

# MR01

## Particulars of a charge



20/669/13

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You may use this form to register  
a charge created or evidenced by  
an instrument

☒ **What this form is NOT for**  
You may not use this form to  
register a charge where there is no  
instrument Use form MR02

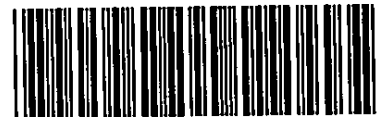
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This form must be delivered to the Registrar for registration  
**21 days** beginning with the day after the date of creation of the charge.  
If delivered outside of the 21 days it will be rejected unless it is a  
court order extending the time for delivery



You must enclose a certified copy of the instrument with this form  
scanned and placed on the public record

FRIDAY



LD6

"L2GT54SI"

13/09/2013

#49

For official use

### 1 Company details

Company number 0 5 5 6 7 9 7 5

Company name in full THREE RIVERS GLOBAL PHARMA LIMITED (the "Grantor")

#### Filing in this form

Please complete in typescript or in  
bold black capitals

All fields are mandatory unless  
specified or indicated by \*

### 2 Charge creation date

Charge creation date 2 9 0 8 2 0 1 3

### 3 Names of persons, security agents or trustees entitled to the charge

Please show the names of each of the persons, security agents or trustees  
entitled to the charge

Name Macquarie US Trading LLC (as agent) ✓

Name

Name

Name

If there are more than four names, please supply any four of these names then  
tick the statement below

☐ I confirm that there are more than four persons, security agents or  
trustees entitled to the charge

# MR01

## Particulars of a charge

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### Description

Please give a short description of any land (including buildings), ship, aircraft or intellectual property registered (or required to be registered) in the UK which is subject to this fixed charge or fixed security

#### Continuation page

Please use a continuation page if you need to enter more details

Description

Any and all present and future agreements providing for the granting of any right in or to all copyrights, whether registered or unregistered, owned by or assigned to such Grantor and all registrations and applications for the foregoing (whether by statutory or common law, whether established or registered in the United States, any State thereof, or any other country or any political subdivision thereof and, in each case, whether owned by or licensed to such Grantor), and all goodwill associated therewith, now existing or hereafter adopted or acquired, together with any and all (i) rights and privileges arising under applicable law with respect to such Grantor's use of any copyrights, (ii) reissues, continuations, extensions and renewals thereof and amendments thereto, (iii) income, fees, royalties, damages and payments now and hereafter due and/or payable thereunder and with respect thereto, including damages, claims and payments for past, present or future infringements thereof, (iv) rights corresponding thereto throughout the world and (v) rights to sue for past, present and future infringements thereof

(Continued on MR01 Continuation Page 1)

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### Fixed charge or fixed security

Does the instrument include a fixed charge or fixed security over any tangible or intangible (or in Scotland) corporeal or incorporeal property not described above? Please tick the appropriate box

☒ Yes

☐ No

6

### Floating charge

Is the instrument expressed to contain a floating charge? Please tick the appropriate box

☐ Yes Continue

☒ No Go to Section 7

Is the floating charge expressed to cover all the property and undertaking of the company?

☐ Yes

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### Negative Pledge

Do any of the terms of the charge prohibit or restrict the chargor from creating any further security that will rank equally with or ahead of the charge? Please tick the appropriate box

☒ Yes

☐ No

# MR01 - continuation page

## Particulars of a charge

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### Description

Please give a short description of any land (including buildings), ship, aircraft or intellectual property registered (or required to be registered) in the UK which is subject to this fixed charge or fixed security

Description

(MR01 Continuation Page 1 of 1)

All present and future agreements providing for the granting of any right in or to all letters patent issued or assigned to, and all patent applications and registrations made by, such Grantor (whether established or registered or recorded in the United States or any other country or any political subdivision thereof and, in each case, whether owned by or licensed to such Grantor), and all goodwill associated therewith, now existing or hereafter adopted or acquired, together with any and all (i) rights and privileges arising under applicable law with respect to such Grantor's use of any patents, (ii) inventions and improvements described and claimed therein, (iii) reissues, divisions, continuations, renewals, extensions and continuations-in-part thereof and amendments thereto, and rights to obtain any of the foregoing, (iv) income, fees, royalties, damages, claims and payments now or hereafter due and/or payable thereunder and with respect thereto including damages and payments for past, present or future infringements thereof, (v) rights corresponding thereto throughout the world and (vi) rights to sue for past, present or future infringements thereof

Any and all present and future agreements providing for the granting of any right in or to all trademarks, service marks, slogans, logos, certification marks, trade dress, uniform resource locations (URL's), domain names, corporate names, trade names and other source or business identifiers, whether registered or unregistered, owned by or assigned to such Grantor and all registrations and applications for the foregoing (whether by statutory or common law, whether established or registered in the United States, any State thereof, or any other country or any political subdivision thereof and, in each case, whether owned by or licensed to such Grantor), and all goodwill associated therewith, now existing or hereafter adopted or acquired, together with any and all (i) rights and privileges arising under applicable law with respect to such Grantor's use of any trademarks, (ii) reissues, continuations, extensions and renewals thereof and amendments thereto, (iii) income, fees, royalties, damages and payments now and hereafter due and/or payable thereunder and with respect thereto, including damages, claims and payments for past, present or future infringements thereof, (iv) rights corresponding thereto throughout the world and (v) rights to sue for past, present and future infringements thereof

MR01

Particulars of a charge

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**Trustee statement <sup>1</sup>**

You may tick the box if the company named in Section 1 is acting as trustee of the property or undertaking which is the subject of the charge

☐

<sup>1</sup> This statement may be filed after the registration of the charge (use form MR06)

9

**Signature**

Please sign the form here

Signature

Signature

x Akin Gump LLP x

This form must be signed by a person with an interest in the charge

# MR01

## Particulars of a charge



### Presenter information

We will send the certificate to the address entered below. All details given here will be available on the public record. You do not have to show any details here but, if none are given, we will send the certificate to the company's Registered Office address.

Contact name  
Vanessa Evans

Company name  
Akin Gump LLP

Address  
10 Bishops Square

Post town  
LONDON

County/Region

Postcode  
E 1 6 E G

Country

DX

Telephone



### Certificate

We will send your certificate to the presenter's address if given above or to the company's Registered Office if you have left the presenter's information blank.



### Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☒ The company name and number match the information held on the public Register
- ☒ You have included a certified copy of the instrument with this form
- ☒ You have entered the date on which the charge was created
- ☒ You have shown the names of persons entitled to the charge
- ☒ You have ticked any appropriate boxes in Sections 3, 5, 6, 7 & 8
- ☒ You have given a description in Section 4, if appropriate
- ☒ You have signed the form
- ☒ You have enclosed the correct fee
- ☒ Please do not send the original instrument, it must be a certified copy



### Important information

Please note that all information on this form will appear on the public record.



### How to pay

A fee of £13 is payable to Companies House in respect of each mortgage or charge filed on paper.

Make cheques or postal orders payable to 'Companies House'.



### Where to send

You may return this form to any Companies House address. However, for expediency, we advise you to return it to the appropriate address below.

**For companies registered in England and Wales**  
The Registrar of Companies, Companies House,  
Crown Way, Cardiff, Wales, CF14 3UZ  
DX 33050 Cardiff

**For companies registered in Scotland**  
The Registrar of Companies, Companies House,  
Fourth floor, Edinburgh Quay 2,  
139 Fountainbridge, Edinburgh, Scotland, EH3 9FF  
DX ED235 Edinburgh 1  
or LP - 4 Edinburgh 2 (Legal Post)

**For companies registered in Northern Ireland**  
The Registrar of Companies, Companies House,  
Second Floor, The Linenhall, 32-38 Linenhall Street,  
Belfast, Northern Ireland, BT2 8BG  
DX 481 N R Belfast 1



### Further information

For further information, please see the guidance notes on the website at [www.companieshouse.gov.uk](http://www.companieshouse.gov.uk) or email [enquiries@companieshouse.gov.uk](mailto:enquiries@companieshouse.gov.uk)

This form is available in an alternative format. Please visit the forms page on the website at [www.companieshouse.gov.uk](http://www.companieshouse.gov.uk)



**FILE COPY**

## **CERTIFICATE OF THE REGISTRATION OF A CHARGE**

Company number: 5567975

Charge code: 0556 7975 0002

The Registrar of Companies for England and Wales hereby certifies that a charge dated 29th August 2013 and created by THREE RIVERS GLOBAL PHARMA LIMITED was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 13th September 2013

P

Given at Companies House, Cardiff on 17th September 2013

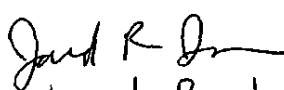


Companies House



THE OFFICIAL SEAL OF THE  
REGISTRAR OF COMPANIES

I certify that this is a true, complete and up-to-date copy of the original.

 8/29/2013  
Jared R. Jamesson, Esq.  
Associate Attorney  
Registered in New York, U.S.A.

