

**TRADEMARK ASSIGNMENT**

Electronic Version v1.1  
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<b>SUBMISSION TYPE:</b>	NEW ASSIGNMENT		
<b>NATURE OF CONVEYANCE:</b>	Pledge and Security Agreement		
<b>CONVEYING PARTY DATA</b>			
<b>Name</b>	<b>Formerly</b>	<b>Execution Date</b>	<b>Entity Type</b>
Prime Therapeutics LLC and Prime Therapeutics Holdings LLC		09/10/2007	LIMITED LIABILITY COMPANY: DELAWARE
<b>RECEIVING PARTY DATA</b>			
<b>Name:</b>	JPMorgan Chase Bank, N.A.		
<b>Street Address:</b>	111 E. Wisconsin Avenue		
<b>City:</b>	Milwaukee		
<b>State/Country:</b>	WISCONSIN		
<b>Postal Code:</b>	53186		
<b>Entity Type:</b>	Lender:		
<b>PROPERTY NUMBERS Total: 6</b>			
<b>Property Type</b>	<b>Number</b>	<b>Word Mark</b>	
Registration Number:	2784746	PRIMEIMPACT	
Registration Number:	2851324	PRIMEMAIL	
Registration Number:	3165531	PRIMEREPORTER	
Registration Number:	2063970	PRIME THERAPEUTICS	
Registration Number:	2855978	PRIME CDRX	
Serial Number:	77085749	PRIME THERAPEUTICS	
<b>CORRESPONDENCE DATA</b>			
<b>Fax Number:</b>	(216)579-0212		
	<i>Correspondence will be sent via US Mail when the fax attempt is unsuccessful.</i>		
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**CH \$165.00 2784746**

ATTORNEY DOCKET NUMBER:	080461-070009/SK
NAME OF SUBMITTER:	Suzanne Koston
Signature:	/Suzanne Koston/
Date:	05/06/2008

**Total Attachments: 43**

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## PLEDGE AND SECURITY AGREEMENT

THIS PLEDGE AND SECURITY AGREEMENT (as it may be amended or modified from time to time, the "Security Agreement") is entered into as of September 10, 2007 by and between Prime Therapeutics LLC, a Delaware limited liability company (the "Borrower"), Prime Therapeutics Holdings LLC, a Delaware limited liability company ("PTH"), and together with the Borrower, the "Grantors", and each a "Grantor", and JPMorgan Chase Bank, N.A., (the "Lender").

### PRELIMINARY STATEMENT

The Grantors, the Loan Parties and the Lender are entering into a Credit Agreement dated as of September 10, 2007 (as it may be amended or modified from time to time, the "Credit Agreement"). The Grantors are entering into this Security Agreement in order to induce the Lender to enter into and extend credit to the Grantors under the Credit Agreement.

ACCORDINGLY, the Grantors and the Lender, hereby agree as follows:

### ARTICLE I DEFINITIONS

1.1. Terms Defined in Credit Agreement. All capitalized terms used herein and not otherwise defined shall have the meanings assigned to such terms in the Credit Agreement.

1.2. Terms Defined in UCC. Terms defined in the UCC which are not otherwise defined in this Security Agreement are used herein as defined in the UCC.

1.3. Definitions of Certain Terms Used Herein. As used in this Security Agreement, in addition to the terms defined in the Preliminary Statement, the following terms shall have the following meanings:

"Accounts" shall have the meaning set forth in Article 9 of the UCC.

"Article" means a numbered article of this Security Agreement, unless another document is specifically referenced.

"Assigned Contracts" means, collectively, all of the Grantors' rights and remedies under, and all moneys and claims for money due or to become due to the Grantors under those contracts set forth on Exhibit J hereto, and any other material contracts, and any and all amendments, supplements, extensions, and renewals thereof including all rights and claims of the Grantors now or hereafter existing: (a) under any insurance, indemnities, warranties, and guarantees provided for or arising out of or in connection with any of the foregoing agreements; (b) for any damages arising out of or for breach or default under or in connection with any of the foregoing contracts; (c) to all other amounts from time to time paid or payable under or in connection with any of the foregoing agreements; or (d) to exercise or enforce any and all covenants, remedies, powers and privileges thereunder.

"Chattel Paper" shall have the meaning set forth in Article 9 of the UCC.

"Closing Date" means the date of the Credit Agreement.

"Collateral" shall have the meaning set forth in Article II.

"Collateral Access Agreement" means any landlord waiver or other agreement, in form and substance

satisfactory to the Lender, between the Lender and any third party (including any bailee, consignee, customs broker, or other similar Person) in possession of any Collateral or any landlord of any Loan Party for any real property where any Collateral is located, as such landlord waiver or other agreement may be amended, restated, or otherwise modified from time to time.

“Collateral Deposit Account” shall have the meaning set forth in Section 7.1(a).

“Collateral Report” means any certificate (including any Borrowing Base Certificate), report or other document delivered by the Grantors to the Lender with respect to the Collateral pursuant to any Loan Document.

“Collection Account” shall have the meaning set forth in Section 7.1(b).

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

“Copyrights” means, with respect to any Person, all of such Person’s right, title, and interest in and to the following: (a) all copyrights, rights and interests in copyrights, works protectable by copyright, copyright registrations, and copyright applications; (b) all renewals of any of the foregoing; (c) all income, royalties, damages, and payments now or hereafter due and/or payable under any of the foregoing, including, without limitation, damages or payments for past or future infringements for any of the foregoing; (d) the right to sue for past, present, and future infringements of any of the foregoing; and (e) all rights corresponding to any of the foregoing throughout the world.

“Default” means any event or condition which constitutes an Event of Default or which upon notice, lapse of time or both would, unless cured or waived, become an Event of Default.

“Deposit Account Control Agreement” means an agreement, in form and substance satisfactory to the Lender, among any Loan Party, a banking institution holding such Loan Party’s funds, and the Lender with respect to collection and control of all deposits and balances held in a deposit account maintained by any Loan Party with such banking institution.

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

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

“Equipment” shall have the meaning set forth in Article 9 of the UCC.

“Event of Default” means an event described in Section 5.1.

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

“Fixtures” shall have the meaning set forth in Article 9 of the UCC.

“General Intangibles” shall have the meaning set forth in Article 9 of the UCC.

“Goods” shall have the meaning set forth in Article 9 of the UCC.

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

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

“Investment Property” shall have the meaning set forth in Article 9 of the UCC.

“Letter-of-Credit Rights” shall have the meaning set forth in Article 9 of the UCC.

“Licenses” means, with respect to any Person, all of such Person’s right, title, and interest in and to (a) any and all licensing agreements or similar arrangements in and to its Patents, Copyrights, or Trademarks, (b) all income, royalties, damages, claims, and payments now or hereafter due or payable under and with respect thereto, including, without limitation, damages and payments for past and future breaches thereof, and (c) all rights to sue for past, present, and future breaches thereof.

“Lock Boxes” shall have the meaning set forth in Section 7.1(a).

“Lock Box Agreements” shall have the meaning set forth in Section 7.1(a).

“Patents” means, with respect to any Person, all of such Person’s right, title, and interest in and to: (a) any and all patents and patent applications; (b) all inventions and improvements described and claimed therein; (c) all reissues, divisions, continuations, renewals, extensions, and continuations-in-part thereof; (d) all income, royalties, damages, claims, and payments now or hereafter due or payable under and with respect thereto, including, without limitation, damages and payments for past and future infringements thereof; (e) all rights to sue for past, present, and future infringements thereof; and (f) all rights corresponding to any of the foregoing throughout the world.

“Permitted Liens” means Liens permitted under Section 6.02 of the Credit Agreement.

“Pledged Collateral” means all Instruments, Securities and other Investment Property of the Grantors, whether or not physically delivered to the Lender pursuant to this Security Agreement.

“Receivables” means the Accounts, Chattel Paper, Documents, Investment Property, Instruments and any other rights or claims to receive money which are General Intangibles or which are otherwise included as Collateral.

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

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

“Stock Rights” means all dividends, instruments or other distributions and any other right or property which the Grantors shall receive or shall become entitled to receive for any reason whatsoever with respect to, in substitution for or in exchange for any Equity Interest constituting Collateral, any right to receive an Equity Interest and any right to receive earnings, in which the Grantors now have or hereafter acquire any right, issued by an issuer of such Equity Interest.

“Supporting Obligations” shall have the meaning set forth in Article 9 of the UCC.

“Trademarks” means, with respect to any Person, all of such Person’s right, title, and interest in and to the following: (a) all trademarks (including service marks), trade names, trade dress, and trade styles and the registrations and applications for registration thereof and the goodwill of the business symbolized by the foregoing; (b) all licenses of the foregoing, whether as licensee or licensor; (c) all renewals of the foregoing; (d) all income, royalties, damages, and payments now or hereafter due or payable with respect thereto, including, without limitation, damages, claims, and payments for past and future infringements thereof; (e) all rights to sue

for past, present, and future infringements of the foregoing, including the right to settle suits involving claims and demands for royalties owing; and (f) all rights corresponding to any of the foregoing throughout the world.

“UCC” means the Uniform Commercial Code, as in effect from time to time, of the State of Illinois or of any other state the laws of which are required as a result thereof to be applied in connection with the attachment, perfection or priority of, or remedies with respect to, Lender’s Lien on any Collateral.

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

## **ARTICLE II GRANT OF SECURITY INTEREST**

The Grantors hereby pledge, assign and grant to the Lender, a security interest in all of its right, title and interest in, to and under all personal property and other assets, whether now owned by or owing to, or hereafter acquired by or arising in favor of the Grantors (including under any trade name or derivations thereof), and whether owned or consigned by or to, or leased from or to, the Grantors, and regardless of where located (all of which will be collectively referred to as the “Collateral”), including:

- (i) all Accounts;
- (ii) all Chattel Paper;
- (iii) all Copyrights, Patents and Trademarks;
- (iv) all Documents;
- (v) all Equipment;
- (vi) all Fixtures;
- (vii) all General Intangibles;
- (viii) all Goods;
- (ix) all Instruments;
- (x) all Inventory;
- (xi) all Investment Property;
- (xii) all cash or cash equivalents;
- (xiii) all letters of credit, Letter-of-Credit Rights and Supporting Obligations;
- (xiv) all Deposit Accounts with any bank or other financial institution;
- (xv) all Assigned Contracts;
- (xvi) and all accessions to, substitutions for and replacements, proceeds (including Stock Rights), insurance proceeds and products of the foregoing, together with all books and records, customer lists, credit files, computer files, programs, printouts and other computer materials and records related thereto and any General Intangibles at any time evidencing or relating to any of the foregoing;

to secure the prompt and complete payment and performance of the Secured Obligations.

## **ARTICLE III REPRESENTATIONS AND WARRANTIES**

The Grantors represent and warrant to the Lender that:

3.1. Title, Perfection and Priority. Each Grantor has good and valid rights in or the power to transfer its right, title and interest in the Collateral with respect to which it has purported to grant a security interest hereunder, free and clear of all Liens except for Liens permitted under Section 4.1(e), and has full power and authority to grant to the Lender the security interest therein pursuant hereto. When financing statements have been filed in the appropriate offices against the Grantors in the locations listed on Exhibit H, the Lender will have a fully perfected first priority security interest in that Collateral in which a security interest may be perfected by filing, subject only to Liens permitted under Section 4.1(e).

