26-Jun-01
HYDROPEL	2,221,357	2-Feb-99
HYDROPEL	1,572,710	26-Dec-89
HYDROPRO	2,920,056	18-Jan-05
HYFILL	2,463,889	26-Jun-01
POLYPRESS	2,404,541	14-Nov-00
PULTRU	2,571,815	21-May-02
RAYCURE	2,613,018	27-Aug-02
RESIN.NOW	2,670,289	31-Dec-02
ULTRYL	2,235,009	23-Mar-99
VIBRIN	1,618,223	23-Oct-90
VIBRIN	1,742,046	22-Dec-92
VICAST	2,234,962	23-Mar-99
VIPEL	2,461,679	19-Jun-01
VI-TEXT	78/452,102	16-Jul-04
HYDROPEL	78/727,303	5-Oct-05

AOC, LLC US Security Agreement

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REEL: 003245 FRAME: 0412

Copyrights

None

Copyright Licenses

None

Trade Secret Licenses

None

AOC, LLC

Domain Names

<u>Grantor</u>	<u>Domain Name</u>
AOC, LLC	aohawk.com
AOC, LLC	aoc-hawk.com
AOC, LLC	aoc-resins.com
AOC, LLC	aoc-resins.net
AOC, LLC	castingresins.com
AOC, LLC	compms.co.uk
AOC, LLC	compositematerialsupplies.com
AOC, LLC	corrosionresin.com
AOC, LLC	corrosionresins.com
AOC, LLC	Fireretardantresins.com
AOC, LLC	marbleresins.com
AOC, LLC	marineresins.com
AOC, LLC	pultrusionresins.com
AOC, LLC	resin-now.com
AOC, LLC	resinow.com
AOC, LLC	smcresins.com

**AOC, LLC SCHEDULE 3.7
TO US SECURITY AGREEMENT
DATED AS OF OCTOBER 27, 2005**

LIST OF MATERIAL COMMERCIAL TORT CLAIMS

None

**AOC, LLC EXHIBIT A
TO US SECURITY AGREEMENT
DATED AS OF OCTOBER 27, 2005**

FORM OF SUPPLEMENT

SUPPLEMENT NO. ____, dated as of _____, to the US Security Agreement, dated as of October 27, 2005, among AOC, LLC, a limited liability company (the "Borrower"), the subsidiaries of the Borrower party thereto, and THE BANK OF NEW YORK, as administrative agent under the Credit Agreement referred to in the next paragraph (as amended, supplemented or otherwise modified from time to time, the "Security Agreement").

Reference is made to the Credit Agreement, dated as of October 27, 2005, among the Borrower, the Lenders party thereto, Bank of America, N.A. and SunTrust Bank, as Co-Syndication Agents, and The Bank of New York, as Administrative Agent (as the same may be amended, supplemented or otherwise modified from time to time, the "Credit Agreement"). Capitalized terms (and the term "subsidiary") used herein and not defined herein shall have the meanings assigned to such terms in the Credit Agreement and the Security Agreement.

The Grantors have entered into the Security Agreement in order to induce the Credit Parties to enter into the Credit Agreement. Article 10 of the Security Agreement provides that additional Subsidiaries may become Grantors under the Security Agreement by execution and delivery of an instrument in the form of this Supplement. The undersigned Subsidiary (the "New Grantor") is executing this Supplement in accordance with the requirements of the Credit Agreement to become a Grantor under the Security Agreement in order to induce the Lenders to make additional Loans and as consideration for Loans previously made.

Accordingly, the Administrative Agent and the New Grantor hereby agree as follows:

1. In accordance with Article 10 of the Security Agreement, the New Grantor by its signature below becomes a Grantor under the Security Agreement with the same force and effect as if originally named therein as a Grantor, and the New Grantor hereby agrees to all the terms and provisions of the Security Agreement applicable to it as a Grantor thereunder. In furtherance of the foregoing, the New Grantor, as security for the payment and performance in full of the Secured Obligations, does hereby create and grant, subject to the terms and conditions of the Security Agreement, to the Administrative Agent (and its successors and assigns), for the benefit of the Secured Parties (and their successors and assigns), a security interest in and lien on all of the New Grantor's right, title and interest in and to the Collateral (as defined in the Security Agreement) owned or held by or on behalf of the New Grantor. Each reference to a "Grantor" in the Security Agreement shall be deemed to include the New Grantor. The Security Agreement is hereby incorporated herein by reference.

2. The New Grantor represents and warrants to the Administrative Agent and the other Secured Parties that (i) this Supplement has been duly authorized, executed and delivered by it and constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally, (ii) set forth on the Schedules attached hereto are true and complete schedules of all of the information that would have been required to have been delivered by or on behalf of the New Grantor pursuant to the Security Agreement and the Schedules thereto if the New Grantor had been originally named in the Security Agreement, and (iii) the representations and warranties made by it as a

Grantor under the Security Agreement are true and correct on and as of the date hereof based upon the applicable information referred to in clause (ii) of this Section.

3. This Supplement may be executed in counterparts (and by each party hereto on a different counterpart), each of which shall constitute an original, but both of which, when taken together, shall constitute but one contract. This Supplement shall become effective when the Administrative Agent shall have received counterparts of this Supplement that, when taken together, bear the signatures of the New Grantor and the Administrative Agent. Delivery of an executed counterpart of this Supplement by facsimile transmission shall be as effective as delivery of a manually executed counterpart of this Supplement.