Akin Gump Strauss Hauer  
& Feld LLP  
One Bryant Park  
Bank of America Tower  
New York, NY 10036-6745

**SUPPLEMENTAL GUARANTY AND SECURITY AGREEMENT**

dated as of

August 29, 2013

made by

KADMON PHARMACEUTICALS, LLC  
as Borrower

KADMON HOLDINGS, LLC  
as Guarantor

and

The Other Grantors From Time to Time Party Hereto,

in favor of

MACQUARIE US TRADING LLC,  
as Administrative Agent

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## SUPPLEMENTAL GUARANTY AND SECURITY AGREEMENT

This SUPPLEMENTAL GUARANTY AND SECURITY AGREEMENT, dated as of August 29, 2013 (this "Agreement") is made by and among Kadmon Pharmaceuticals, LLC, a Pennsylvania limited liability company (the "Borrower"), Kadmon Holdings, LLC, a Delaware limited liability company ("Holdings"), and certain Subsidiaries of Holdings now or hereafter becoming parties hereto (together with Borrower, Holdings and any other Subsidiary of Holdings that becomes a party hereto from time to time after the date hereof, each a "Grantor" and collectively, the "Grantors"), in favor of Macquarie US Trading LLC, as administrative agent, collateral agent and custodian (in such capacity, together with its successors in such capacity, the "Administrative Agent") for the Secured Parties (as defined below) and is supplemental and subordinate in all respects to the Amended Guaranty and Security Agreement (as defined below)

### WITNESSETH:

**WHEREAS**, the Borrower has entered into an Amended and Restated Credit Agreement, dated as of October 31, 2011, by and among the Borrower, Holdings, the lenders from time to time parties thereto and Cortland Capital Market Services LLC as the then administrative agent, collateral agent and custodian (as amended, supplemented or otherwise modified from time to time, the "Existing Credit Agreement"), as amended and restated by the Second Amended and Restated Credit Agreement, dated as of June 17, 2013, by and among the Borrower, Holdings, the lenders from time to time parties thereto and the Administrative Agent (as amended, restated, supplemented, modified, replaced, increased or refinanced from time to time, the "Credit Agreement") and pursuant to which the Administrative Agent was appointed by the Lenders as successor administrative agent, collateral agent and custodian in replacement of Cortland Capital Market Services LLC under the Credit Agreement and under the other Loan Documents (including the Amended and Restated Guaranty and Security Agreement), capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Credit Agreement,

**WHEREAS**, it is a condition precedent to the obligations of the Lenders and the Administrative Agent under the Loan Documents that the Grantors are required to enter into this Agreement, pursuant to which the Grantors (other than the Borrower) shall guaranty all Obligations of the Borrower and the Grantors (including the Borrower) shall grant Liens on all their personal property to the Administrative Agent, on behalf of the Secured Parties, to secure their respective Obligations,

**WHEREAS**, the Grantors have entered into an Amended and Restated Guaranty and Security Agreement, dated as of October 31, 2011 (as amended, restated, supplemented or otherwise modified from time to time, including by an Agency Transfer, Amendment to and Acknowledgment and Reaffirmation of Amended and Restated Guaranty and Security Agreement, dated as of June 17, 2013, and made by and among the Borrower, Holdings and certain Subsidiaries of Holdings signatory thereto, Cortland Capital Market Services LLC, as the resigning administrative agent, collateral agent and custodian, the Administrative Agent and acknowledged and agreed to by the Lenders signatory thereto, the "Amended and Restated Guaranty and Security Agreement") in favor of the Administrative Agent, as the administrative agent, collateral agent and custodian for the benefit of the Secured Parties,

**WHEREAS**, Kadmon Research Institute, LLC acceded to the Amended and Restated Guaranty and Security Agreement pursuant to the terms of the Joinder to Amended and

Restated Guaranty and Security Agreement, dated as of June 17, 2013, and made by Kadmon Research Institute, LLC in favor of the Administrative Agent for the Secured Parties,

NOW, THEREFORE, in consideration of the premises and to induce the Administrative Agent and the Lenders to enter into the Credit Agreement and to induce the Lenders to make their respective extensions of credit to the Borrower thereunder, each Grantor hereby agrees with the Administrative Agent, for the ratable benefit of the Secured Parties, as follows

## **ARTICLE I.**

### **Definitions**

#### **Section 1 01 Definitions**

(a) Each term defined above shall have the meaning set forth above for all purposes of this Agreement Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings assigned to such terms in the Credit Agreement, and the terms Account Debtor, Accounts, Chattel Paper, Commercial Tort Claims, Deposit Accounts, Documents, Electronic Chattel Paper, Equipment, Fixtures, General Intangibles, Goods, Instruments, Inventory, Investment Property, Letter-of-Credit Rights, Payment Intangibles, Supporting Obligations, and Tangible Chattel Paper shall have the meanings assigned to such terms in the UCC as in effect on the date hereof

(b) The following terms shall have the following meanings

“Agreement” shall mean this Supplemental Guaranty and Security Agreement, as amended, restated, supplemented or otherwise modified from time to time

“Collateral” shall have the meaning assigned such term in Section 3 01

“Copyright Licenses” means any and all present and future agreements providing for the granting of any right in or to Copyrights (whether such Grantor is licensee or licensor thereunder)

“Copyrights” means, collectively, with respect to each Grantor, all copyrights, whether registered or unregistered, owned by or assigned to such Grantor and all registrations and applications for the foregoing (whether by statutory or common law, whether established or registered in the United States, any State thereof, or any other country or any political subdivision thereof and, in each case, whether owned by or licensed to such Grantor), and all goodwill associated therewith, now existing or hereafter adopted or acquired, together with any and all (i) rights and privileges arising under applicable law with respect to such Grantor’s use of any copyrights, (ii) reissues, continuations, extensions and renewals thereof and amendments thereto, (iii) income, fees, royalties, damages and payments now and hereafter due and/or payable thereunder and with respect thereto, including damages, claims and payments for past, present or future infringements thereof, (iv) rights corresponding thereto throughout the world and (v) rights to sue for past, present and future infringements thereof

“Excluded Property” means any voting Equity Interest in excess of 65% of the outstanding voting Equity Interest of any Foreign Subsidiary owned directly by Holdings or any Domestic Subsidiary, if the Borrower certifies to the Secured Parties at the time such

Foreign Subsidiary becomes a direct or indirect subsidiary of Holdings that a pledge of all the voting Equity Interests of such Foreign Subsidiary would result in materially adverse tax consequences, provided, however, "Excluded Property" shall not include any proceeds, products, substitutions or replacements of Excluded Property (unless such proceeds, products, substitutions or replacements would otherwise constitute Excluded Property)

"Goods" shall mean all Inventory, Equipment, and other "goods" as defined in Article 9 of the UCC now or hereafter in effect

"Guaranteed Obligations" shall have the meaning assigned such term in Section 3.02(a)

"Guarantors" shall mean, collectively, each Grantor other than the Borrower

"Intercompany Note" means the Master Intercompany Promissory Note, dated as of October 22, 2010, made by the Grantors in favor of all other Grantors, as the same may be amended, restated, supplemented or otherwise modified from time to time

"Issuers" shall mean, collectively, each issuer of a Pledged Security

"Loans" shall mean the Term Loans extended under the Credit Agreement by the Lenders

"Monetary Obligation" shall refer to a monetary obligation secured by goods or owed under a lease of the goods and includes a monetary obligation with respect to software used in the goods as defined in Article 9 of the UCC now or hereafter in effect

"Note" shall mean an instrument that evidences a promise to pay a Monetary Obligation and any other instrument within the description of "promissory note" as defined in Article 9 of the UCC now or hereafter in effect

"Patent Licenses" means all present and future agreements providing for the granting of any right in or to Patents (whether the applicable Grantor is licensee or licensor thereunder)

"Patents" means, collectively, with respect to each Grantor, all letters patent issued or assigned to, and all patent applications and registrations made by, such Grantor (whether established or registered or recorded in the United States or any other country or any political subdivision thereof and, in each case, whether owned by or licensed to such Grantor), and all goodwill associated therewith, now existing or hereafter adopted or acquired, together with any and all (i) rights and privileges arising under applicable law with respect to such Grantor's use of any patents, (ii) inventions and improvements described and claimed therein, (iii) reissues, divisions, continuations, renewals, extensions and continuations-in-part thereof and amendments thereto, and rights to obtain any of the foregoing, (iv) income, fees, royalties, damages, claims and payments now or hereafter due and/or payable thereunder and with respect thereto including damages and payments for past, present or future infringements thereof, (v) rights corresponding thereto throughout the world and (vi) rights to sue for past, present or future infringements thereof

"Perfection Certificate" shall mean the perfection certificate delivered to the Administrative Agent on the Closing Date pursuant to the terms of Section 3.1 of the Credit Agreement

"Pledged Certificated Stock" shall mean all certificated securities and any other Equity Interests of any Person, other than Excluded Property, evidenced by a certificate, instrument or other similar document, in each case owned by any Grantor, and any distribution of property made on, in respect of or in exchange for the foregoing from time to time, including all Equity Interests listed on Schedule 2

"Pledged Securities" shall mean collectively, all Pledged Certificated Stock and Pledged Uncertificated Stock

"Pledged Uncertificated Stock" means any Equity Interest or Stock Equivalent of any Person, that is not Pledged Certificated Stock or Excluded Property, including all right, title and interest of any Grantor as a limited or general partner in any partnership not constituting Pledged Certificated Stock or as a member of any limited liability company, all right, title and interest of any Grantor in, to and under any organizational document of any partnership or limited liability company to which it is a party, and any distribution of property made on, in respect of or in exchange for the foregoing from time to time, including in each case those interests set forth on Schedule 2, to the extent such interests are not certificated

"Proceeds" shall mean the proceeds of any of the Collateral

"Secured Parties" shall mean the Administrative Agent and the Lenders "Securities Act" shall mean the Securities Act of 1933, as amended

"Stock Equivalents" means all securities convertible into or exchangeable for Equity Interest or any other Stock Equivalent and all warrants, options or other rights to purchase, subscribe for or otherwise acquire any Equity Interest or any other Stock Equivalent, whether or not presently convertible, exchangeable or exercisable

"Trademark Licenses" means any and all present and future agreements providing for the granting of any right in or to Trademarks (whether such Grantor is licensee or licensor thereunder)