3.2. Type and Jurisdiction of Organization, Organizational and Identification Numbers. The type of entity of each Grantor, its state of organization, the organizational number issued to it by its state of organization and its federal employer identification number are set forth on Exhibit A.

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

3.4. Collateral Locations. All of Grantors' locations where tangible Collateral is located are listed on Exhibit A. All of said locations are owned by the Grantors except for locations (i) which are leased by the Grantors as lessee and designated in Part VII(b) of Exhibit A or (ii) at which Inventory is held in a public warehouse or is otherwise held by a bailee or on consignment as designated in Part VII(c) of Exhibit A.

3.5. Deposit Accounts. All of the Grantors' Deposit Accounts are listed on Exhibit B.

3.6. Exact Names. Each Grantor's name in which it has executed this Security Agreement is the exact name as it appears in such Grantor's organizational documents, as amended, as filed with such Grantor's jurisdiction of organization. Except as disclosed on Exhibit A, no Grantor has, during the past five years, been known by or used any other corporate or fictitious name, or been a party to any merger or consolidation, or been a party to any acquisition.

3.7. Letter-of-Credit Rights and Chattel Paper. Exhibit C lists all Letter-of-Credit Rights and Chattel Paper of the Grantors. All action by the Grantors necessary or desirable to protect and perfect the Lender's Lien on each item listed on Exhibit C (including the delivery of all originals and the placement of a legend on all Chattel Paper as required hereunder) that can be reasonably taken by the Grantors has been duly taken. The Lender will have a fully perfected first priority security interest in the Collateral listed on Exhibit C, subject only to Liens permitted under Section 4.1(e).

3.8. Accounts and Chattel Paper.

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

(b) With respect to Rebate Accounts, except as specifically disclosed on the most recent Collateral Report, (i) all Rebate Accounts are Eligible Accounts; (ii) all Rebate Accounts represent bona fide rendering of services to Account Debtors in the ordinary course of the Grantors' business and are not evidenced

by a judgment, Instrument or Chattel Paper; (iii) except as permitted under Section 4.2 there are no setoffs, claims or disputes existing or asserted with respect thereto and the Grantors have not made any agreement with any Account Debtor for any extension of time for the payment thereof, any compromise or settlement for less than the full amount thereof, any release of any Account Debtor from liability therefor, or any deduction therefrom except a discount or allowance allowed by Grantors in the ordinary course of its business for prompt payment and disclosed to the Lender; (iv) to Grantors' knowledge, there are no facts, events or occurrences which in any way impair the validity or enforceability thereof or could reasonably be expected to reduce the amount payable thereunder as shown on the Grantors' books and records and any invoices, statements and Collateral Reports with respect thereto; (v) the Grantors have not received any notice of proceedings or actions which are threatened or pending against any Account Debtor which might result in any adverse change in such Account Debtor's financial condition; and (vi) the Grantors have no knowledge that any Account Debtor is unable generally to pay its debts as they become due.

(c) In addition, with respect to all Rebate Accounts, (i) the amounts shown on all invoices, statements and Collateral Reports with respect thereto are actually and absolutely owing to the Grantors as indicated thereon and are not in any way contingent except as so indicated; (ii) no payments invoiced after the date hereof have been authorized to be or shall be authorized to be made thereon except payments immediately delivered to a Lock Box or a Collateral Deposit Account to the extent required pursuant to Section 7.1; and (iii) to the Grantors' knowledge, all Account Debtors have the capacity to contract.

3.9. Inventory. With respect to any Inventory scheduled or listed on the most recent Collateral Report, (a) such Inventory (other than Inventory in transit) is located at one of the Grantor's locations set forth on Exhibit A (as such Exhibit A has been then updated), (b) no Inventory (other than Inventory in transit) is now, or shall at any time or times hereafter be stored at any other location except as permitted by Section 4.1(g), (c) the Grantors have good, indefeasible and merchantable title to such Inventory and such Inventory is not subject to any Lien or security interest or document whatsoever except for the Lien granted to the Lender, and except for Permitted Liens, (d) except as specifically disclosed in the most recent Collateral Report, such Inventory is of good and merchantable quality, free from any defects, (e) such Inventory is not subject to any licensing, patent, royalty, trademark, trade name or copyright agreements with any third parties which would require any consent of any third party upon sale or disposition of that Inventory or the payment of any monies to any third party upon such sale or other disposition, (f) such Inventory has been produced by Borrower in accordance with the Federal Fair Labor Standards Act of 1938, as amended, and all rules, regulations and orders thereunder and (g) the completion of manufacture, sale or other disposition of such Inventory by the Lender following an Event of Default shall not require the consent of any Person and shall not constitute a breach or default under any contract or agreement to which any Grantor is a party or to which such property is subject.

3.10. Intellectual Property. The Grantors do not have any interest in, or title to, any Patent, Trademark or Copyright except as set forth in Exhibit D. This Security Agreement is effective to create a valid and continuing Lien and, upon filing of appropriate financing statements in the offices listed on Exhibit H and this Security Agreement with the United States Copyright Office and the United States Patent and Trademark Office, fully perfected first priority security interests in favor of the Lender on the Grantors' Patents, Trademarks and Copyrights, such perfected security interests are enforceable as such as against any and all creditors of and purchasers from the Grantors; and all action necessary or desirable to protect and perfect the Lender's Lien on the Grantors' Patents, Trademarks or Copyrights shall have been duly taken.

3.11. Filing Requirements. None of the Equipment is covered by any certificate of title, except for the vehicles described in Part I of Exhibit E. None of the Collateral is of a type for which security interests or liens may be perfected by filing under any federal statute except for (a) the vehicles described in Part II of Exhibit E and (b) Patents, Trademarks and Copyrights held by the Grantors and described in Exhibit D.



3.12. No Financing Statements, Security Agreements. No financing statement or security agreement describing all or any portion of the Collateral which has not lapsed or been terminated naming any Grantor as debtor has been filed or is of record in any jurisdiction except (a) for financing statements or security agreements naming the Lender as the secured party and (b) as permitted by Section 4.1(e).

3.13. Pledged Collateral.

(a) Exhibit G sets forth a complete and accurate list of all of the Pledged Collateral. Each Grantor is the direct, sole beneficial owner and sole holder of record of the Pledged Collateral listed on Exhibit G as being owned by it, free and clear of any Liens, except for the security interest granted to the Lender hereunder and under clauses (a) and (c) in the definition Permitted Encumbrances. The Grantors further represent and warrant that (i) all Pledged Collateral constituting an Equity Interest has been (to the extent such concepts are relevant with respect to such Pledged Collateral) duly authorized, validly issued, are fully paid and non-assessable, (ii) with respect to any certificates delivered to the Lender representing an Equity Interest, either such certificates are Securities as defined in Article 8 of the UCC as a result of actions by the issuer or otherwise, or, if such certificates are not Securities, the Grantors have so informed the Lender so that the Lender may take steps to perfect its security interest therein as a General Intangible, (iii) all Pledged Collateral held by a securities intermediary is or will be covered by a control agreement among the Grantors, the securities intermediary and the Lender pursuant to which the Lender has Control and (iv) all Pledged Collateral which represents Indebtedness owed to the Grantors has been duly authorized, authenticated or issued and delivered by the issuer of such Indebtedness, is the legal, valid and binding obligation of such issuer and such issuer is not in default thereunder.

(b) In addition, (i) none of the Pledged Collateral has been issued or transferred in violation of the securities registration, securities disclosure or similar laws of any jurisdiction to which such issuance or transfer may be subject, (ii) there are existing no options, warrants, calls or commitments of any character whatsoever relating to the Pledged Collateral or which obligate the issuer of any Equity Interest included in the Pledged Collateral to issue additional Equity Interests, and (iii) no consent, approval, authorization, or other action by, and no giving of notice, filing with, any governmental authority or any other Person is required for the pledge by the Grantors of the Pledged Collateral pursuant to this Security Agreement or for the execution, delivery and performance of this Security Agreement by the Grantors, or for the exercise by the Lender of the voting or other rights provided for in this Security Agreement or for the remedies in respect of the Pledged Collateral pursuant to this Security Agreement, except as may be required in connection with such disposition by laws affecting the offering and sale of securities generally.

(c) Except as set forth in Exhibit G, each Grantor owns 100% of the issued and outstanding Equity Interests which constitute Pledged Collateral and none of the Pledged Collateral which represents Indebtedness owed to such Grantor is subordinated in right of payment to other Indebtedness or subject to the terms of an indenture.

## ARTICLE IV COVENANTS

From the date of this Security Agreement, and thereafter until this Security Agreement is terminated, each Grantor agrees that:

### 4.1. General.

(a) Collateral Records. Each Grantor will maintain complete and accurate books and records with respect to the Collateral, and furnish to the Lender, such reports relating to the Collateral as the Lender shall from time to time reasonably request.

(b) Authorization to File Financing Statements; Ratification. Each Grantor hereby authorizes the Lender to file, and if requested will deliver to the Lender, all financing statements and other documents and take such other actions as may from time to time be requested by the Lender in order to maintain a first perfected security interest in and, if applicable, Control of, the Collateral. Any financing statement filed by the Lender may be filed in any filing office in any UCC jurisdiction and may (i) indicate the Collateral (1) as all assets of any Grantor or words of similar effect, regardless of whether any particular asset comprised in the Collateral falls within the scope of Article 9 of the UCC or such jurisdiction, or (2) by any other description which reasonably approximates the description contained in this Security Agreement, and (ii) contain any other information required by part 5 of Article 9 of the UCC for the sufficiency or filing office acceptance of any financing statement or amendment, including (A) whether the Grantor is an organization, the type of organization and any organization identification number issued to the Grantor, and (B) in the case of a financing statement filed as a fixture filing or indicating Collateral as as-extracted collateral or timber to be cut, a sufficient description of real property to which the Collateral relates. Each Grantor also agrees to furnish any such information to the Lender promptly upon request. Each Grantor also ratifies its authorization for the Lender to have filed in any UCC jurisdiction any initial financing statements or amendments thereto if filed prior to the date hereof.

(c) Further Assurances. Each Grantor will, if so requested by the Lender, furnish to the Lender, as often as the Lender requests, statements and schedules further identifying and describing the Collateral and such other reports and information in connection with the Collateral as the Lender may reasonably request, all in such detail as the Lender may specify. Each Grantor also agrees to take any and all actions necessary to defend title to the Collateral against all persons and to defend the security interest of the Lender in the Collateral and the priority thereof against any Lien not expressly permitted hereunder.

(d) Disposition of Collateral. The Grantors will not sell, lease or otherwise dispose of the Collateral except for dispositions specifically permitted pursuant to Section 6.05 of the Credit Agreement.

(e) Liens. The Grantors will not create, incur, or suffer to exist any Lien on the Collateral except (i) the security interest created by this Security Agreement, and (ii) other Permitted Liens.

(f) Other Financing Statements. No Grantor will authorize the filing of any financing statement naming it as debtor covering all or any portion of the Collateral, except as permitted by Section 4.1(e). Each Grantor acknowledges that it is not authorized to file any financing statement or amendment or termination statement with respect to any financing statement naming the Lender as secured party without the prior written consent of the Lender, subject to the Grantors' rights under Section 9-509(d)(2) of the UCC.