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

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

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

7. All communications and notices hereunder shall be in writing and given as provided in Article 11 of the Security Agreement.

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

[Signature page follows]

IN WITNESS WHEREOF, the New Grantor and the Administrative Agent have duly executed this Supplement No. ___ to the Security Agreement as of the day and year first above written.

[NAME OF NEW GRANTOR]

By: _____

Name: _____

Title: _____

THE BANK OF NEW YORK, as Administrative Agent

By: _____

Name: _____

Title: _____

**[ATTACH SCHEDULES CORRESPONDING TO THE
SCHEDULES TO THE SECURITY AGREEMENT]**

embody such goodwill (items (i) through and including (iv) being referred to herein as the "Trademarks") and (b) for the purpose of the recording, registering and filing of, or accomplishing any other formality with respect to, the foregoing, to execute and deliver any and all agreements, documents, instruments of assignment or other papers necessary or advisable to effect such purpose.

3. For the purpose of (a) assigning, selling, licensing or otherwise disposing of all right, title and interest of the Grantor in and to (i) any copyright rights in any work subject to the copyright laws of the United States of America or any other country, whether as author, assignee, transferee or otherwise, (ii) any registrations and applications for registration of any such copyright in the United States of America or any other country, including registrations, recordings, supplemental registrations and pending applications for registration in the United States Copyright Office or any similar offices in the United States of America or any other country, (iii) any rights and privileges arising under applicable law with respect to such the of such copyrights, (iv) reissues, renewals, continuations and extensions thereof and amendments thereto, and (v) income, fees, royalties, damages, claims and payments now or hereafter due and/or payable with respect thereto, including damages and payments for past, present or future infringements thereof (items (i) through and including (iv) being referred to herein as the "Copyrights"), and (b) for the purpose of the recording, registering and filing of, or accomplishing any other formality with respect to, the foregoing, to execute and deliver any and all agreements, documents, instruments of assignment or other papers necessary or advisable to effect such purpose.

4. For the purpose of evidencing and perfecting the Administrative Agent's interest in any Patent, Trademark or Copyright not previously assigned to the Administrative Agent as security, or in any Patent, Trademark or Copyright, which the Grantor may acquire from a third party, and for the purpose of the recording, registering and filing of, or accomplishing any other formality with respect to, the foregoing, to execute and deliver any and all agreements, documents, instruments of assignment or other papers necessary or advisable to effect such purpose.

5. To execute any and all documents, statements, certificates or other papers necessary or advisable in order to obtain the purposes described above as the Administrative Agent may in its sole discretion determine.

This power of attorney is made pursuant to the US Security Agreement and takes effect solely for the purposes thereof and is subject to the terms and conditions thereof and may not be revoked until termination of the Security Agreement as provided therein.

[Name of Grantor]

By: _____

Name: _____

Title: _____

STATE OF _____)

_____)

COUNTY OF _____)

ss.:

On this ___ day of _____, 200_, before me personally appeared _____ to me known who, being by me duly sworn, did depose and say that he is a [Title] of [Name of Grantor], the [corporation/limited liability company] described herein and which executed the foregoing instrument, and that he signed his name thereto pursuant to the authority granted by such [corporation/limited liability company].

Notary Public

**AOC, LLC EXHIBIT D
TO US SECURITY AGREEMENT
DATED AS OF OCTOBER 27, 2005**

FORM OF LETTER AGREEMENT RELATING TO HEDGING AGREEMENTS

[Date]

The Bank of New York, as Administrative Agent
One Wall Street
New York, New York 10286
Attention: Felix Liwag
Agency Function Administration

The Bank of New York, as Administrative Agent
One Wall Street
New York, New York 10286
Attention: J. David Parker, Jr.
Vice President

Reference is made to the (i) Credit Agreement, dated as of dated as of October 27, 2005, among AOC, LLC, a Delaware limited liability company (the "Borrower"), the Lenders party thereto, Bank of America, N.A. and SunTrust Bank, as Co-Syndication Agents, and The Bank of New York, as Administrative Agent (as the same may be amended, supplemented or otherwise modified from time to time, the "Credit Agreement") and the Guarantee Documents and the Security Documents (each as defined in the Credit Agreement). Capitalized terms used herein and not otherwise defined herein and the term "subsidiary" shall have the meanings assigned to such terms in the Credit Agreement.

The undersigned is a Lender or an Affiliate of a Lender and is entering into an Interest Rate Protection Agreement or Hedging Agreement designed to hedge risk in respect of currency fluctuations (the "Hedging Agreement") with the Borrower and desires that such Hedging Agreement be a Secured Hedging Agreement as defined in the US Security Agreement. Accordingly, the undersigned hereby (i) appoints the Administrative Agent as its agent under the applicable Loan Documents and (ii) agrees to be bound by the provisions of Sections 10.3 and 10.9 of the Credit Agreement and the provisions of the applicable Loan Documents, including, without limitation, the provisions of Article 9 of the US Security Agreement.

Very truly yours,

[NAME OF COUNTERPARTY]

By: _____
Name: _____
Title: _____

US SECURITY AGREEMENT

among

AOC, LLC,

EACH OF THE OTHER GRANTORS PARTY HERETO

and

THE BANK OF NEW YORK, AS ADMINISTRATIVE AGENT

Dated as of October 27, 2005