"Trademarks" means, collectively, with respect to each Grantor, all trademarks, service marks, slogans, logos, certification marks, trade dress, uniform resource locations (URL's), domain names, corporate names, trade names and other source or business identifiers, whether registered or unregistered, owned by or assigned to such Grantor and all registrations and applications for the foregoing (whether by statutory or common law, whether established or registered in the United States, any State thereof, or any other country or any political subdivision thereof and, in each case, whether owned by or licensed to such Grantor), and all goodwill associated therewith, now existing or hereafter adopted or acquired, together with any and all (i) rights and privileges arising under applicable law with respect to such Grantor's use of any trademarks, (ii) reissues, continuations, extensions and renewals thereof and amendments thereto, (iii) income, fees, royalties, damages and payments now and hereafter due and/or payable thereunder and with respect thereto, including damages, claims and payments for past, present or future infringements thereof, (iv) rights corresponding thereto throughout the world and (v) rights to sue for past, present and future infringements thereof

"UCC" shall mean the Uniform Commercial Code as in effect from time to time in the State of New York

"Vehicles" shall mean all vehicles covered by a certificate of title law of any state

Section 1 02 Other Definitional Provisions, References The definition of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "will" shall be construed to have the same meaning and effect as the word "shall". Unless the context requires otherwise (c) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (d) any reference herein to any Person shall be construed to include such Person's successors and assigns, (e) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (f) all references herein to Articles, Sections, Exhibits and Schedules shall, unless otherwise stated, be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement and (g) the words "asset" and "Property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights. Where the context requires, terms relating to the Collateral or any part thereof, when used in relation to a Grantor, shall refer to such Grantor's Collateral or the relevant part thereof.

## **ARTICLE II.**

### **Guarantee**

#### **Section 2 01 Guarantee**

(a) Each Guarantor unconditionally guarantees, jointly with the other Guarantors and severally, as a primary obligor and not merely as a surety, (i) the due and punctual payment of all Obligations of the Borrower and the other Loan Parties including, without limitation, (A) the principal of and premium (including the Repayment Premium), if any, and interest (including interest accruing during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding) on the Loans, when and as due, whether at maturity, by acceleration, upon one or more dates set for prepayment or otherwise, and (B) all other monetary obligations, including fees, costs, expenses and indemnities, whether primary, secondary, direct, contingent, fixed or otherwise (including monetary obligations incurred during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding), of the Loan Parties to the Administrative Agent and the Lenders under the Credit Agreement and the other Loan Documents, and (ii) the due and punctual performance of all covenants, agreements, obligations and liabilities of the Loan Parties under or pursuant to the Credit Agreement and the other Loan Documents, (all the monetary and other obligations referred to in the preceding clauses (i) through (ii) being collectively called the "Guaranteed Obligations") Each Guarantor further agrees that the Guaranteed Obligations may be extended or renewed, in whole or in part, without notice to or further assent from such Guarantor, and that such Guarantor will remain bound upon its guarantee notwithstanding any extension or renewal of any Guaranteed Obligations.

(b) Each Guarantor further agrees that its guarantee constitutes a guarantee of payment when due and not of collection, and waives any right to require that any resort be had by the Administrative Agent or any Secured Party to any of the security held for payment of the Guaranteed Obligations or to any balance of any deposit account or credit on the books of the Administrative Agent or any Secured Party in favor of the Borrower or any other Guarantor

(c) It is the intent of each Guarantor and the Lenders that the maximum obligations of the Guarantors (other than Holdings) hereunder shall be, but shall be not in excess of

(i) in a case or proceeding commenced by or against any Guarantor under the provisions of Title 11 of the United States Code, 11 U.S.C. §§101 et seq (the "Bankruptcy Code") on or within one year from the date on which any of the Guaranteed Obligations are incurred, the maximum amount which would not otherwise cause the Guaranteed Obligations (or any other obligations of such Guarantor owed to the Administrative Agent or the Secured Parties) to be avoidable or unenforceable against such Guarantor under (i) Section 548 of the Bankruptcy Code or (ii) any state fraudulent transfer or fraudulent conveyance act or statute applied in such case or proceeding by virtue of Section 544 of the Bankruptcy Code, or

(ii) in a case or proceeding commenced by or against any Guarantor under the Bankruptcy Code subsequent to one year from the date on which any of the

(iii) Guaranteed Obligations are incurred, the maximum amount which would not otherwise cause the Guaranteed Obligations (or any other obligations of such Guarantor to the Administrative Agent or the Secured Parties) to be avoidable or unenforceable against such Guarantor under any state fraudulent transfer or fraudulent conveyance act or statute applied in any such case or proceeding by virtue of Section 544 of the Bankruptcy Code, or

(iv) in a case or proceeding commenced by or against any Guarantor under any law, statute or regulation other than the Bankruptcy Code (including, without limitation, any other bankruptcy, reorganization, arrangement, moratorium, readjustment of debt, dissolution, liquidation or similar debtor relief laws), the maximum amount which would not otherwise cause the Guaranteed Obligations (or any other obligations of such Guarantor to the Administrative Agent or the Secured Parties) to be avoidable or unenforceable against such Guarantor under such law, statute or regulation including, without limitation, any state fraudulent transfer or fraudulent conveyance act or statute applied in any such case or proceeding

(d) The substantive laws under which the possible avoidance or unenforceability of the Guaranteed Obligations (or any other obligations of such Guarantor to the Administrative Agent or the Secured Parties) as may be determined in any case or proceeding shall hereinafter be referred to as the "Avoidance Provisions". To the extent set forth in Section 2.01 (c)(i), (c)(ii) and (c)(iii), but only to the extent that the Guaranteed Obligations would otherwise be subject to avoidance or found unenforceable under the Avoidance Provisions, if any Guarantor is not deemed to have received valuable consideration, fair value or reasonably equivalent value for the Guaranteed Obligations, or if the Guaranteed Obligations would render such Guarantor insolvent, or leave such Guarantor

with an unreasonably small amount of capital to conduct its business, or cause such Guarantor to have incurred debts (or to have intended to have incurred debts) beyond its ability to pay such debts as they mature, in each case as of the time any of the Guaranteed Obligations are deemed to have been incurred under the Avoidance Provisions and after giving effect to the contribution by such Guarantor, the maximum Guaranteed Obligations for which such Guarantor shall be liable hereunder shall be reduced to that amount which, after giving effect thereto, would not cause the Guaranteed Obligations (or any other obligations of such Guarantor to the Administrative Agent or the Secured Parties), as so reduced, to be subject to avoidance or unenforceability under the Avoidance Provisions

(e) This Section 2 01 is intended solely to preserve the rights of the Administrative Agent and the Secured Parties hereunder to the maximum extent that would not cause the Guaranteed Obligations of such Guarantor to be subject to avoidance or unenforceability under the Avoidance Provisions, and neither the Grantors nor any other Person shall have any right or claim under this Section 2 01 as against the Administrative Agent or any Secured Party that would not otherwise be available to such Person under the Avoidance Provisions

(f) Each Guarantor agrees that if the maturity of any of the Secured Obligations is accelerated by bankruptcy or otherwise, such maturity shall also be deemed accelerated for the purpose of this guarantee without demand or notice to such Guarantor. The guarantee contained in this ARTICLE II shall remain in full force and effect until all Secured Obligations are irrevocably satisfied in full and all Commitments have been irrevocably terminated, notwithstanding that from time to time during the term of the Credit Agreement, no Obligations may be outstanding

Section 2 02 Payments Each Guarantor hereby agrees and guarantees that payments hereunder will be paid to the Administrative Agent without set-off or counterclaim in U S dollars at the office of the Administrative Agent specified pursuant to the Credit Agreement

### **ARTICLE III. Grant of Security Interest**

Section 3 01 Amended and Restated Guaranty and Security Agreement This Agreement is supplemental and subordinate in all respects to the Amended and Restated Guaranty and Security Agreement. This Agreement shall not be construed as a waiver or amendment of any provision of the Amended and Restated Guaranty and Security Agreement or the other Loan Documents and all of the terms and provisions of the Amended and Restated Guaranty and Security Agreement and the other Loan Documents shall remain in full force and effect

Section 3 02 Grant of Security Interest Each Grantor hereby pledges, assigns and transfers to the Administrative Agent, and grants to the Administrative Agent, for the ratable benefit of the Secured Parties, a security interest in all of the following property now owned or at any time hereafter acquired by such Grantor or in which such Grantor now has or at any time in the future may acquire any right, title or interest and whether now existing or hereafter coming into existence (collectively, the "Collateral"), as collateral security for the prompt and complete payment and performance when due (whether at the stated maturity, by acceleration or otherwise) of the Obligations of the Grantors (collectively, the "Secured Obligations")



- (a) all Accounts and Chattel Paper,
- (b) all Copyrights and Copyright Licenses,
- (c) all Commercial Tort Claims;
- (d) all contracts,
- (e) all Deposit Accounts,
- (f) all Documents,
- (g) all General Intangibles,
- (h) all Goods (including, without limitation, all Inventory, all Equipment and all Fixtures),
- (i) all Instruments,
- (j) all Investment Property,
- (k) all Letter-of-Credit Rights,
- (l) all Notes and intercompany obligations between the Loan Parties,
- (m) all Patents and Patent Licenses,
- (n) all Pledged Securities,
- (o) all Trademarks and Trademark Licenses,
- (p) all Vehicles,
- (q) all books and records, Supporting Obligations and related letters of credit or other claims and causes of action, in each case, to the extent pertaining to the Collateral, and
- (r) to the extent not otherwise included, substitutions, replacements, accessions, products and proceeds (including, without limitation, insurance proceeds, licenses, royalties, income, payments, claims, damages and proceeds of suit) of any or all of the foregoing and all collateral security, guarantees and other Supporting Obligations given with respect to any of the foregoing,

provided, however, notwithstanding the foregoing, no Lien or security interest is hereby granted on any Excluded Property, and to the extent that any Collateral later becomes Excluded Property, the Lien granted hereunder will automatically be deemed to have been released, provided, further, that if and when any property shall cease to be Excluded Property, a Lien on and security in such property shall be deemed granted therein

In connection with the security interest granted hereunder, each Grantor represents and warrants that it has delivered possession of the Intercompany Note to the Administrative Agent in the State of Illinois

Section 3 03 Transfer of Pledged Securities All certificates and instruments representing or evidencing the Pledged Certificated Stock shall be delivered to and held pursuant hereto by the Administrative Agent, a Person designated by the Administrative Agent, or the Convertible Credit Facility Administrative Agent and, in the case of an instrument or certificate in registered form, shall be duly indorsed to the Administrative Agent or in blank by an effective endorsement (whether on the certificate or instrument or on a separate writing), and accompanied by any required transfer tax stamps to effect the pledge of the Pledged Securities to the Administrative Agent. Notwithstanding the preceding sentence, all Pledged Certificated Stock must be delivered or transferred in such manner, and each Grantor shall take all such further action as may be requested by the Administrative Agent, as to permit the Administrative Agent to be a "protected purchaser" to the extent of its security interest as provided in Section 8-303 of the UCC.