(g) Locations. The Grantors will not except in compliance with Section 4.15 hereof (i) maintain any Collateral at any location other than those locations listed on Exhibit A except for Collateral in transit between such locations or to or from any such locations, in each case in the ordinary course of business,

(ii) otherwise change, or add to, such locations (and if a new location is so added, the Grantors will concurrently therewith obtain a Collateral Access Agreement for each such location to the extent required by Section 4.13 hereof, or (iii) change its principal place of business or chief executive office from the location identified on Exhibit A, other than as permitted by the Credit Agreement.

(h) Compliance with Terms. Each Grantor will perform and comply in all material respects with all obligations in respect of the Collateral and all agreements to which it is a party or by which it is bound relating to the Collateral.

#### 4.2. Receivables.

(a) Certain Agreements on Receivables. The Grantors will not make or agree to make any discount, credit, rebate or other reduction in the original amount owing on a Receivable or accept in satisfaction of a Receivable less than the original amount thereof, except that, prior to the occurrence of an Event of Default, the Borrower may reduce the amount of Rebate Accounts in accordance with its present policies and in the ordinary course of business.

(b) Collection of Receivables. Except as otherwise provided in this Security Agreement (including Section 4.2(a) above), the Grantors will use commercially reasonable efforts to collect and enforce, at the Grantor's sole expense, all amounts due or hereafter due to any Grantor under the Receivables.

(c) Delivery of Invoices. Upon the occurrence and during the continuance of an Event of Default, the Grantors will deliver to the Lender upon its request duplicate invoices with respect to each Account bearing such language of assignment as the Lender shall specify.

(d) Disclosure of Counterclaims on Receivables. If (i) any discount, credit or agreement to make a rebate or to otherwise reduce the amount owing on Rebate Accounts not permitted under Section 4.2(a) in excess of \$500,000 exists or (ii) if, to the knowledge of any Grantor, any dispute, setoff, claim, counterclaim or defense exists or has been asserted or threatened with respect to Rebate Accounts in excess of \$500,000, the Grantors will promptly disclose such fact to the Lender in writing. The Grantors shall send the Lender a copy of each credit memorandum in excess of \$500,000 as soon as issued, and the Grantors shall promptly report each credit memo and each of the facts required to be disclosed to the Lender in accordance with this Section 4.2(d) on the Borrowing Base Certificates submitted by it.

(e) Electronic Chattel Paper. The Grantors shall take all steps necessary to grant the Lender Control of all electronic chattel paper in accordance with the UCC and all "transferable records" as defined in each of the Uniform Electronic Transactions Act and the Electronic Signatures in Global and National Commerce Act.

#### 4.3. Inventory and Equipment.

(a) Maintenance of Goods. Except as otherwise permitted under the Credit Agreement, the Grantors will do all things necessary to maintain, preserve, protect and keep the Inventory and the Equipment in good repair and working and saleable condition, except for damaged or defective goods arising in the ordinary course of the Grantor's business and except for ordinary wear and tear in respect of the Equipment.

(b) Equipment. The Grantors shall promptly inform the Lender of any additions to or deletions from the Equipment which are not provided for in the budget of the Grantors provided to the Lender under the Credit Agreement. The Grantors shall not permit any Equipment to become a fixture with respect to real property or to become an accession with respect to other personal property with respect to which real or personal property the Lender does not have a Lien. The Grantors will not, without the Lender's prior written

consent, alter or remove any identifying symbol or number on any of the Grantor's Equipment constituting Collateral.

(c) Titled Vehicles. Each Grantor will give the Lender notice of its acquisition of any vehicle covered by a certificate of title and deliver to the Lender, upon request, the original of any vehicle title certificate and provide and/or file all other documents or instruments necessary to have the Lien of the Lender noted on any such certificate or with the appropriate state office.

4.4. Delivery of Instruments, Securities, Chattel Paper and Documents. Each Grantor will (a) deliver to the Lender immediately upon execution of this Security Agreement (if any then exist) the originals of all Chattel Paper, Securities and Instruments constituting Collateral (other than those certain Series 2006 Taxable Industrial Revenue Bonds, issued by Bernalillo County, New Mexico and purchased by PTH, in the amount of \$9,500,000), (b) hold in trust for the Lender upon receipt and immediately thereafter deliver to the Lender any Chattel Paper, Securities and Instruments constituting Collateral, (c) upon the Lender's request, deliver to the Lender (and thereafter hold in trust for the Lender upon receipt and immediately deliver to the Lender) any Document evidencing or constituting Collateral and (d) upon the Lender's request, deliver to the Lender a duly executed amendment to this Security Agreement, in the form of Exhibit I hereto (the "Amendment"), pursuant to which such Grantor will pledge such additional Collateral. Each Grantor hereby authorizes the Lender to attach each Amendment to this Security Agreement and agrees that all additional Collateral set forth in such Amendments shall be considered to be part of the Collateral.

4.5. Uncertificated Pledged Collateral. Each Grantor will permit the Lender from time to time to cause the appropriate issuers (and, if held with a securities intermediary, such securities intermediary) of uncertificated securities or other types of Pledged Collateral not represented by certificates to mark their books and records with the numbers and face amounts of all such uncertificated securities or other types of Pledged Collateral not represented by certificates and all rollovers and replacements therefor to reflect the Lien of the Lender granted pursuant to this Security Agreement. Each Grantor will take any actions necessary to cause (a) the issuers of uncertificated securities which are Pledged Collateral and (b) any securities intermediary which is the holder of any Pledged Collateral, to cause the Lender to have and retain Control over such Pledged Collateral. Without limiting the foregoing, such Grantor will, with respect to Pledged Collateral held with a securities intermediary, cause such securities intermediary to enter into a control agreement with the Lender, in form and substance satisfactory to the Lender, giving the Lender Control.

4.6. Pledged Collateral.

(a) Changes in Capital Structure of Issuers. The Grantors will not (i) except as otherwise permitted under the Credit Agreement, permit or suffer any issuer constituting a Subsidiary of the Borrower of an Equity Interest constituting Pledged Collateral to dissolve, merge, liquidate, retire any of its Equity Interests or other Instruments or Securities evidencing ownership, reduce its capital, sell or encumber all or substantially all of its assets (except for Permitted Liens and sales of assets permitted pursuant to Section 4.1(d)) or merge or consolidate with any other entity, or (ii) vote any Pledged Collateral in favor of any of the foregoing.

(b) Issuance of Additional Securities. The Grantors will not permit or suffer the issuer of an Equity Interest constituting Pledged Collateral to issue additional Equity Interests, any right to receive the same or any right to receive earnings, except to the Grantors.

(c) Registration of Pledged Collateral. The Grantors will permit any registerable Pledged Collateral to be registered in the name of the Lender or its nominee at any time at the option of the Lender.

(d) Exercise of Rights in Pledged Collateral.

(i) Without in any way limiting the foregoing and subject to clause (ii) below, the Grantors shall have the right to exercise all voting rights or other rights relating to the Pledged Collateral for all purposes not inconsistent with this Security Agreement, the Credit Agreement or any other Loan Document; *provided however, that* no vote or other right shall be exercised or action taken which would have the effect of impairing the rights of the Lender in respect of the Pledged Collateral.

(ii) The Grantors will permit the Lender or its nominee at any time after the occurrence and during the continuance of an Event of Default, without notice, to exercise all voting rights or other rights relating to Pledged Collateral, including, without limitation, exchange, subscription or any other rights, privileges, or options pertaining to any Equity Interest or Investment Property constituting Pledged Collateral as if it were the absolute owner thereof.

(iii) Each Grantor shall be entitled to collect and receive for its own use all cash dividends and interest paid in respect of the Pledged Collateral to the extent not in violation of the Credit Agreement other than any of the following distributions and payments (collectively referred to as the "Excluded Payments"): (A) dividends and interest paid or payable other than in cash in respect of any Pledged Collateral, and instruments and other property received, receivable or otherwise distributed in respect of, or in exchange for, any Pledged Collateral; (B) dividends and other distributions paid or payable in cash in respect of any Pledged Collateral in connection with a partial or total liquidation or dissolution or in connection with a reduction of capital, capital surplus or paid-in capital of an issuer; and (C) cash paid, payable or otherwise distributed, in respect of principal of, or in redemption of, or in exchange for, any Pledged Collateral; *provided however, that* until actually paid, all rights to such distributions shall remain subject to the Lien created by this Security Agreement; and

(iv) All Excluded Payments and all other distributions in respect of any of the Pledged Collateral, whenever paid or made, shall be delivered to the Lender to hold as Pledged Collateral and shall, if received by any Grantor, be received in trust for the benefit of the Lender, be segregated from the other property or funds of such Grantor, and be forthwith delivered to the Lender as Pledged Collateral in the same form as so received (with any necessary endorsement).

4.7. Intellectual Property.

(a) Each Grantor will use its best efforts to secure all consents and approvals necessary or appropriate for the assignment to or benefit of the Lender of any License held by any Grantor and to enforce the security interests granted hereunder.

(b) Each Grantor shall notify the Lender immediately if it knows or has reason to know that any application or registration relating to any Patent, Trademark or Copyright (now or hereafter existing) may become abandoned or dedicated, or of any adverse determination or development (including the institution of, or any such determination or development in, any proceeding in the United States Patent and Trademark Office, the United States Copyright Office or any court) regarding the Grantor's ownership of any Patent, Trademark or Copyright, its right to register the same, or to keep and maintain the same, if any such event could reasonably be expected to result in a Material Adverse Effect.

(c) In no event shall any Grantor, either directly or through any agent, employee, licensee or designee, file an application for the registration of any Patent, Trademark or Copyright with the United States Patent and Trademark Office, the United States Copyright Office or any similar office or agency without giving the Lender prior written notice thereof, and, upon request of the Lender, each Grantor shall execute and deliver any and all security agreements as the Lender may request to evidence the Lender's first priority security

interest on such Patent, Trademark or Copyright, and the General Intangibles of such Grantor relating thereto or represented thereby.

(d) The Grantors shall take all actions reasonably necessary to maintain and pursue each application, to obtain the relevant registration and to maintain the registration of each of the Patents, Trademarks and Copyrights (now or hereafter existing), including the filing of applications for renewal, affidavits of use, affidavits of noncontestability and opposition and interference and cancellation proceedings, except to the extent the Grantors reasonably determined that failure to do so would not reasonably be expected to result in a Material Adverse Effect.

(e) The Grantors shall, unless they shall reasonably determine that such Patent, Trademark or Copyright is in no way material to the conduct of its business or operations, promptly sue for infringement, misappropriation or dilution and to recover any and all damages for such infringement, misappropriation or dilution, and shall take such other actions as the Lender shall deem appropriate under the circumstances to protect such Patent, Trademark or Copyright. In the event that the Grantors institute suit because any of the Patents, Trademarks or Copyrights constituting Collateral is infringed upon, or misappropriated or diluted by a third party, the Grantors shall comply with Section 4.8.

4.8 Commercial Tort Claims. The Grantors shall promptly, and in any event within two Business Days after the same is acquired by it, notify the Lender of any commercial tort claim in an amount in excess of \$250,000 (as defined in the UCC) acquired by it and, unless the Lender otherwise consents, the Grantors shall enter into an amendment to this Security Agreement, in the form of Exhibit I hereto, granting to Lender a first priority security interest in such commercial tort claim.

4.9. Letter-of-Credit Rights. If any Grantor is or becomes the beneficiary of a letter of credit in an amount in excess of \$250,000, such Grantor shall promptly, and in any event within two Business Days after becoming a beneficiary, notify the Lender thereof and cause the issuer and/or confirmation bank to (i) consent to the assignment of any Letter-of-Credit Rights to the Lender and (ii) agree to direct all payments thereunder to a Deposit Account at the Lender or subject to a Deposit Account Control Agreement for application to the Secured Obligations, in accordance with Section 2.17 of the Credit Agreement, all in form and substance reasonably satisfactory to the Lender.