Section 3 04 Grantors Remain Liable under Accounts, Chattel Paper and Payment Intangibles Anything herein to the contrary notwithstanding, each Grantor shall remain liable under each of the Accounts, Chattel Paper and Payment Intangibles to observe and perform all the conditions and obligations to be observed and performed by it thereunder, all in accordance with the terms of any agreement giving rise to each such Account, Chattel Paper or Payment Intangible. Neither the Administrative Agent nor any other Secured Party shall have any obligation or liability under any Account, Chattel Paper or Payment Intangible (or any agreement giving rise thereto) by reason of or arising out of this Agreement or the receipt by the Administrative Agent or any such other Secured Party of any payment relating to such Account, Chattel Paper or Payment Intangible, pursuant hereto, nor shall the Administrative Agent or any other Secured Party be obligated in any manner to perform any of the obligations of any Grantor under or pursuant to any Account, Chattel Paper or Payment Intangible (or any agreement giving rise thereto), to make any payment, to make any inquiry as to the nature or the sufficiency of any payment received by it or as to the sufficiency of any performance by any party under any Account, Chattel Paper or Payment Intangible (or any agreement giving rise thereto), to present or file any claim, to take any action to enforce any performance or to collect the payment of any amounts which may have been assigned to it or to which it may be entitled at any time or times.

#### **ARTICLE IV.**

##### **Acknowledgments, Waivers and Consents**

###### **Section 4 01 Acknowledgments, Waivers and Consents**

(a) Each Guarantor acknowledges and agrees that the obligations undertaken by it under this Agreement involve the guarantee of, and each Grantor acknowledges and agrees that the obligations undertaken by it under this Agreement involve the provision of collateral security for, Obligations of Persons other than such Grantor and that such Grantor's guarantee and provision of collateral security for the Secured Obligations are absolute, irrevocable and unconditional under any and all circumstances. In full recognition and furtherance of the foregoing, each Grantor understands and agrees, to the fullest extent permitted under applicable law and except as may otherwise be expressly and specifically provided in the Loan Documents, that each Grantor shall remain obligated hereunder (including, without limitation, with respect to each Guarantor the guarantee made by it herein and, with respect to each Grantor, the collateral security provided by such Grantor herein) and the enforceability and effectiveness of this Agreement and the liability of such Grantor, and the rights, remedies, powers and privileges of the Administrative Agent

and the other Secured Parties under this Agreement and the other Loan Documents shall not be affected, limited, reduced, discharged or terminated in any way

(i) notwithstanding that, without any reservation of rights against any Grantor and without notice to or further assent by any Grantor, (A) any demand for payment of any of the Secured Obligations made by the Administrative Agent for the benefit of the Secured Parties may be rescinded by the Administrative Agent and any of the Secured Obligations continued, (B) the Secured Obligations, the liability of any other Person upon or for any part thereof or any collateral security or guarantee therefor or right of offset with respect thereto, may, from time to time, in whole or in part, be renewed, extended, amended, modified, accelerated, compromised, waived, surrendered or released by, or any indulgence or forbearance in respect thereof granted by, the Administrative Agent for the benefit of the Secured Parties, (C) the Credit Agreement, the other Loan Documents, and all other documents executed and delivered in connection therewith may be amended, modified, supplemented or terminated, in whole or in part, as the Administrative Agent (at the direction of the Required Lenders, all Lenders, or the other parties thereto, as the case may be) may deem advisable from time to time, (D) the Borrower, any Guarantor or any other Person may from time to time accept or enter into new or additional agreements, security documents, guarantees or other instruments in addition to, in exchange for or relative to, any Loan Document, all or any part of the Secured Obligations or any Collateral now or in the future serving as security for the Secured Obligations, (E) any collateral security, guarantee or right of offset at any time held by the Administrative Agent or any other Secured Party for the payment of the Secured Obligations may be sold, exchanged, waived, surrendered or released, and (F) any other event shall occur which constitutes a defense or release of sureties generally, and

(ii) without regard to, and each Grantor hereby expressly waives to the fullest extent permitted by law any defense now or in the future arising by reason of, (A) the illegality, invalidity or unenforceability of the Credit Agreement, any other Loan Document, any of the Secured Obligations or any other collateral security therefor or guarantee or right of offset with respect thereto at any time or from time to time held by the Administrative Agent or any other Secured Party, (B) any defense, set-off or counterclaim (other than a defense of payment or performance) which may at any time be available to or be asserted by any Grantor or any other Person against the Administrative Agent or any other Secured Party, (C) the insolvency, bankruptcy arrangement, reorganization, adjustment, composition, liquidation, disability, dissolution or lack of power of any Grantor or any other Person at any time liable for the payment of all or part of the Secured Obligations or the failure of the Administrative Agent on behalf of the other Secured Parties to file or enforce a claim in bankruptcy or other proceeding with respect to any Person, or any sale, lease or transfer of any or all of the assets of any Grantor, or any changes in the shareholders of any Grantor, (D) the fact that any Collateral or Lien contemplated or intended to be given, created or granted as security for the repayment of the Secured Obligations shall not be properly perfected or created, or shall prove to be unenforceable or subordinate to any other Lien, it being recognized and agreed by each of the Grantors that it is not entering into this Agreement in reliance on, or in contemplation of the benefits of, the validity, enforceability, collectability or value of any of the Collateral for the Secured Obligations, (E) any failure of the Administrative Agent to marshal assets in favor of any Grantor or any other Person, to exhaust any collateral for all or

any part of the Secured Obligations, to pursue or exhaust any right, remedy, power or privilege it may have against any Grantor or any other Person or to take any action whatsoever to mitigate or reduce any Grantor's liability under this Agreement or any other Loan Document, (F) any law which provides that the obligation of a surety or guarantor must neither be larger in amount nor in other respects more burdensome than that of the principal or which reduces a surety's or guarantor's obligation in proportion to the principal obligation, (G) the possibility that the Secured Obligations may at any time and from time to time exceed the aggregate liability of such Grantor under this Agreement, or (H) any other circumstance or act whatsoever, including any action or omission of the type described in Section 4 01(a) (with or without notice to or knowledge of any Grantor), which constitutes, or might be construed to constitute, an equitable or legal discharge or defense of the Borrower for the Obligations, or of such Guarantor under the guarantee contained in ARTICLE II or with respect to the collateral security provided by such Grantor herein, or which might be available to a surety or guarantor, in bankruptcy or in any other instance

(b) Each Grantor hereby waives to the extent permitted by law (i) except as expressly provided otherwise in any Loan Document, all notices to such Grantor, or to any other Person, including but not limited to, notices of the acceptance of this Agreement, the guarantee contained in ARTICLE II or the provision of collateral security provided herein, or the creation, renewal, extension, modification, accrual of any Secured Obligations, or notice of or proof of reliance by the Administrative Agent or any other Secured Party upon the guarantee contained in ARTICLE II or upon the collateral security provided herein, or of default in the payment or performance of any of the Secured Obligations owed to the Administrative Agent or any other Secured Party and enforcement of any right or remedy with respect thereto, or notice of any other matters relating thereto, the Secured Obligations, and any of them, shall conclusively be deemed to have been created, contracted or incurred, or renewed, extended, amended or waived, in reliance upon the guarantee contained in ARTICLE II and the collateral security provided herein and no notice of creation of the Secured Obligations or any extension of credit already or hereafter contracted by or extended to the Borrower need be given to any Grantor, and all dealings between the Borrower and any of the Grantors, on the one hand, and the Administrative Agent and the other Secured Parties, on the other hand, likewise shall be conclusively presumed to have been had or consummated in reliance upon the guarantee contained in ARTICLE II and on the collateral security provided herein, (ii) diligence and demand of payment, presentment, protest, dishonor and notice of dishonor, (iii) any statute of limitations affecting any Grantor's liability hereunder or the enforcement thereof, (iv) all rights of revocation with respect to the Secured Obligations, the guarantee contained in ARTICLE II and the provision of collateral security herein, and (v) all principles or provisions of law which conflict with the terms of this Agreement and which can, as a matter of law, be waived

(c) When making any demand hereunder or otherwise pursuing its rights and remedies hereunder against any Grantor, the Administrative Agent on behalf of the other Secured Parties may, but shall be under no obligation to, join or make a similar demand on or otherwise pursue or exhaust such rights and remedies as it may have against the Borrower, any other Grantor or any other Person or against any collateral security or guarantee for the Secured Obligations or any right of offset with respect thereto, and any failure by the Administrative Agent on behalf of the other Secured Parties to make any such demand, to pursue such other rights or remedies or to collect any payments from the Borrower, any other Grantor or any other Person or to realize upon any such collateral security or guarantee or to

exercise any such right of offset, or any release of the Borrower, any Grantor or any other Person or any such collateral security, guarantee or right of offset, shall not relieve any Grantor of any obligation or liability hereunder, and shall not impair or affect the rights and remedies, whether express, implied or available as a matter of law, of the Administrative Agent on behalf of the other Secured Parties against any Grantor. For the purposes hereof "demand" shall include the commencement and continuance of any legal proceedings. Neither the Administrative Agent nor any other Secured Party shall have any obligation to protect, secure, perfect or insure any Lien at any time held by it as security for the Secured Obligations or for the guarantee contained in ARTICLE II or any property subject thereto.