4.10. Federal, State or Municipal Claims. The Grantors will promptly notify the Lender of any Collateral which constitutes a claim in excess of \$500,000 against the United States government or any state or local government or any instrumentality or agency thereof, the assignment of which claim is restricted by federal, state or municipal law.

4.11. No Interference. Each Grantor agrees that it will not interfere with any right, power and remedy of the Lender provided for in this Security Agreement or now or hereafter existing at law or in equity or by statute or otherwise, or the exercise or beginning of the exercise by the Lender of any one or more of such rights, powers or remedies.

4.12. Insurance. (a) In the event any Collateral is located in any area that has been designated by the Federal Emergency Management Agency as a "Special Flood Hazard Area", the Grantors shall purchase and maintain flood insurance on such Collateral (including any personal property which is located on any real property leased by such Loan Party within a "Special Flood Hazard Area"). The amount of flood insurance required by this Section shall at a minimum comply with applicable law, including the Flood Disaster Protection Act of 1973, as amended.

(b) All insurance policies required hereunder or under Section 5.09 of the Credit Agreement shall name the Lender as an additional insured or as loss payee, as applicable, and shall contain loss

payable clauses or mortgagee clauses, through endorsements in form and substance satisfactory to the Lender, which provide that: (i) all proceeds thereunder with respect to any Collateral shall be payable to the Lender; (ii) no such insurance shall be affected by any act or neglect of the insured or owner of the property described in such policy; and (iii) such policy and loss payable or mortgagee clauses may be canceled, amended, or terminated only upon at least thirty days prior written notice given to the Lender.

(c) All premiums on such insurance shall be paid when due by the Grantors, and copies of the policies, if requested, delivered to the Lender. Unless a Grantor provides the Lender with evidence of the insurance coverage required by this Agreement, the Lender may purchase insurance at the Grantors' or the Borrower's expense to protect the Lender's interests in the Collateral. This insurance may, but need not, protect such Grantors' interests. The coverage that the Lender purchases may not pay any claim that such Grantors make or any claim that is made against such Grantors in connection with the Collateral. Such Grantors may later cancel any insurance purchased by the Lender, but only after providing the Lender with evidence that such Grantors have obtained insurance as required by this Agreement. If the Lender purchases insurance for the Collateral, such Grantors and the Borrower will be responsible for the costs of that insurance, including interest and any other charges the Lender may impose in connection with the placement of the insurance, until the effective date of the cancellation or expiration of the insurance. The costs of the insurance may be added to the Borrower's or such Grantor's total outstanding balance or obligation. The costs of the insurance may be more than the cost of insurance such Grantor may be able to obtain on its own. By purchasing such insurance, the Lender shall not be deemed to have waived any Default arising from the Grantors' failure to maintain such insurance or pay any premiums therefor.

4.13. [RESERVED]

4.14. Deposit Account Control Agreements. The Grantors will provide to the Lender upon the Lender's request, a Deposit Account Control Agreement duly executed on behalf of each financial institution holding a deposit account of any Grantor as set forth in the Security Agreement ; *provided that*, the Lender may, in its discretion, defer delivery of any such Deposit Account Control Agreement, establish a Reserve with respect to any deposit account for which the Lender has not received such Deposit Account Control Agreement, and require the Grantors to open and maintain a new deposit account with a financial institution subject to a Deposit Account Control Agreement.

4.15. Change of Name or Location; Change of Fiscal Year. No Grantor shall (a) change its name as it appears in official filings in the state of its incorporation or organization, (b) change its chief executive office, principal place of business, mailing address, corporate offices or warehouses or locations at which Collateral is held or stored, or the location of its records concerning the Collateral as set forth in the Security Agreement, (c) change the type of entity that it is, (d) change its organization identification number, if any, issued by its state of incorporation or other organization, or (e) change its state of incorporation or organization, or its fiscal year in each case, unless the Lender shall have received at least thirty days prior written notice of such change and the Lender shall have acknowledged in writing (which it shall not unreasonably withhold) that either (1) such change will not adversely affect the validity, perfection or priority of the Lender's security interest in the Collateral, or (2) any reasonable action requested by the Lender in connection therewith has been completed or taken (including any action to continue the perfection of any Liens in favor of the Lender in any Collateral), *provided that*, any new location shall be in the continental U.S.

4.16 Assigned Contracts. After the occurrence of an Event of Default, at the request of the Lender, the Grantors will use their best efforts to secure all consents and approvals necessary or appropriate for the assignment to or for the benefit of the Lender of any Assigned Contract held by the Grantors and to enforce the security interests granted hereunder. The Grantors shall fully perform all of their obligations under each of the Assigned Contracts, and shall enforce all of its rights and remedies thereunder, in each case, as it deems appropriate in its business judgment; *provided however, that* the Grantors shall not take any action or fail to take

any action with respect to its Assigned Contracts which would cause the termination of an Assigned Contract. Without limiting the generality of the foregoing, the Grantors shall take all action necessary or appropriate to permit, and shall not take any action which would have any materially adverse effect upon, the full enforcement of all indemnification rights under its Assigned Contracts. The Grantors shall notify the Lender in writing, promptly after any Grantor becomes aware thereof, of any event or fact which could give rise to a material claim by it for indemnification under any of its Assigned Contracts, and shall diligently pursue such right and report to the Lender on all further developments with respect thereto. The Grantors shall deposit into a Deposit Account at the Lender or subject to a Deposit Account Control Agreement for application to the Secured Obligations, in accordance with Section 2.17 of the Credit Agreement, all amounts received by the Grantors as indemnification or otherwise pursuant to its Assigned Contracts. If the Grantors shall fail after the Lender's demand to pursue diligently any right under its Assigned Contracts, or if an Event of Default then exists, the Lender may directly enforce such right in its own or the Grantors' name and may enter into such settlements or other agreements with respect thereto as the Lender shall determine. In any suit, proceeding or action brought by the Lender under any Assigned Contract for any sum owing thereunder or to enforce any provision thereof, the Grantors shall indemnify and hold the Lender harmless from and against all expense, loss or damage suffered by reason of any defense, setoff, counterclaims, recoupment, or reduction of liability whatsoever of the obligor thereunder arising out of a breach by the Grantors of any obligation thereunder or arising out of any other agreement, indebtedness or liability at any time owing from the Grantors to or in favor of such obligor or its successors. All such obligations of the Grantors shall be and remain enforceable only against the Grantors and shall not be enforceable against the Lender. Notwithstanding any provision hereof to the contrary, the Grantors shall at all times remain liable to observe and perform all of its duties and obligations under its Assigned Contracts, and the Lender's exercise of any of their respective rights with respect to the Collateral shall not release the Grantors from any of such duties and obligations. The Lender shall not be obligated to perform or fulfill any of the Grantors' duties or obligations under its Assigned Contracts or to make any payment thereunder, or to make any inquiry as to the nature or sufficiency of any payment or property received by it thereunder or the sufficiency of performance by any party thereunder, or to present or file any claim, or to take any action to collect or enforce any performance, any payment of any amounts, or any delivery of any property.

## ARTICLE V EVENTS OF DEFAULT AND REMEDIES

5.1. Events of Default. The occurrence of any one or more of the following events shall constitute an Event of Default hereunder:

- (a) Any representation or warranty made by or on behalf of any Grantor under or in connection with this Security Agreement shall be materially false as of the date on which made.
- (b) The breach by any Grantor of any of the terms or provisions of Article IV or Article VII.
- (c) The breach by any Grantor (other than a breach which constitutes an Event of Default under any other Section of this Article V) of any of the terms or provisions of this Security Agreement which is not remedied within ten days after the earlier of knowledge by any Grantor of such breach or notice thereof from the Lender of such breach.
- (d) The occurrence of any "Event of Default" under, and as defined in, the Credit Agreement.
- (e) Any Equity Interest which is included within the Collateral shall at any time constitute a Security or the issuer of any such Equity Interest shall take any action to have such interests treated as a Security unless (i) all certificates or other documents constituting such Security have been delivered to the Lender and



such Security is properly defined as such under Article 8 of the UCC of the applicable jurisdiction, whether as a result of actions by the issuer thereof or otherwise, or (ii) the Lender has entered into a control agreement with the issuer of such Security or with a securities intermediary relating to such Security and such Security is defined as such under Article 8 of the UCC of the applicable jurisdiction, whether as a result of actions by the issuer thereof or otherwise.

5.2. Remedies.

(a) Upon the occurrence and during the continuance of an Event of Default, the Lender may exercise any or all of the following rights and remedies:

(i) those rights and remedies provided in this Security Agreement, the Credit Agreement, or any other Loan Document; *provided that*, this Section 5.2(a) shall not be understood to limit any rights or remedies available to the Lender prior to an Event of Default;

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

(iii) give notice of sole control or any other instruction under any Deposit Account Control Agreement or and other control agreement with any securities intermediary and take any action therein with respect to such Collateral;

(iv) without notice (except as specifically provided in Section 8.1 or elsewhere herein), demand or advertisement of any kind to Grantors or any other Person, enter the premises of the Grantors where any Collateral is located (through self-help and without judicial process) to collect, receive, assemble, process, appropriate, sell, lease, assign, grant an option or options to purchase or otherwise dispose of, deliver, or realize upon, the Collateral or any part thereof in one or more parcels at public or private sale or sales (which sales may be adjourned or continued from time to time with or without notice and may take place at the Grantors' premises or elsewhere), for cash, on credit or for future delivery without assumption of any credit risk, and upon such other terms as the Lender may deem commercially reasonable; and

(v) concurrently with written notice to the Grantors, transfer and register in its name or in the name of its nominee the whole or any part of the Pledged Collateral, to exchange certificates or instruments representing or evidencing Pledged Collateral for certificates or instruments of smaller or larger denominations, to exercise the voting and all other rights as a holder with respect thereto, to collect and receive all cash dividends, interest, principal and other distributions made thereon and to otherwise act with respect to the Pledged Collateral as though the Lender was the outright owner thereof.

(b) The Lender may comply with any applicable state or federal law requirements in connection with a disposition of the Collateral and compliance will not be considered to adversely affect the commercial reasonableness of any sale of the Collateral.

(c) The Lender shall have the right upon any such public sale or sales and, to the extent permitted by law, upon any such private sale or sales, to purchase for the benefit of the Lender, the whole or any part of the Collateral so sold, free of any right of equity redemption, which equity redemption the Grantors hereby expressly releases.

(d) Until the Lender is able to effect a sale, lease, or other disposition of Collateral, the Lender shall have the right to hold or use Collateral, or any part thereof, to the extent that it deems appropriate for the purpose of preserving Collateral or its value or for any other purpose deemed appropriate by the Lender. The Lender may, if it so elects, seek the appointment of a receiver or keeper to take possession of Collateral and to enforce any of the Lender's remedies, with respect to such appointment without prior notice or hearing as to such appointment.

(e) If, after the Credit Agreement has terminated by its terms and all of the Obligations have been paid in full, there remain Swap Obligations outstanding, the Lender may exercise the remedies provided in this Section 5.2 upon the occurrence of any event which would allow or require the termination or acceleration of any Swap Obligations pursuant to the terms of the Swap Agreement.

(f) Notwithstanding the foregoing, the Lender shall not be required to (i) make any demand upon, or pursue or exhaust any of their rights or remedies against, the Grantors, any other obligor, guarantor, pledgor or any other Person with respect to the payment of the Secured Obligations or to pursue or exhaust any of their rights or remedies with respect to any Collateral therefor or any direct or indirect guarantee thereof, (ii) marshal the Collateral or any guarantee of the Secured Obligations or to resort to the Collateral or any such guarantee in any particular order, or (iii) effect a public sale of any Collateral.

(g) The Grantors recognize that the Lender may be unable to effect a public sale of any or all the Pledged Collateral and may be compelled to resort to one or more private sales thereof in accordance with clause (a) above. The Grantors also acknowledge that any private sale may result in prices and other terms less favorable to the seller than if such sale were a public sale and, notwithstanding such circumstances, agrees that any such private sale shall not be deemed to have been made in a commercially unreasonable manner solely by virtue of such sale being private. The Lender shall be under no obligation to delay a sale of any of the Pledged Collateral for the period of time necessary to permit the Grantors or the issuer of the Pledged Collateral to register such securities for public sale under the Securities Act of 1933, as amended, or under applicable state securities laws, even if the Grantors and the issuer would agree to do so.

5.3. Grantors' Obligations Upon Default. Upon the request of the Lender after the occurrence and during the continuance of a Default, the Grantors will:

(a) assemble and make available to the Lender the Collateral and all books and records relating thereto at any place or places specified by the Lender, whether at the Grantors' premises or elsewhere;

(b) permit the Lender, by the Lender's representatives and agents, to enter, occupy and use any premises where all or any part of the Collateral, or the books and records relating thereto, or both, are located, to take possession of all or any part of the Collateral or the books and records relating thereto, or both, to remove all or any part of the Collateral or the books and records relating thereto, or both, and to conduct sales of the Collateral, without any obligation to pay the Grantors for such use and occupancy;

(c) prepare and file, or cause an issuer (to the extent it controls such issuer) of Pledged Collateral to prepare and file, with the Securities and Exchange Commission or any other applicable government agency, registration statements, a prospectus and such other documentation in connection with the Pledged Collateral as the Lender may request, all in form and substance satisfactory to the Lender, and furnish to the Lender, or cause an issuer of Pledged Collateral to furnish to the Lender, any information regarding the Pledged Collateral in such detail as the Lender may specify;

(d) take, or cause an issuer (to the extent it controls such issuer) of Pledged Collateral to take, any and all actions necessary to register or qualify the Pledged Collateral to enable the Lender to consummate a public sale or other disposition of the Pledged Collateral; and

(e) at its own expense, cause the independent certified public accountants then engaged by the Grantors to prepare and deliver to the Lender, at any time, and from time to time, promptly upon the Lender's request, the following reports with respect to the Grantors: (i) a reconciliation of all Accounts; (ii) an aging of all Accounts; (iii) trial balances; and (iv) a test verification of such Accounts.

5.4. Grant of Intellectual property License. For the purpose of enabling the Lender to exercise the rights and remedies under this Article V at such time as the Lender shall be lawfully entitled to exercise such rights and remedies, each Grantor hereby (a) grants to the Lender an irrevocable, nonexclusive license (exercisable without payment of royalty or other compensation to the Grantors) to use, license or sublicense any Intellectual Property Rights now owned or hereafter acquired by any Grantor, and wherever the same may be located, and including in such license 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 and (b) irrevocably agrees that the Lender may sell any of the Grantors' Inventory directly to any person to whom the Grantors could have legally sold such Inventory, including without limitation persons who have previously purchased the Grantors' Inventory from the Grantors and in connection with any such sale or other enforcement of the Lender's rights under this Security Agreement, may sell Inventory which bears any Trademark owned by or licensed to the Grantors and any Inventory that is covered by any Copyright owned by or licensed to the Grantors and the Lender may finish any work in process and affix any Trademark owned by or licensed to the Grantors and sell such Inventory as provided herein.

## **ARTICLE VI ACCOUNT VERIFICATION; ATTORNEY IN FACT; PROXY**

6.1. Account Verification. The Lender may, at any time upon the occurrence or during the continuance of an Event of Default, in the Lender's own name, in the name of a nominee of the Lender, or in the name of any Grantor communicate (by mail, telephone, facsimile or otherwise) with the Account Debtors of such Grantor, parties to contracts with any Grantor and obligors in respect of Instruments of the Grantors to verify with such Persons, to the Lender's satisfaction, the existence, amount, terms of, and any other matter relating to, Accounts, Instruments, Chattel Paper, payment intangibles and/or other Receivables.

### 6.2. Authorization for Secured Party to Take Certain Action.

(a) Each Grantor irrevocably authorizes the Lender at any time and from time to time (except as provided below) in the sole discretion of the Lender and appoints the Lender as its attorney in fact (i) to execute on behalf of such Grantor as debtor and to file financing statements necessary or desirable in the Lender's sole discretion to perfect and to maintain the perfection and priority of the Lender's security interest in the Collateral, (ii) during a Cash Dominion Period or after the occurrence of an Event of Default to endorse and collect any cash proceeds of the Collateral, (iii) to file a carbon, photographic or other reproduction of this Security Agreement or any financing statement with respect to the Collateral as a financing statement and to file any other financing statement or amendment of a financing statement (which does not add new collateral or add a debtor) in such offices as the Lender in its sole discretion deems necessary or desirable to perfect and to maintain the perfection and priority of the Lender's security interest in the Collateral, (iv) to contact and enter into one or more agreements with the issuers of uncertificated securities which are Pledged Collateral or with securities intermediaries holding Pledged Collateral as may be necessary or advisable to give the Lender Control over such Pledged Collateral, (v) to apply the proceeds of any Collateral received by the Lender to the Secured Obligations as provided in Section 7.3, (vi) to discharge past due taxes, assessments, charges, fees or Liens on the Collateral (except for such Liens as are specifically permitted hereunder), (vii) upon the occurrence and during the continuance of an Event of Default to contact Account Debtors for any reason, (viii) upon the occurrence and during the continuance of an Event of Default to demand payment or enforce payment of the Receivables in the name of the Lender or such Grantor and to endorse any and all checks, drafts, and other

instruments for the payment of money relating to the Receivables, (ix) upon the occurrence and during the continuance of an Event of Default to sign such Grantor's name on any invoice or bill of lading relating to the Receivables, drafts against any Account Debtor of such Grantors, assignments and verifications of Receivables, (x) upon the occurrence and during the continuance of an Event of Default to exercise all of such Grantor's rights and remedies with respect to the collection of the Receivables and any other Collateral, (xi) upon the occurrence and during the continuance of an Event of Default to settle, adjust, compromise, extend or renew the Receivables, (xii) upon the occurrence and during the continuance of an Event of Default to settle, adjust or compromise any legal proceedings brought to collect Receivables, (xiii) upon the occurrence and during the continuance of an Event of Default to prepare, file and sign such Grantor's name on a proof of claim in bankruptcy or similar document against any Account Debtor of such Grantors, (xiv) upon the occurrence and during the continuance of an Event of Default to prepare, file and sign such Grantor's name on any notice of Lien, assignment or satisfaction of Lien or similar document in connection with the Receivables, (xv) upon the occurrence and during the continuance of an Event of Default to change the address for delivery of payments to such Grantor to such address as the Lender may designate and to receive, open and dispose of all mail addressed to such Grantors, and (xvi) to do all other acts and things necessary to carry out this Security Agreement; and such Grantor agrees to reimburse the Lender on demand for any payment made or any expense incurred by the Lender in connection with any of the foregoing; *provided that*, this authorization shall not relieve such Grantor of any of its obligations under this Security Agreement or under the Credit Agreement.

(b) All acts of said attorney or designee are hereby ratified and approved. The powers conferred on the Lender, under this Section 6.2 are solely to protect the Lender's interests in the Collateral and shall not impose any duty upon the Lender to exercise any such powers.

6.3. Proxy. EACH GRANTOR HEREBY IRREVOCABLY CONSTITUTES AND APPOINTS THE LENDER AS THE PROXY AND ATTORNEY-IN-FACT (AS SET FORTH IN SECTION 6.2 ABOVE) OF SUCH GRANTOR WITH RESPECT TO THE PLEDGED COLLATERAL, INCLUDING THE RIGHT TO VOTE SUCH PLEDGED COLLATERAL, WITH FULL POWER OF SUBSTITUTION TO DO SO. IN ADDITION TO THE RIGHT TO VOTE ANY SUCH PLEDGED COLLATERAL, THE APPOINTMENT OF THE LENDER AS PROXY AND ATTORNEY-IN-FACT SHALL INCLUDE THE RIGHT TO EXERCISE ALL OTHER RIGHTS, POWERS, PRIVILEGES AND REMEDIES TO WHICH A HOLDER OF SUCH PLEDGED COLLATERAL WOULD BE ENTITLED (INCLUDING GIVING OR WITHHOLDING WRITTEN CONSENTS OF SHAREHOLDERS, CALLING SPECIAL MEETINGS OF SHAREHOLDERS AND VOTING AT SUCH MEETINGS). SUCH PROXY SHALL BE EFFECTIVE, AUTOMATICALLY AND WITHOUT THE NECESSITY OF ANY ACTION (INCLUDING ANY TRANSFER OF ANY SUCH PLEDGED COLLATERAL ON THE RECORD BOOKS OF THE ISSUER THEREOF) BY ANY PERSON (INCLUDING THE ISSUER OF SUCH PLEDGED COLLATERAL OR ANY OFFICER OR AGENT THEREOF), UPON THE OCCURRENCE OF AND DURING THE CONTINUANCE OF AN EVENT OF DEFAULT.

6.4. Nature of Appointment; Limitation of Duty. THE APPOINTMENT OF THE LENDER AS PROXY AND ATTORNEY-IN-FACT IN THIS ARTICLE VI IS COUPLED WITH AN INTEREST AND SHALL BE IRREVOCABLE UNTIL THE DATE ON WHICH THIS SECURITY AGREEMENT IS TERMINATED IN ACCORDANCE WITH SECTION 8.14. NOTWITHSTANDING ANYTHING CONTAINED HEREIN, NEITHER THE LENDER NOR ANY OF ITS RESPECTIVE AFFILIATES, OFFICERS, DIRECTORS, EMPLOYEES, AGENTS OR REPRESENTATIVES SHALL HAVE ANY DUTY TO EXERCISE ANY RIGHT OR POWER GRANTED HEREUNDER OR OTHERWISE OR TO PRESERVE THE SAME AND SHALL NOT BE LIABLE FOR ANY FAILURE TO DO SO OR FOR ANY DELAY IN DOING SO, EXCEPT IN RESPECT OF DAMAGES ATTRIBUTABLE SOLELY TO THEIR OWN GROSS NEGLIGENCE OR WILLFUL MISCONDUCT AS FINALLY DETERMINED BY A COURT OF COMPETENT JURISDICTION; PROVIDED THAT, IN NO EVENT SHALL THEY BE LIABLE FOR ANY PUNITIVE, EXEMPLARY, INDIRECT OR CONSEQUENTIAL DAMAGES.