**Section 4.02 No Subrogation, Contribution or Reimbursement** Until all Secured Obligations are irrevocably satisfied in full and all commitments of each Secured Party under the Credit Agreement or any other Loan Document has been irrevocably terminated, notwithstanding any payment made by any Grantor hereunder or any set-off or application of funds of any Grantor by the Administrative Agent or any other Secured Party no Grantor shall be entitled to be subrogated to any of the rights of the Administrative Agent or any other Secured Party against the Borrower or any other Grantor or any collateral security or guarantee or right of offset held by the Administrative Agent or any other Secured Party for the payment of the Secured Obligations, nor shall any Grantor seek or be entitled to seek any indemnity, exoneration, participation, contribution or reimbursement from the Borrower or any other Grantor in respect of payments made by such Grantor hereunder, and each Grantor hereby expressly waives, releases, and agrees not to exercise any or all such rights of subrogation, reimbursement, indemnity and contribution. Each Grantor further agrees that to the extent that such waiver and release set forth herein is found by a court of competent jurisdiction to be void or voidable for any reason, any rights of subrogation, reimbursement, indemnity and contribution such Grantor may have against the Borrower, any other Grantor or against any collateral or security or guarantee or right of offset held by the Administrative Agent or any other Secured Party shall be junior and subordinate to any rights the Administrative Agent and the other Secured Parties may have against the Borrower and such Grantor and to all right, title and interest the Administrative Agent and the other Secured Parties may have in any collateral or security or guarantee or right of offset. The Administrative Agent, for the benefit of the Secured Parties, may use, sell or dispose of any item of Collateral or security as it sees fit without regard to any subrogation rights any Grantor may have, and upon any disposition or sale, any rights of subrogation any Grantor may have shall terminate.

## **ARTICLE V. Representations and Warranties**

To induce the Administrative Agent and the other Secured Parties to enter into the Credit Agreement and the other Loan Documents and to induce the Lenders to make their respective extensions of credit to the Borrower thereunder, the Grantors represent and warrant to the Administrative Agent and each other Secured Party as follows:

**Section 5.01 Benefit to the Guarantors** As of the Closing Date, the Borrower is a member of an affiliated group of companies that includes each Guarantor, and the Borrower and the Guarantors are engaged in related businesses permitted pursuant to Section 5.3 of the Credit Agreement. Each Guarantor (other than Holdings and Kadmon Corporation, LLC, as of the Closing Date) is a Subsidiary of the Borrower, and the guaranty and surety obligations of each Guarantor pursuant to this Agreement reasonably may be expected to benefit, directly or indirectly, such Guarantor, and it has determined that this Agreement is necessary and

convenient to the conduct, promotion and attainment of the business of such Guarantor and the Borrower

Section 5 02 First Priority Liens. The security interests granted pursuant to this Agreement (a) upon completion of the filings and other actions specified on Schedule 3 (which, in the case of all filings and other documents referred to on said Schedule have been delivered to the Administrative Agent in completed and duly executed form) will constitute valid perfected security interests in all of the Collateral in favor of the Administrative Agent, for the ratable benefit of the Secured Parties, as collateral security for such Grantor's obligations, enforceable in accordance with the terms hereof against all creditors of such Grantor and any Persons purporting to purchase any Collateral from such Grantor and (b) are prior to all other Liens on the Collateral in existence on the Closing Date, except for Permitted Encumbrances which may have priority over the Liens on the Collateral by operation of law and Liens allowed pursuant to Section 7 2(f) of the Credit Agreement

Section 5 03 Truth of Information, Accounts All information with respect to the Collateral set forth in any schedule, certificate or other writing at any time heretofore or hereafter furnished by such Grantor to the Administrative Agent or any other Secured Party, and all other written information heretofore or hereafter furnished by such Grantor to the Administrative Agent or any other Secured Party is and will be true and correct in all material respects as of the date furnished. The amount represented by such Grantor to the Administrative Agent and the Lenders from time to time as owing by each Account Debtor or by all Account Debtors in respect of the Accounts, Chattel Paper and Payment Intangibles will at such time be the correct amount actually owing by such Account Debtor or Account Debtors thereunder. The place where each Grantor keeps its records concerning the Accounts, Chattel Paper and Payment Intangibles comprising a portion of the Collateral is listed on Schedule 1

## **ARTICLE VI.**

### **Covenants**

Each Grantor covenants and agrees with the Administrative Agent and the other Secured Parties that, from and after the date of this Agreement until the Secured Obligations shall have been paid in full:

Section 6 01 Covenants in Credit Agreement In the case of each Guarantor, such Guarantor shall take, or shall refrain from taking, as the case may be, each action that is necessary to be taken or not taken, as the case may be, so that no Default or Event of Default is caused by the failure to take such action or to refrain from taking such action by such Guarantor or any of its Subsidiaries

### **Section 6 02 Maintenance of Perfected Security Interest, Further Documentation**

(a) Each Grantor shall maintain the security interest created by this Agreement as a perfected security interest having at least the priority described in Section 5 03 and shall defend such security interest against the claims and demands of all Persons whomsoever except for Permitted Encumbrances and the Convertible Credit Facility Administrative Agent

(b) At any time and from time to time, upon the request of the Administrative Agent or any other Secured Party, and at the sole expense of each Grantor,

such Grantor will promptly and duly give, execute, deliver, indorse, file or record any and all financing statements, continuation statements, amendments, notices (including, without limitation, notifications to financial institutions and any other Person), contracts, agreements, assignments, certificates, stock powers or other instruments, obtain any and all governmental approvals and consents and take or cause to be taken any and all steps or acts that may be necessary or advisable or as the Administrative Agent may reasonably request to create, perfect, establish the priority of, or to preserve the validity, perfection or priority of, the Liens granted by this Agreement or to enable the Administrative Agent at the direction and on behalf of the other Secured Parties to enforce its rights, remedies, powers and privileges under this Agreement with respect to such Liens or to otherwise obtain or preserve the full benefits of this Agreement and the rights, powers and privileges herein granted

(c) Without limiting the obligations of the Grantors under Section 6 02 (i) upon the request of the Administrative Agent at the direction and on behalf of the other Secured Parties, such Grantor shall take or cause to be taken all actions (other than any actions required to be taken by the Administrative Agent or any Lender) requested by the Administrative Agent to cause the Administrative Agent, to (A) have "control" (within the meaning of Sections 9-104, 9-105, 9-106, and 9-107 of the UCC) over any Collateral constituting Deposit Accounts, Electronic Chattel Paper, Investment Property (including the Pledged Securities), or Letter-of-Credit Rights, including, without limitation, executing and delivering any agreements, in form and substance satisfactory to the Administrative Agent and Required Lenders, with securities intermediaries, issuers or other Persons in order to establish "control", and each Grantor shall promptly notify the Administrative Agent and the other Secured Parties of such Grantor's acquisition of any such Collateral, and (B) be a "protected purchaser" (as defined in Section 8-303 of the UCC), (ii) with respect to Collateral other than certificated securities and goods covered by a document in the possession of a Person other than such Grantor, the Administrative Agent or the Convertible Credit Facility Administrative Agent, such Grantor shall obtain written acknowledgment that such Person holds possession for the Administrative Agent's benefit, and (iii) with respect to any Collateral constituting Goods that are in the possession of a bailee, such Grantor shall provide prompt notice to the Administrative Agent and the other Secured Parties of any such Collateral then in the possession of such bailee, and such Grantor shall take or cause to be taken all actions (other than any actions required to be taken by the Administrative Agent or any other Secured Party) necessary or requested by the Administrative Agent at the direction and on behalf of the other Secured Parties to cause the Administrative Agent to have a perfected security interest in such Collateral under applicable law

(d) This Section 6 02 and the obligations imposed on each Grantor by this Section 6 02 shall be interpreted as broadly as possible in favor of the Administrative Agent and the other Secured Parties in order to effectuate the purpose and intent of this Agreement

Section 6 03 Maintenance of Records Each Grantor will keep and maintain at its own cost and expense satisfactory and complete records of the Collateral, including, without limitation, a record of all payments received and all credits granted with respect to the Accounts comprising any part of the Collateral. For the Administrative Agent's and the other Secured Parties' further security, the Administrative Agent, for the ratable benefit of the Secured Parties, shall have a security interest in all of such Grantor's books and records pertaining to the Collateral

Section 6 04 Right of Inspection Upon request (with reasonable notice, unless a Default or an Event of Default has occurred and is continuing), the Administrative Agent and

the other Secured Parties and their respective representatives shall at all reasonable times have full and free access during normal business hours to all the books, correspondence and records of each Grantor, and the Administrative Agent and the other Secured Parties and their respective representatives may examine the same, take extracts therefrom and make photocopies thereof and shall upon request (with reasonable notice, unless an Event of Default has occurred and is continuing) at all reasonable times during normal business hours also have the right to enter into and upon any premises where any of the Collateral (including, without limitation, Inventory or Equipment) is located for the purpose of inspecting the same, observing its use or otherwise protecting its interests therein, and each Grantor agrees to render to the Administrative Agent and the other Secured Parties and their respective representatives, at such Grantor's sole cost and expense, such clerical and other assistance as may be reasonably requested with regard to any of the foregoing. The Administrative Agent and the other Secured Parties shall be bound by the provisions of Section 10.11 of the Credit Agreement with respect to information obtained pursuant to this Section 6.04.