**ARTICLE VII**  
**COLLECTION AND APPLICATION OF COLLATERAL PROCEEDS; DEPOSIT ACCOUNTS**

7.1. Collection of Receivables.

(a) On or before the Closing Date, each Grantor shall (a) execute and deliver to the Lender Deposit Account Control Agreements for each Deposit Account maintained by such Grantor into which all cash, checks or other similar payments relating to or constituting payments made in respect of Receivables will be deposited (a "Collateral Deposit Account"), which Collateral Deposit Accounts are identified as such on Exhibit B, and (b) establish lock box service (the "Lock Boxes") with the bank(s) set forth in Exhibit B, which lock boxes shall be subject to irrevocable lockbox agreements in the form provided by or otherwise acceptable to the Lender and shall be accompanied by an acknowledgment by the bank where the Lock Box is located of the Lien of the Lender granted hereunder and of irrevocable instructions to wire all amounts collected therein to the Collection Account (a "Lock Box Agreement"). After the Closing Date, the Grantors will comply with the terms of Section 7.2.

(b) During a Cash Dominion Period, (i) each Grantor shall direct all of its Account Debtors to forward payments directly to Lock Boxes subject to Lock Box Agreements, (ii) the Lender shall have sole access to the Lock Boxes at all times and each Grantor shall take all actions necessary to grant the Lender such sole access, and (iii) at no time shall any Grantor remove any item from the Lock Box or from a Collateral Deposit Account without the Lender's prior written consent. If the Grantors should refuse or neglect to notify any Account Debtor to forward payments directly to a Lock Box subject to a Lock Box Agreement after notice from the Lender, the Lender shall be entitled to make such notification directly to Account Debtor. If notwithstanding the foregoing instructions, any Grantor receives any proceeds of any Receivables, such Grantor shall receive such payments as the Lender's trustee, and shall immediately deposit all cash, checks or other similar payments related to or constituting payments made in respect of Receivables received by it to a Collateral Deposit Account. During a Cash Dominion Period, all funds deposited into any Lock Box subject to a Lock Box Agreement or a Collateral Deposit Account will be swept on a daily basis into a collection account maintained by a Grantor with the Lender (the "Collection Account"). The Lender shall hold and apply funds received into the Collection Account as provided by the terms of Section 7.3.

7.2. Covenant Regarding New Deposit Accounts; Lock Boxes. Before opening or replacing any Collateral Deposit Account, other Deposit Account, or establishing a new Lock Box, the Grantors shall (a) obtain the Lender's consent in writing to the opening of such Deposit Account or Lock Box, and (b) cause each bank or financial institution in which it seeks to open (i) a Deposit Account, to enter into a Deposit Account Control Agreement with the Lender in order to give the Lender Control of such Deposit Account, or (ii) a Lock Box, to enter into a Lock Box Agreement with the Lender in order to give the Lender Control of the Lock Box.

7.3. Application of Proceeds; Deficiency. All amounts deposited in the Collection Account shall be deemed received by the Lender in accordance with Section 2.17 of the Credit Agreement and shall, after having been credited in immediately available funds to the Collection Account, be applied (and allocated) by Lender in accordance with Section 2.09(b) of the Credit Agreement. The Lender shall require all other cash proceeds of the Collateral, which are not required to be applied to the Obligations pursuant to Section 2.10 of the Credit Agreement, to be deposited in a special non-interest bearing cash collateral account with the Lender and held there as security for the Secured Obligations. The Grantors shall have no control whatsoever over said cash collateral account. Any such proceeds of the Collateral shall be applied in the order set forth in Section 2.17 of the Credit Agreement unless a court of competent jurisdiction shall otherwise direct. The balance, if any, after all of the Secured Obligations have been satisfied, shall be deposited by the Lender into the Borrower's general operating account with the Lender. The Grantors shall remain liable for any deficiency if the proceeds of any

sale or disposition of the Collateral are insufficient to pay all Secured Obligations, including any attorneys' fees and other expenses incurred by the Lender or any Lender to collect such deficiency.

## ARTICLE VIII GENERAL PROVISIONS

8.1. Waivers. Each Grantor hereby waives notice of the time and place of any public sale or the time after which any private sale or other disposition of all or any part of the Collateral may be made. To the extent such notice may not be waived under applicable law, any notice made shall be deemed reasonable if sent to such Grantor, addressed as set forth in Article IX, at least ten days prior to (i) the date of any such public sale or (ii) the time after which any such private sale or other disposition may be made. To the maximum extent permitted by applicable law, each Grantor waives all claims, damages, and demands against the Lender arising out of the repossession, retention or sale of the Collateral, except such as arise solely out of the gross negligence or willful misconduct of the Lender as finally determined by a court of competent jurisdiction. To the extent it may lawfully do so, each Grantor absolutely and irrevocably waives and relinquishes the benefit and advantage of, and covenants not to assert against the Lender, any valuation, stay, appraisal, extension, moratorium, redemption or similar laws and any and all rights or defenses it may have as a surety now or hereafter existing which, but for this provision, might be applicable to the sale of any Collateral made under the judgment, order or decree of any court, or privately under the power of sale conferred by this Security Agreement, or otherwise. Except as otherwise specifically provided herein, each Grantor hereby waives presentment, demand, protest or any notice (to the maximum extent permitted by applicable law) of any kind in connection with this Security Agreement or any Collateral.

8.2. Limitation on the Lender's Duty with Respect to the Collateral. The Lender shall have no obligation to clean-up or otherwise prepare the Collateral for sale. The Lender shall use reasonable care with respect to the Collateral in its possession or under its control. The Lender shall not have any other duty as to any Collateral in its possession or control or in the possession or control of any agent or nominee of the Lender, or any income thereon or as to the preservation of rights against prior parties or any other rights pertaining thereto. To the extent that applicable law imposes duties on the Lender to exercise remedies in a commercially reasonable manner, the Grantors acknowledge and agree that they are commercially reasonable for the Lender (i) to fail to incur expenses deemed significant by the Lender to prepare Collateral for disposition or otherwise to transform raw material or work in process into finished goods or other finished products for disposition, (ii) to fail to obtain third party consents for access to Collateral to be disposed of, or to obtain or, if not required by other law, to fail to obtain governmental or third party consents for the collection or disposition of Collateral to be collected or disposed of, (iii) to fail to exercise collection remedies against Account Debtors or other Persons obligated on Collateral or to remove Liens on or any adverse claims against Collateral, (iv) to exercise collection remedies against Account Debtors and other Persons obligated on Collateral directly or through the use of collection agencies and other collection specialists, (v) to advertise dispositions of Collateral through publications or media of general circulation, whether or not the Collateral is of a specialized nature, (vi) to contact other Persons, whether or not in the same business as any Grantor, for expressions of interest in acquiring all or any portion of such Collateral, (vii) to hire one or more professional auctioneers to assist in the disposition of Collateral, whether or not the Collateral is of a specialized nature, (viii) to dispose of Collateral by utilizing internet sites that provide for the auction of assets of the types included in the Collateral or that have the reasonable capacity of doing so, or that match buyers and sellers of assets, (ix) to dispose of assets in wholesale rather than retail markets, (x) to disclaim disposition warranties, such as title, possession or quiet enjoyment, (xi) to purchase insurance or credit enhancements to insure the Lender against risks of loss, collection or disposition of Collateral or to provide to the Lender a guaranteed return from the collection or disposition of Collateral, or (xii) to the extent deemed appropriate by the Lender, to obtain the services of other brokers, investment bankers, consultants and other professionals to assist the Lender in the collection or disposition of any of the Collateral. Each Grantor acknowledges that the purpose of this Section 8.2 is to provide non-exhaustive indications of what actions or omissions by the Lender would be commercially

reasonable in the Lender's exercise of remedies against the Collateral and that other actions or omissions by the Lender shall not be deemed commercially unreasonable solely on account of not being indicated in this Section 8.2. Without limitation upon the foregoing, nothing contained in this Section 8.2 shall be construed to grant any rights to the Grantors or to impose any duties on the Lender that would not have been granted or imposed by this Security Agreement or by applicable law in the absence of this Section 8.2.

8.3. Compromises and Collection of Collateral. The Grantors and the Lender recognize that setoffs, counterclaims, defenses and other claims may be asserted by obligors with respect to certain of the Receivables, that certain of the Receivables may be or become uncollectible in whole or in part, and that the expense and probability of success in litigating a disputed Receivable may exceed the amount that reasonably may be expected to be recovered with respect to a Receivable. In view of the foregoing, each Grantor agrees that the Lender may at any time and from time to time, if an Event of Default has occurred and is continuing, compromise with the obligor on any Receivable, accept in full payment of any Receivable such amount as the Lender in its sole discretion shall determine or abandon any Receivable, and any such action by the Lender shall be commercially reasonable so long as the Lender acts in good faith based on information known to it at the time it takes any such action.

8.4. Secured Party Performance of Debtor Obligations. Without having any obligation to do so, the Lender may perform or pay any obligation which the Grantors have agreed to perform or pay in this Security Agreement and the Grantors shall reimburse the Lender for any amounts paid by the Lender pursuant to this Section 8.4. The Grantors' obligation to reimburse the Lender pursuant to the preceding sentence shall be a Secured Obligation payable on demand.

8.5. Specific Performance of Certain Covenants. Each Grantor acknowledges and agrees that a breach of any of the covenants contained in Sections 4.1(d), 4.1(e), 4.4, 4.5, 4.6, 4.7, 4.8, 4.9, 4.10, 4.12, 4.13, 4.14, 4.15, 4.16, 5.3, or 8.7 or in Article VII will cause irreparable injury to the Lender, that the Lender has no adequate remedy at law in respect of such breaches and therefore agrees, without limiting the right of the Lender to seek and obtain specific performance of other obligations of such Grantor contained in this Security Agreement, that the covenants of such Grantor contained in the Sections referred to in this Section 8.5 shall be specifically enforceable against such Grantor.

8.6. Dispositions Not Authorized. No Grantor is authorized to sell or otherwise dispose of the Collateral except as set forth in Section 4.1(d) and notwithstanding any course of dealing between any Grantor and the Lender or other conduct of the Lender, no authorization to sell or otherwise dispose of the Collateral (except as set forth in Section 4.1(d)) shall be binding upon the Lender unless such authorization is in writing signed by the Lender. Upon any disposition so authorized the Lender will execute and authorize the filing of releases of its security interest in the assets so disposed.

8.7. No Waiver; Amendments; Cumulative Remedies. No delay or omission of the Lender to exercise any right or remedy granted under this Security Agreement shall impair such right or remedy or be construed to be a waiver of any Default or an acquiescence therein, and any single or partial exercise of any such right or remedy shall not preclude any other or further exercise thereof or the exercise of any other right or remedy. No waiver, amendment or other variation of the terms, conditions or provisions of this Security Agreement whatsoever shall be valid unless in writing signed by the Lender and then only to the extent in such writing specifically set forth. All rights and remedies contained in this Security Agreement or by law afforded shall be cumulative and all shall be available to the Lender until the Secured Obligations have been paid in full.

8.8. Limitation by Law; Severability of Provisions. All rights, remedies and powers provided in this Security Agreement may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law, and all the provisions of this Security Agreement are intended to be subject to all applicable mandatory provisions of law that may be controlling and to be limited to the extent necessary so that they shall

not render this Security Agreement invalid, unenforceable or not entitled to be recorded or registered, in whole or in part. Any provision in any this Security Agreement that is held to be inoperative, unenforceable, or invalid in any jurisdiction shall, as to that jurisdiction, be inoperative, unenforceable, or invalid without affecting the remaining provisions in that jurisdiction or the operation, enforceability, or validity of that provision in any other jurisdiction, and to this end the provisions of this Security Agreement are declared to be severable.