Section 6.05 Further Identification of Collateral Each Grantor will furnish to the Administrative Agent and the Lenders from time to time, at such Grantor's sole cost and expense, statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as the Administrative Agent or any other Secured Party may reasonably request, all in reasonable detail.

Section 6.06 Changes in Locations, Name, etc Each Grantor recognizes that financing statements pertaining to the Collateral have been or may be filed where such Grantor is organized. Without limitation of any other covenant herein, such Grantor will not cause or permit (i) any change to be made in its name, identity or corporate, limited liability company, or limited partnership structure or (ii) any change to the identity of any warehouseman, common carrier, other third party transporter, bailee or any agent or processor in possession or control of any Collateral or (iii) any change to be made to such Grantor's jurisdiction of organization, unless such Grantor shall have, in each case, first (1) notified the Administrative Agent and the other Secured Parties of such change at least ten Business Days prior to the date of such change, and (2) taken all action reasonably requested by the Administrative Agent at the direction and on behalf of the other Secured Parties for the purpose of maintaining the perfection and priority of the Administrative Agent's security interests under this Agreement. In any notice furnished pursuant to this Section 6.06, such Grantor will expressly state in a conspicuous manner that the notice is required by this Agreement and contains facts that may require additional filings of financing statements or other notices for the purposes of continuing perfection of the Administrative Agent's security interest in the Collateral.

Section 6.07 Compliance with Contractual Obligations Each Grantor will perform and comply in all material respect with all its contractual obligations relating to the Collateral.

Section 6.08 Limitations on Dispositions of Collateral The Administrative Agent and the other Secured Parties do not authorize, and each Grantor agrees not to sell, transfer, lease or otherwise dispose of any of the Collateral, or attempt, offer or contract to do so except for non-exclusive license or sublicenses of intellectual property in the ordinary course of business and expressly permitted by the Credit Agreement.

Section 6.09 Pledged Securities



(a) If any Grantor shall become entitled to receive or shall receive any stock certificate or other instrument (including, without limitation, any certificate or instrument representing a dividend or a distribution in connection with any reclassification, increase or reduction of capital or any certificate or instrument issued in connection with any reorganization), option or rights in respect of the Equity Interests of any Issuer, whether in addition to, in substitution of, as a conversion of, or in exchange for, any shares (or such other interests) of the Pledged Securities, or otherwise in respect thereof, except as otherwise provided in the Credit Agreement, such Grantor shall accept the same as the agent of the Administrative Agent and the other Secured Parties, hold the same in trust for the Administrative Agent and the other Secured Parties and deliver the same forthwith to the Administrative Agent in the exact form received, duly indorsed by such Grantor to the Administrative Agent, if required, together with an undated stock power or other equivalent instrument of transfer acceptable to the Administrative Agent and Required Lenders covering such certificate or instrument duly executed in blank by such Grantor and with, if the Administrative Agent or any other Secured Party so requests, signature guaranteed, to be held by the Administrative Agent, subject to the terms hereof, as additional collateral security for the Secured Obligations

(b) Without the prior written consent of the Required Lenders, each Grantor will not (i) unless otherwise permitted hereby, vote to enable, or take any other action to permit, any Issuer to issue any stock or other equity interests of any nature or to issue any other securities or interests convertible into or granting the right to purchase or exchange for any stock or other equity interests of any nature of any Issuer, (ii) sell, assign, transfer, exchange or otherwise dispose of, or grant any option with respect to, the Pledged Securities or Proceeds thereof (except pursuant to a transaction expressly permitted by the Credit Agreement), (iii) create, incur or permit to exist any Lien (except for Liens permitted by Section 7.2 of the Credit Agreement) or option in favor of, or any claim of any Person with respect to, any of the Pledged Securities or Proceeds thereof, or any interest therein, except for the security interests created by this Agreement or (iv) enter into any agreement or undertaking restricting the right or ability of such Grantor or the Administrative Agent at the direction and on behalf of the Secured Parties to sell, assign or transfer any of the Pledged Securities or Proceeds thereof

(c) In the case of each Grantor which is an Issuer, and each other Issuer that executes the Acknowledgement and Consent attached hereto, such Issuer agrees that (i) it will be bound by the terms of this Agreement relating to the Pledged Securities issued by it and will comply with such terms insofar as such terms are applicable to it, (ii) it will notify the Administrative Agent and the other Secured Parties promptly in writing of the occurrence of any of the events described in Section 6.09(a) with respect to the Pledged Securities issued by it and (iii) the terms of Section 7.01(a) and Section 7.05 shall apply to it, mutatis mutandis, with respect to all actions that may be required of it pursuant to Section 7.01(a) or Section 7.05 with respect to the Pledged Securities issued by it

(d) Each Grantor shall furnish to the Administrative Agent such stock powers and other equivalent instruments of transfer as may be required by the Administrative Agent on behalf of other Secured Party to assure the transferability of and the perfection of the security interest in the Pledged Securities when and as often as may be reasonably requested by the Administrative Agent or any other Secured Party

(e) The Pledged Securities will constitute not less than 100% of the Equity Interests of the Issuer thereof owned by any Grantor, except Pledged Securities of Foreign

Subsidiaries shall be limited to not more than 65% of the voting Equity Interests if the Borrower certifies to the Secured Parties at the time such Foreign Subsidiary becomes a direct or indirect subsidiary of Holdings that a pledge of all the voting Equity Interests of such Foreign Subsidiary would result in materially adverse tax consequences, and 100% of the nonvoting Equity Interests of such Foreign Subsidiaries

(f) If any Grantor Acquires any Pledged Securities after executing this Agreement, it shall execute a Supplement to this Agreement in the form of Annex III with respect to such Pledged Securities and deliver such Supplement to the Administrative Agent promptly thereafter with copies to the other Secured Parties

**Section 6 10 Limitations on Modifications, Waivers, Extensions of Agreements Giving Rise to Accounts** No Grantor will (i) amend, modify, terminate or waive any provision of any Chattel Paper, Instrument or any agreement giving rise to an Account or Payment Intangible comprising a portion of the Collateral, or (ii) fail to exercise promptly and diligently each and every right which it may have under any Chattel Paper, Instrument and each agreement giving rise to an Account or Payment Intangible comprising a portion of the Collateral (other than any right of termination), except where the failure to do so, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect

**Section 6 11 Analysis of Accounts, Etc** The Administrative Agent, on behalf of the other Secured Parties, shall have the right at any time and from time to time upon reasonable prior notice to make test verifications of the Accounts, Chattel Paper and Payment Intangibles comprising a portion of the Collateral in any manner and through any medium that it reasonably considers advisable, and each Grantor, at such Grantor's sole cost and expense, shall furnish all such assistance and information as the Administrative Agent or any other Secured Party may require in connection therewith. At any time and from time to time, upon the Administrative Agent's or any other Secured Party's request and at the expense of each Grantor, such Grantor shall furnish to the Administrative Agent and the other Secured Parties reports showing reconciliations, aging and test verifications of, and trial balances for, the Accounts, Chattel Paper and Payment Intangibles comprising a portion of the Collateral, and all original and other documents evidencing, and relating to, the agreements and transactions which gave rise to the Accounts, Chattel Paper and Payment Intangibles comprising a portion of the Collateral, including, without limitation, all original orders, invoices and shipping receipts

**Section 6 12 Instruments and Tangible Chattel Paper** If any amount payable under or in connection with any of the Collateral shall be or become evidenced by any Instrument or Tangible Chattel Paper and the value of such Instruments and Tangible Chattel Paper in the aggregate is \$100,000 or more, each such Instrument or Tangible Chattel Paper, shall be delivered to the Administrative Agent as soon as practicable, duly endorsed in a manner satisfactory to the Administrative Agent for the ratable benefit of the Secured Parties to be held as Collateral pursuant to this Agreement

**Section 6 13 Copyrights, Patents and Trademarks**

(a) Each Grantor (either itself or through licensees) will, except with respect to any Trademark that such Grantor shall reasonably determine is immaterial, (i) maintain as in the past the quality of services offered under such Trademark, (ii) maintain such Trademark in full force and effect, free from any claim of abandonment for non-use,

(iii) employ such Trademark with the appropriate notice of registration, (iv) not adopt or use any mark which is confusingly similar or a colorable imitation of such Trademark unless the Administrative Agent, for the ratable benefit of the Secured Parties, shall obtain a perfected security interest in such mark pursuant to this Agreement, and (v) not (and not permit any licensee or sublicensee thereof to) do any act or knowingly omit to do any act whereby any Trademark may become invalidated.

(b) Each Grantor will not, except with respect to any Patent that such Grantor shall reasonably determine is immaterial, do any act, or omit to do any act, whereby any Patent may become abandoned or dedicated to the public

(c) Each Grantor will not, except with respect to any Copyright that such Grantor shall reasonably determine is immaterial, do any act, or omit to do any act, whereby any Copyright may become abandoned or dedicated to the public

(d) Each Grantor will notify the Administrative Agent and the other Secured Parties immediately if it knows, or has reason to know, that any application or registration relating to any Copyright, Patent or Trademark may become abandoned or dedicated to the public, or of any adverse determination or development (including, without limitation, 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 or tribunal in any country) regarding such Grantor's ownership of any Copyright, Patent or Trademark or its right to register the same or to keep and maintain the same

(e) Whenever a Grantor, either by itself or through any agent, employee, licensee or designee, shall file an application for the registration of any Copyright, Patent or Trademark with the United States Copyright Office, United States Patent and Trademark Office or any similar office or agency in any other country or any political subdivision thereof, such Grantor shall report such filing to the Administrative Agent and the other Secured Parties within five Business Days after the last day of the fiscal quarter in which such filing occurs. Upon request of the Administrative Agent or any other Secured Party, such Grantor shall execute and deliver an Intellectual Property Security Agreement substantially in the form attached hereto as Annex II, and any and all other agreements, instruments, documents, and papers as the Administrative Agent or any other Secured Party may request to evidence the Administrative Agent's and the other Secured Parties' security interest in any Copyright, Patent or Trademark and the goodwill and General Intangibles of such Grantor relating thereto or represented thereby, and such Grantor hereby constitutes the Administrative Agent on behalf of the other Secured Parties its attorney-in-fact to execute and file all such writings for the foregoing purposes, all acts of such attorney being hereby ratified and confirmed, such power being coupled with an interest is irrevocable until the Secured Obligations are paid in full and the Commitments are terminated

(f) Each Grantor will take all reasonable and necessary steps, including, without limitation, in any proceeding before the United States Copyright Office, United States Patent and Trademark Office, or any similar office or agency in any other country or any political subdivision thereof, to maintain and pursue each application (and to obtain the relevant registration) and to maintain each registration of the Copyrights, Patents and Trademarks, including, without limitation, filing of applications for renewal, affidavits of use and affidavits of incontestability

(g) In the event that any Copyright, Patent or Trademark included in the Collateral is infringed, misappropriated or diluted by a third party, each Grantor shall promptly notify the Administrative Agent and the other Secured Parties after it learns thereof and shall, unless such Grantor shall reasonably determine that such Copyright, Patent or Trademark is immaterial to such Grantor which determination such Grantor shall promptly report to the Administrative Agent and the other Secured Parties, promptly sue for infringement, misappropriation or dilution, to seek injunctive relief where appropriate and to recover any and all damages for such infringement, misappropriation or dilution, or take such other actions as such Grantor shall reasonably deem appropriate under the circumstances to protect such Copyright, Patent or Trademark

Section 6 14 Commercial Tort Claims If any Grantor shall at any time hold or acquire a Commercial Tort Claim that satisfies the requirements of the following sentence, such Grantor shall, within thirty (30) days after such Commercial Tort Claim satisfies such requirements, notify the Administrative Agent and the other Secured Parties in a writing signed by such Grantor containing a brief description thereof, and granting to the Administrative Agent in such writing (for the benefit of the Secured Parties) a security interest therein and in the Proceeds thereof, all upon the terms of this Agreement, with such writing to be in form and substance reasonably satisfactory to the Administrative Agent. The provisions of the preceding sentence shall apply only to a Commercial Tort Claim that satisfies the requirement that the monetary value claimed by or payable to the relevant Grantor in connection with such Commercial Tort Claim shall exceed \$100,000. In addition, to the extent that the existence of any Commercial Tort Claim held or acquired by any Grantor is disclosed by such Grantor in any public filing with the Securities Exchange Commission or any successor thereto or analogous Governmental Authority, or to the extent that the existence of any such Commercial Tort Claim is disclosed in any press release issued by any Grantor, then, upon the request of the Administrative Agent or any Secured Party, the relevant Grantor shall, within thirty (30) days after such request is made, transmit to the Administrative Agent and the other Secured Parties a writing signed by such Grantor containing a brief description of such Commercial Tort Claim and granting to the Administrative Agent in such writing (for the benefit of the Secured Parties) a security interest therein and in the Proceeds thereof, all upon the terms of this Agreement, with such writing to be in form and substance reasonably satisfactory to the Administrative Agent

## **ARTICLE VII.**

### **Remedial Provisions**

#### **Section 7 01 Pledged Securities**

(a) Unless an Event of Default shall have occurred and be continuing and the Administrative Agent at the direction of the Required Lenders shall have given notice to the relevant Grantor of the Administrative Agent's intent to exercise any of its corresponding rights pursuant to Section 7 01(b), each Grantor shall be permitted to receive all cash dividends paid in respect of the Pledged Securities paid in the normal course of business of the relevant Issuer, to the extent expressly permitted in the Credit Agreement, and to exercise all voting and corporate rights with respect to the Pledged Securities in a manner consistent with the Credit Agreement

(b) If an Event of Default shall occur and be continuing, then at any time in the Administrative Agent's discretion, or at the direction of the Required Lenders, (i) the Administrative Agent shall have the right to receive and shall receive any and all cash

dividends, payments or other Proceeds paid in respect of the Pledged Securities and make application thereof to the Obligations in accordance with Section 8.2 of the Credit Agreement, and (ii) any or all of the Pledged Securities shall be registered in the name of the Administrative Agent or its nominee, and the Administrative Agent or its nominee, on behalf of the Secured Parties, may thereafter exercise (x) all voting, corporate and other rights pertaining to such Pledged Securities at any meeting of shareholders (or other equivalent body) of the relevant Issuer or Issuers or otherwise and (y) any and all rights of conversion, exchange and subscription and any other rights, privileges or options pertaining to such Pledged Securities as if it were the absolute owner thereof (including, without limitation, the right to exchange at its discretion any and all of the Pledged Securities upon the merger, consolidation, reorganization, recapitalization or other fundamental change in the organizational structure of any Issuer, or upon the exercise by any Grantor or the Administrative Agent, on behalf of the Secured Parties, of any right, privilege or option pertaining to such Pledged Securities, and in connection therewith, the right to deposit and deliver any and all of the Pledged Securities with any committee, depository, transfer agent, registrar or other designated agency upon such terms and conditions as the Administrative Agent and Required Lenders may determine), all without liability except to account for property actually received by it, but none of the Administrative Agent or any other Secured Party shall have any duty to any Grantor to exercise any such right, privilege or option and shall not be responsible for any failure to do so or delay in so doing.

(c) Each Grantor hereby authorizes and instructs each Issuer of any Pledged Securities pledged by such Grantor hereunder (and each Issuer party hereto hereby agrees) to (i) comply with any instruction received by it from the Administrative Agent, on behalf of the Secured Parties, in writing (x) after an Event of Default has occurred and is continuing and (y) is otherwise in accordance with the terms of this Agreement, without any other or further instructions from such Grantor, and each Grantor agrees that each Issuer shall be fully protected in so complying, and (ii) unless otherwise expressly permitted hereby, pay any dividends or other payments with respect to the Pledged Securities directly to the Administrative Agent.

(d) After the occurrence and during the continuation of an Event of Default, if the Issuer of any Pledged Securities is the subject of bankruptcy, insolvency, receivership, custodianship or other proceedings under the supervision of any Governmental Authority, then all rights of the Grantor in respect thereof to exercise the voting and other consensual rights which such Grantor would otherwise be entitled to exercise with respect to the Pledged Securities issued by such Issuer shall cease, and all such rights shall thereupon become vested in the Administrative Agent who shall thereupon, at the direction of the Required Lenders, have the sole right to exercise such voting and other consensual rights, but the Administrative Agent shall not have any duty to exercise any such voting or other consensual rights and shall not be responsible for any failure to do so or delay in so doing.

Section 7.02 Collections on Accounts, Etc. The Administrative Agent hereby authorizes each Grantor to collect upon the Accounts, Instruments, Chattel Paper and Payment Intangibles subject to the Administrative Agent's or Required Lenders' direction and control, and the Administrative Agent, at the direction of the Required Lenders, may curtail or terminate said authority at any time after the occurrence and during the continuance of an Event of Default. Upon the request of the Administrative Agent, at any time after the occurrence and during the continuance of an Event of Default each Grantor shall notify the applicable Account Debtors that the applicable Accounts, Chattel Paper and Payment

Intangibles have been assigned to the Administrative Agent for the ratable benefit of the Secured Parties and that payments in respect thereof shall be made directly to the Administrative Agent. The Administrative Agent or its nominee, in each case, at the direction of the Required Lenders, may in its own name or in the name of others communicate with the applicable Account Debtors to verify with them to its satisfaction the existence, amount and terms of any applicable Accounts, Chattel Paper or Payment Intangibles.

**Section 7.03 Proceeds** If required by the Administrative Agent at the direction of the Required Lenders at any time after the occurrence and during the continuance of an Event of Default, any payments of Accounts, Instruments, Chattel Paper and Payment Intangibles comprising a portion of the Collateral, when collected or received by each Grantor, and any other cash or non-cash Proceeds received by each Grantor upon the sale or other disposition of any Collateral, shall be forthwith (and, in any event, within two Business Days) deposited by such Grantor in the exact form received, duly indorsed by such Grantor to the Administrative Agent in a special collateral account maintained by the Administrative Agent subject to withdrawal by the Administrative Agent for the ratable benefit of the Secured Parties only, as hereinafter provided, and, until so turned over, shall be held by such Grantor in trust for the Administrative Agent for the ratable benefit of the Secured Parties segregated from other funds of any such Grantor. Each deposit of any such Proceeds shall be accompanied by a report identifying in detail the nature and source of the payments included in the deposit. All Proceeds (including, without limitation, Proceeds constituting collections of Accounts, Chattel Paper, Instruments comprising a portion of the Collateral) while held by the Administrative Agent (or by any Grantor in trust for the Administrative Agent for the ratable benefit of the Secured Parties) shall continue to be collateral security for all of the Secured Obligations and shall not constitute payment thereof until applied as hereinafter provided. At such intervals as may be agreed upon by each Grantor and the Administrative Agent and Required Lenders, or, if an Event of Default shall have occurred and be continuing, at any time at the Administrative Agent's election at the direction of Required Lenders, the Administrative Agent shall apply all or any part of the funds on deposit in said special collateral account on account of the Secured Obligations in the order set forth in Section 8.2 of the Credit Agreement, and any part of such funds which the Required Lenders, by such direction, elect not so to apply and deem not required as collateral security for the Secured Obligations shall be paid over from time to time by the Administrative Agent to each Grantor or to whomsoever may be lawfully entitled to receive the same.