8.9. Reinstatement. This Security Agreement shall remain in full force and effect and continue to be effective should any petition be filed by or against any Grantor for liquidation or reorganization, should any Grantor become insolvent or make an assignment for the benefit of any creditor or creditors or should a receiver or trustee be appointed for all or any significant part of any Grantor's assets, and shall continue to be effective or be reinstated, as the case may be, if at any time payment and performance of the Secured Obligations, or any part thereof, is, pursuant to applicable law, rescinded or reduced in amount, or must otherwise be restored or returned by any obligee of the Secured Obligations, whether as a "voidable preference," "fraudulent conveyance," or otherwise, all as though such payment or performance had not been made. In the event that any payment, or any part thereof, is rescinded, reduced, restored or returned, the Secured Obligations shall be reinstated and deemed reduced only by such amount paid and not so rescinded, reduced, restored or returned.

8.10. Benefit of Agreement. The terms and provisions of this Security Agreement shall be binding upon and inure to the benefit of the Grantors, the Lender and their respective successors and assigns (including all persons who become bound as a debtor to this Security Agreement), except that no Grantor shall have the right to assign its rights or delegate its obligations under this Security Agreement or any interest herein, without the prior written consent of the Lender. No sales of participations, assignments, transfers, or other dispositions of any agreement governing the Secured Obligations or any portion thereof or interest therein shall in any manner impair the Lien granted to the Lender hereunder.

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

8.12. Taxes and Expenses. Any taxes (including income taxes) payable or ruled payable by Federal or State authority in respect of this Security Agreement shall be paid by the Grantors, together with interest and penalties, if any. Subject to Section 8.03 of the Credit Agreement, the Grantors shall reimburse the Lender for any and all reasonable out-of-pocket expenses and internal charges (including reasonable attorneys', auditors' and accountants' fees and reasonable time charges of attorneys, paralegals, auditors and accountants who may be employees of the Lender) paid or incurred by the Lender in connection with the preparation, execution, delivery, administration, collection and enforcement of this Security Agreement and in the audit, analysis, administration, collection, preservation or sale of the Collateral (including the expenses and charges associated with any periodic or special audit of the Collateral). Any and all costs and expenses incurred by the Grantors in the performance of actions required pursuant to the terms hereof shall be borne solely by the Grantors.

8.13. Headings. The title of and section headings in this Security Agreement are for convenience of reference only, and shall not govern the interpretation of any of the terms and provisions of this Security Agreement.

8.14. Termination. This Security Agreement shall continue in effect (notwithstanding the fact that from time to time there may be no Secured Obligations outstanding) until (i) the Credit Agreement has terminated pursuant to its express terms and (ii) all of the Secured Obligations other than Secured Obligations in the nature of unasserted contingent claims that may arise under Section 8.03 of the Credit Agreement or Section 8.19 hereof have been indefeasibly paid and performed in full (or with respect to any outstanding Letters of Credit, a cash deposit or Supporting Letter of Credit has been delivered to the Lender as required by the Credit Agreement) and no commitments of the Lender which would give rise to any Secured Obligations are outstanding.



8.15. Entire Agreement. This Security Agreement embodies the entire agreement and understanding between the Grantors and the Lender relating to the Collateral and supersedes all prior agreements and understandings between the Grantors and the Lender relating to the Collateral.

8.16. CHOICE OF LAW. THIS SECURITY AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS (AND NOT THE LAW OF CONFLICTS) OF THE STATE OF ILLINOIS, BUT GIVING EFFECT TO FEDERAL LAWS APPLICABLE TO NATIONAL BANKS.

8.17. CONSENT TO JURISDICTION. EACH GRANTOR HEREBY IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF ANY U.S. FEDERAL OR ILLINOIS STATE COURT SITTING IN CHICAGO, ILLINOIS IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS SECURITY AGREEMENT OR ANY OTHER LOAN DOCUMENT AND EACH GRANTORS HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURT AND IRREVOCABLY WAIVES ANY OBJECTION IT MAY NOW OR HEREAFTER HAVE AS TO THE VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN SUCH A COURT OR THAT SUCH COURT IS AN INCONVENIENT FORUM. NOTHING HEREIN SHALL LIMIT THE RIGHT OF THE LENDER TO BRING PROCEEDINGS AGAINST ANY GRANTOR IN THE COURTS OF ANY OTHER JURISDICTION. ANY JUDICIAL PROCEEDING BY ANY GRANTOR AGAINST THE LENDER OR ANY AFFILIATE OF THE LENDER INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS SECURITY AGREEMENT OR ANY OTHER LOAN DOCUMENT SHALL BE BROUGHT ONLY IN A COURT IN CHICAGO, ILLINOIS.

8.18. WAIVER OF JURY TRIAL. EACH GRANTOR AND THE LENDER HEREBY WAIVE TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER (WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE) IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS SECURITY AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE RELATIONSHIP ESTABLISHED THEREUNDER.

8.19. Indemnity. Each Grantor hereby agrees to indemnify the Lender, and its successors, assigns, agents and employees, from and against any and all liabilities, damages, penalties, suits, costs, and expenses of any kind and nature (including, without limitation, all expenses of litigation or preparation therefor whether or not the Lender is a party thereto) imposed on, incurred by or asserted against the Lender, or its successors, assigns, agents and employees, in any way relating to or arising out of this Security Agreement, or the manufacture, purchase, acceptance, rejection, ownership, delivery, lease, possession, use, operation, condition, sale, return or other disposition of any Collateral (including, without limitation, latent and other defects, whether or not discoverable by the Lender or the Grantors, and any claim for Patent, Trademark or Copyright infringement); provided that such indemnity shall not, as to any indemnitee, be available to the extent such losses, claims, damages, penalties, liabilities or related expenses resulted from the gross negligence or willful misconduct of such indemnitee.

8.20. Counterparts. This Security Agreement may be executed in any number of counterparts, all of which taken together shall constitute one agreement, and any of the parties hereto may execute this Security Agreement by signing any such counterpart.

ARTICLE IX  
NOTICES

9.1. Sending Notices. Any notice required or permitted to be given under this Security Agreement shall be sent by United States mail, telecopier, personal delivery or nationally established overnight courier service, and shall be deemed received (a) when received, if sent by hand or overnight courier service, or mailed by certified or registered mail notices or (b) when sent, if sent by telecopier (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next Business Day for the recipient), in each case addressed to the Grantors at the address set forth on Exhibit A as its principal place of business, and to the Lender at the address set forth in accordance with Section 8.01 of the Credit Agreement.

9.2. Change in Address for Notices. Each of the Grantors and the Lender may change the address for service of notice upon it by a notice in writing to the other parties.

09/06/2007 13:13 FAX 9726301444

Prime Therapeutics

009

IN WITNESS WHEREOF, the Grantors and the Lender have executed this Security Agreement as of the date first above written.

GRANTORS:

PRIME THERAPEUTICS LLC

By: [Signature]  
Name: Kim Magallon  
Title: CEO

PRIME THERAPEUTICS HOLDINGS LLC

By: [Signature]  
Name: Kim Magallon  
Title: CEO

JPMORGAN CHASE BANK, N.A., as Lender

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

(Signature Page to Security Agreement)

CL1-1541632

IN WITNESS WHEREOF, the Grantors and the Lender have executed this Security Agreement as of the date first above written.

GRANTORS:

PRIME THERAPEUTICS LLC

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

PRIME THERAPEUTICS HOLDINGS LLC

By: Timothy F. Dickman  
Name: Timothy F. Dickman  
Title: President

JPMORGAN CHASE BANK, N.A., as Lender

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

IN WITNESS WHEREOF, the Grantors and the Lender have executed this Security Agreement as of the date first above written.

GRANTORS:

PRIME THERAPEUTICS LLC

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

PRIME THERAPEUTICS HOLDINGS LLC

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

JPMORGAN CHASE BANK, N.A., as Lender

By: JJV  
Name: Joseph J. Virzi  
Title: Senior Vice President

**EXHIBIT A**

(See Sections 3.2, 3.3, 3.4, 3.9 and 9.1 of Security Agreement)

**GRANTORS' INFORMATION AND COLLATERAL LOCATIONS**  
(Complete one for each Grantor)

- I. **Name of Grantor:** Prime Therapeutics LLC
- II. **State of Incorporation or Organization:** Delaware
- III. **Type of Entity:** Limited Liability Company
- IV. **Organizational Number assigned by State of Incorporation or Organization:** 3737739
- V. **Federal Identification Number:** 26-0076803
- VI. **Place of Business (if it has only one) or Chief Executive Office (if more than one place of business) and Mailing Address:**

Prime Therapeutics LLC  
1305 Corporate Center Drive  
Eagan, MN 55121

Attention: \_\_\_\_\_

VII. **Locations of Collateral:**

(a) Properties Owned by the Grantor:

None

(b) Properties Leased by the Grantor (Include Landlord's Name):

- I. Lease Agreement for 1020 Discovery Road, Eagan, MN with FIRSTCAL INDUSTRIAL 2 ACQUISITION, LLC  
Space: approximately 22,409 square feet  
Term: August 1, 2006 through July 31, 2013  
Lease Payments: approximately \$18,207 per month, through July 31, 2009;  
approximately \$19,608 per month from August 1, 2009-July 31, 2013

PLUS:

Temporary Expansion Space: approximately 20,400 square feet  
Term: March 1, 2007 through February 28, 2009  
Lease Payments: approximately \$18,700 per month

PLUS:

Temporary Office Space: approximately 15,638 square feet  
Term: March 1, 2007-July 31, 2007  
Lease Payments: approximately \$12,445 per month

- II. Lease Agreement for 1305 Corporate Center Drive, Eagan, MN, with Hub Properties Trust  
Space: approximately 141,069 square feet  
Term: August 29, 2005 through July 31, 2015  
Lease Payments: approximately \$115,268 per month to \$144,068 per month (increases occur throughout term in phases)
- III. Lease Agreement for 3030 Lexington Avenue, Eagan, MN. location with IRET PROPERTIES, a North Dakota Limited Partnership  
Space: approximately 13,455 square feet  
Term: February 1, 2007 through February 28, 2014  
Lease Payments: approximately \$9,475 per month to \$11,313 per month (increases occur throughout term in phases)
- IV. Lease Agreement for 10826 Farnam Drive, Omaha, NE location with Ameritas Life Insurance Corp.  
Space: approximately 35,273 square feet  
Term: October 1, 2005 through March 31, 2013  
Lease Payments: approximately \$8.50 per square foot through October 31, 2009; \$9.50 per square foot from November 1, 2009 through March 31, 2013.
- V. Lease Agreement for 4580 Paradise Blvd., Albuquerque, New Mexico location with 4580 Paradise Blvd. Associates, LP  
Space: approximately 69,610 square feet  
Term: October 1, 2006 through June 30, 2017  
Lease Payments: \$52,498 per month to \$59,459 per month (increases throughout term in phases)
- VI. Sub Lease Agreement for Citicorp Plaza, 8410 W Bryn Mawr, Suite 550, Chicago, IL location with FastServers, Inc., Sublessor  
Space: 3,576 square feet  
Term: May 1, 2006 through October 31, 2008  
Lease Payments: approximately \$5,364 per month
- VII. Lease Agreement for 2901 Kinwest Parkway, Irving, TX location with TriNet Corporate Partnership II, L.P.  
Space: approximately 185,019 square feet  
Term: April 1, 2004 through March 31, 2011

(c) Public Warehouses or other Locations pursuant to Bailment or Consignment Arrangements  
(include name of Warehouse Operator or other Bailee or Consignee):

None

- VII. **Prior Names:** The Borrower's business was originally operated by Prime Therapeutics, Inc., which has since conveyed its business to the Borrower in exchange for an equity interest in the Borrower

**EXHIBIT A**

(See Sections 3.2, 3.3, 3.4, 3.9 and 9.1 of Security Agreement)

**GRANTORS' INFORMATION AND COLLATERAL LOCATIONS**  
(Complete one for each Grantor)

- I. **Name of Grantor:** Prime Therapeutics Holdings LLC
- II. **State of Incorporation or Organization:** Delaware
- III. **Type of Entity:** Limited Liability Company
- IV. **Organizational Number assigned by State of Incorporation or Organization:** 4213882
- V. **Federal Identification Number:** 20-5573198
- VI. **Place of Business (if it has only one) or Chief Executive Office (if more than one place of business) and Mailing Address:**

Prime Therapeutics Holdings LLC  
1305 Corporate Center Drive  
Eagan, MN 55121

Attention: \_\_\_\_\_

VII. **Locations of Collateral:**

- (a) Properties Owned by the Grantor:

None

- (b) Properties Leased by the Grantor (Include Landlord's Name):

None

- (c) Public Warehouses or other Locations pursuant to Bailment or Consignment Arrangements (include name of Warehouse Operator or other Bailee or Consignee):

None



**EXHIBIT B**

(See Section 3.5 of Security Agreement)

**DEPOSIT ACCOUNTS**

Borrower

<u>Name of Institution</u>	<u>Account Number</u>	Check here if Deposit Account is a Collateral Deposit Account	Description of Deposit Account if not a Collateral <u>Deposit Account</u>
Wells Fargo Bank	402-0020152		DDA
Medicare- Wells Fargo	412-1173579		DDA
Wells Fargo	499-0068044		Controlled disbursement
Wells Fargo	499-0068036		Controlled disbursement
Wells Fargo	499-0060026		Controlled disbursement
Wells Fargo	404-0001331		ZBA
Wells Fargo	412-1229009		ZBA

PTH

<u>Name of Institution</u>	<u>Account Number</u>	Check here if Deposit Account is a Collateral Deposit Account	Description of Deposit Account if not a Collateral <u>Deposit Account</u>
Wells Fargo	875-5058230		DDA

**LOCK BOXES**

<u>Name of Institution</u>	<u>Lock Box Number</u>
None	

**EXHIBIT C**

(See Section 3.7 of Security Agreement)

LETTER OF CREDIT RIGHTS

None

CHATTEL PAPER

None

**EXHIBIT D**  
(See Section 3.10 and 3.11 of Security Agreement)  
**INTELLECTUAL PROPERTY RIGHTS**

Patents

None

Copyrights

None

Trademarks

**PRIME THERAPEUTICS TRADEMARK STATUS REPORT**

MATTER ID/ COUNTRY	MARK	SERIAL NO./ FILING DATE	REG. NO./ ISSUE DATE	NEXT ACTION	STATUS
PRJ019USTM01 United States	PRIMEIMPACT®	76/316651 9/24/2001	2784746 11/18/2003	§8 & §15 Affidavits Due 11/18/2009	Registered
PRJ022USTM01 United States	PRIMEMAIL®	76/316494 9/24/2001	2851324 6/8/2004	§8 & §15 Affidavits Due 6/8/2010	Registered
PRJ024USTM01 United States	PRIMEREPORTER™	76/320254 9/24/2001	3165531 10/31/2006	§8 & §15 Affidavits Due 10/31/2012	Registered
PRJ031USTM01 United States	PRIME THERAPEUTICS®	74/720611 8/24/1995	2063970 5/20/1997	Trademark Renewal Filed Awaiting Acceptance	Registered
PRJ037USTM01 United States	PRIME CDRX®	78/237426 4/14/2003	2855978 6/22/2004	§8 & §15 Affidavits Due 6/22/2010	Registered
PRJ047USTM01	PRIME THERAPEUTICS (and design)™	77/085749 1/18/2007		Waiting on first office action	Pending

MyRxHealth.com™  
MyRxAssistant.com™

These marks will be used with "™". There are no plans to register these marks at this time.

**EXHIBIT E**

(See Section 3.11 of Security Agreement)

TITLE DOCUMENTS

None

**EXHIBIT F**

**[Reserved]**

**EXHIBIT G**

(See Section 3.13 of Security Agreement and Definition of "Pledged Collateral")

LIST OF PLEDGED COLLATERAL, SECURITIES AND OTHER INVESTMENT PROPERTY

Borrower

STOCKS

<u>Issuer</u>	<u>Owner</u>	<u>Certificate Number(s)</u>	<u>Number of Shares</u>	<u>Class of Stock</u>	<u>Percentage of Outstanding Shares</u>
Prime Therapeutics Holdings LLC	Borrower	1	N/A	LLC Membership Interest	100%

Securities Accounts

<u>Name of Institution</u>	<u>Account Number</u>
Wells Fargo Bank	12770031- Money Market
Wells Fargo Bank	12917035- Money Market
Wells Capital Investment	13500202- Investment

PTH

None

**EXHIBIT H**

(See Section 3.1 of Security Agreement)

OFFICES IN WHICH FINANCING STATEMENTS HAVE BEEN FILED

Secretary of State of State of Delaware

**EXHIBIT I**

(See Section 4.4 and 4.8 of Security Agreement)

**AMENDMENT**

This Amendment, dated \_\_\_\_\_, \_\_\_\_\_ is delivered pursuant to Section 4.4 of the Security Agreement referred to below. All defined terms herein shall have the meanings ascribed thereto or incorporated by reference in the Security Agreement. The undersigned hereby certifies that the representations and warranties in Article III of the Security Agreement are and continue to be true and correct. The undersigned further agrees that this Amendment may be attached to that certain Pledge and Security Agreement, dated \_\_\_\_\_, \_\_\_\_\_, between the undersigned, as the Grantors, and JPMorgan Chase Bank, N.A., as the Lender, (the "Security Agreement") and that the Collateral listed on Schedule I to this Amendment shall be and become a part of the Collateral referred to in said Security Agreement and shall secure all Secured Obligations referred to in said Security Agreement.

\_\_\_\_\_  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



**SCHEDULE I TO AMENDMENT**

**STOCKS**

<u>Issuer</u>	<u>Certificate Number(s)</u>	<u>Number of Shares</u>	<u>Class of Stock</u>	<u>Percentage of Outstanding Shares</u>

**BONDS**

<u>Issuer</u>	<u>Number</u>	<u>Face Amount</u>	<u>Coupon Rate</u>	<u>Maturity</u>

**GOVERNMENT SECURITIES**

<u>Issuer</u>	<u>Number</u>	<u>Type</u>	<u>Face Amount</u>	<u>Coupon Rate</u>	<u>Maturity</u>

**OTHER SECURITIES OR OTHER INVESTMENT PROPERTY  
(CERTIFICATED AND UNCERTIFICATED)**

<u>Issuer</u>	<u>Description of Collateral</u>	<u>Percentage Ownership Interest</u>

[Add description of custody accounts or arrangements with securities intermediary, if applicable]

**COMMERCIAL TORT CLAIMS**

<u>Description of Claim</u>	<u>Parties</u>	<u>Case Number; Name of Court where Case was Filed</u>

**EXHIBIT J**

(See "Assigned Contracts" Definition)

**ASSIGNED CONTRACTS**

**Borrower**

\*\*\$1 million or more based on 2006 expenses

**Vendor Name**

SI Baker Inc.  
Printing Arts Inc.  
American Express  
Anda Inc.  
Fujitsu Consulting Inc.  
DHL Express (USA) Inc.  
Eleven Twenty Ltd  
TriNet Corporate Partners II  
MSI Systems Integrators  
Berbee  
Cardinal Health  
Novo 1  
SXC  
Intereum  
NBS  
1Staff Training & Dev  
Excell Services  
Hd Smith  
TMG Health, Inc.  
Vangent  
McKesson

Manufacturer agreements

**MANUFACTURERS - COMMERCIAL**

ABBOTT DIABETES CARE  
ABBOTT LABORATORIES  
ALCON  
ALLERGAN  
AMGEN  
AMYLIN  
ASTELLAS  
ASTELLAS f/k/a FUJISAWA  
ASTRA ZENECA  
AUXILIUM  
AVENTIS  
AXCAN SCANDIPHARM  
BARR LABORATORIES  
BAUSCH & LOMB

BAYER  
BECTON DICKINSON  
BERLEX  
BIOGEN IDEC  
BOEHRINGER INGELHEIM / PFIZER  
BOEHRINGER INGELHEIM  
BRISTOL-MYERS SQUIBB / SANOFI-  
AVENTIS  
CELLTECH  
CEPHALON  
DAIICHI PHARMACEUTICAL  
DAIICHI SANKYO  
DEY  
ELI LILLY AND COMPANY  
EMD SERONO  
ENDO  
FOREST LABORATORIES  
GALDERMA  
GENENTECH  
GENZYME  
GLAXOMITHKLINE  
INTENDIS  
ISTA PHARMACEUTICALS  
IVAX / TEVA SPECIALTY  
PHARMACEUTICALS  
JOHNSON & JOHNSON  
KOS PHARMACEUTICALS  
MALLINCKRODT  
MEDICIS  
MEDPOINTE  
MERCK & CO.  
MERCK SCHERING PLOUGH  
MINIMED  
MONARCH  
NOVARTIS  
NOVO NORDISK  
ORGANON  
PFIZER/EISAI  
PFIZER  
PROCTER & GAMBLE  
PURDUE PHARMA  
RELIANT  
ROCHE DIAGNOSTICS  
ROCHE LABORATORIES  
SALIX  
SANKYO PHARMA  
SANOFI-AVENTIS  
SANOFI-SYNTHELABO  
SANTARUS  
SCHERING

SCIELE  
SEPRACOR INC.  
SHIRE US  
SOLVAY  
STIEFEL LABORATORIES  
TAKEDA  
TAP PHARMACEUTICALS  
TEVA NEUROSCIENCE  
UCB PHARMA  
WATSON PHARMA  
WYETH PHARMACEUTICALS

**Manufacturers - Medicare Part D**

Abbott Labs  
Alcon  
Allergan  
Amgen  
Amylin  
Astellas  
AstraZeneca  
Axcan  
Bausch & Lomb  
Bayer  
Berlex  
Biogen Idec  
BIPI  
BIPI/Pfizer  
BMS  
BMS/Otsuka  
BMS/Sanofi  
Bradley  
Braintree  
CV Therapeutics  
Daiichi Sankyo, Inc.  
Eli Lilly  
Forest  
Fresenius-Nabi Biopharmaceuticals  
Galderma  
Genentech  
Genzyme  
GlaxoSmithKline  
IVAX  
Johnson & Johnson  
Kos  
Merck  
Merck/Schering Plough  
Monarch  
Novartis  
Novo Nordisk  
Pfizer

Pfizer/Eisai  
Proctor & Gamble  
Purdue Pharma LP  
Reliant  
Roche Laboratories  
Sanofi-Aventis  
Schering  
Sepracor Inc.  
Shire US  
Takeda  
TAP  
Teva Neuroscience  
UCB Pharma  
Valeant  
Vivus  
Watson Pharma

PTH

None