**Section 7.04 UCC and Other Remedies**

(a) If an Event of Default shall occur and be continuing, the Administrative Agent, at the direction of the Required Lenders and on behalf of the Secured Parties, may exercise in its discretion, in addition to all other rights, remedies, powers and privileges granted to them in this Agreement, the other Loan Documents, and in any other instrument or agreement securing, evidencing or relating to the Secured Obligations, all rights, remedies, powers and privileges of a secured party under the UCC (whether the UCC is in effect in the jurisdiction where such rights, remedies, powers or privileges are asserted) or any other applicable law or otherwise available at law or equity. Without limiting the generality of the foregoing, the Administrative Agent without demand of performance or other demand, presentment, protest, advertisement or notice of any kind (except any notice required by law referred to below) to or upon any Grantor or any other Person (all and each of which demands, defenses, advertisements and notices are hereby waived), may in such circumstances forthwith collect, receive, appropriate and realize upon the Collateral, or any

part thereof, and/or may forthwith sell, lease, assign, give option or options to purchase, or otherwise dispose of and deliver the Collateral or any part thereof (or contract to do any of the foregoing), in one or more parcels at public or private sale or sales, at any exchange, broker's board or office of the Administrative Agent or any other Secured Party or elsewhere upon such terms and conditions as it may deem advisable and at such prices as it may deem best, for cash or on credit or for future delivery without assumption of any credit risk. The Administrative Agent, on behalf of the Secured Parties, 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 the whole or any part of the Collateral so sold, free of any right or equity of redemption in any Grantor, which right or equity is hereby waived and released. If an Event of Default shall occur and be continuing, each Grantor further agrees, at the Administrative Agent's request, to assemble the Collateral and make it available to the Administrative Agent at places which the Administrative Agent shall reasonably select, whether at such Grantor's premises or elsewhere. Any such sale or transfer by the Administrative Agent either to itself or to any other Person shall be absolutely free from any claim of right by Grantor, including any equity or right of redemption, stay or appraisal which Grantor has or may have under any rule of law, regulation or statute now existing or hereafter adopted. Upon any such sale or transfer, the Administrative Agent shall have the right to deliver, assign and transfer to the purchaser or transferee thereof the Collateral so sold or transferred. The Administrative Agent shall apply the net proceeds of any action taken by it pursuant to this Section 7.04, after deducting all reasonable costs and expenses of every kind incurred in connection therewith or incidental to the care or safekeeping of any of the Collateral or in any way relating to the Collateral or the rights of the Administrative Agent and the other Secured Parties hereunder, including, without limitation, reasonable attorneys' fees and disbursements, to the payment in whole or in part of the Obligations, in accordance with Section 8.2 of the Credit Agreement, and only after such application and after the payment by the Administrative Agent of any other amount required by any provision of law, including, without limitation, Section 9-615 of the UCC, need the Administrative Agent account for the surplus, if any, to any Grantor. To the extent permitted by applicable law, each Grantor waives all claims, damages and demands it may acquire against the Administrative Agent or any other Secured Party arising out of the exercise by them of any rights hereunder. If any notice of a proposed sale or other disposition of Collateral shall be required by law, such notice shall be deemed reasonable and proper if given at least 10 days before such sale or other disposition.

(b) In the event that the Administrative Agent, at the direction of the Required Lenders, elects not to sell the Collateral, the Administrative Agent retains its rights to dispose of or utilize the Collateral or any part or parts thereof in any manner authorized or permitted by law or in equity and to apply the proceeds of the same towards payment of the Secured Obligations. Each and every method of disposition of the Collateral described in this Agreement shall constitute disposition in a commercially reasonable manner. The Administrative Agent may appoint any Person as agent to perform any act or acts necessary or incident to any sale or transfer of the Collateral.

Section 7.05 Private Sales of Pledged Securities Each Grantor recognizes that the Administrative Agent may be unable to effect a public sale of any or all the Pledged Securities, by reason of certain prohibitions contained in the Securities Act and applicable state securities laws or otherwise, and may be compelled to resort to one or more private sales thereof to a restricted group of purchasers which will be obliged to agree, among other things, to acquire such securities for their own account for investment and not with a view to the

distribution or resale thereof. Each Grantor acknowledges and agrees that any such private sale may result in prices and other terms less favorable than if such sale were a public sale and, notwithstanding such circumstances, agrees that any such private sale shall be deemed to have been made in a commercially reasonable manner. The Administrative Agent shall be under no obligation to delay a sale of any of the Pledged Securities for the period of time necessary to permit the Issuer thereof to register such securities for public sale under the Securities Act, or under applicable state securities laws, even if such Issuer would agree to do so. Each Grantor agrees to use its best efforts to do or cause to be done all such other acts as may reasonably be necessary to make such sale or sales of all or any portion of the Pledged Securities pursuant to this Section 7.05 valid and binding and in compliance with any and all other applicable Governmental Requirements. Each Grantor further agrees that a breach of any of the covenants contained in this Section 7.05 will cause irreparable injury to the Administrative Agent and the other Secured Parties, that the Administrative Agent and the other Secured Parties have no adequate remedy at law in respect of such breach and, as a consequence, that each and every covenant contained in this Section 7.05 shall be specifically enforceable against such Grantor, and such Grantor hereby waives and agrees not to assert any defenses against an action for specific performance of such covenants.

Section 7.06 Waiver, Deficiency. Each Grantor waives and agrees not to assert any rights or privileges which it may acquire under the UCC or any other applicable law. Each Grantor shall remain liable for any deficiency if the proceeds of any sale or other disposition of the Collateral are insufficient to pay its Obligations or Guaranteed Obligations, as the case may be, and the fees and disbursements of any attorneys employed by the Administrative Agent or any other Secured Party to collect such deficiency.

Section 7.07 Non-Judicial Enforcement and Other Matters. The Administrative Agent may enforce its rights hereunder without prior judicial process or judicial hearing, and to the extent permitted by law, each Grantor expressly waives any and all legal rights which might otherwise require the Administrative Agent to enforce its rights by judicial process. At the election of Required Lenders, Required Lenders may exercise all rights and remedies of the Administrative Agent under this Agreement.

## **ARTICLE VIII.**

### **The Administrative Agent**

#### Section 8.01 Administrative Agent's Appointment as Attorney-in-Fact, Etc.

(a) Each Grantor hereby irrevocably constitutes and appoints the Administrative Agent and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of such Grantor and in the name of such Grantor or in its own name, for the purpose of carrying out the terms of this Agreement, to take any and all reasonably appropriate action and to execute any and all documents and instruments which may be reasonably necessary or desirable to accomplish the purposes of this Agreement, and, without limiting the generality of the foregoing, each Grantor hereby gives the Administrative Agent the power and right, on behalf of such Grantor, without notice to or assent by such Grantor, to do any or all of the following:

(i) pay or discharge Taxes and Liens levied or placed on or threatened against the Collateral, effect any repairs or any insurance called for by the terms of this Agreement and pay all or any part of the premiums therefor and the costs thereof,



(ii) execute, in connection with any sale provided for in Section 7 04 or Section 7 05, any endorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral, and

(iii) (A) direct any party liable for any payment under any of the Collateral to make payment of any and all moneys due or to become due thereunder directly to the Administrative Agent or as the Administrative Agent shall direct, (B) take possession of and indorse and collect any checks, drafts, notes, acceptances or other instruments for the payment of moneys due under any Account, Instrument, General Intangible, Chattel Paper or Payment Intangible or with respect to any other Collateral, and to file any claim or to take any other action or proceeding in any court of law or equity or otherwise deemed appropriate by the Administrative Agent for the purpose of collecting any or all such moneys due under any Account, Instrument or General Intangible or with respect to any other Collateral whenever payable, (C) ask or demand for, collect, and receive payment of and receipt for, any and all moneys, claims and other amounts due or to become due at any time in respect of or arising out of any Collateral, (D) sign and indorse any invoices, freight or express bills, bills of lading, storage or warehouse receipts, drafts against debtors, assignments, verifications, notices and other documents in connection with any of the Collateral, (E) receive, change the address for delivery, open and dispose of mail addressed to any Grantor, and to execute, assign and indorse negotiable and other instruments for the payment of money, documents of title or other evidences of payment, shipment or storage for any form of Collateral on behalf of and in the name of any Grantor, (F) commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect the Collateral or any portion thereof and to enforce any other right in respect of any Collateral, (G) defend any suit, action or proceeding brought against such Grantor with respect to any Collateral, (H) settle, compromise or adjust any such suit, action or proceeding and, in connection therewith, give such discharges or releases as the Administrative Agent, at the direction of the Required Lenders, may deem appropriate, (I) assign any Patent or Trademark (along with the goodwill of the business to which any such Trademark pertains), throughout the world for such term or terms, on such conditions, and in such manner, as the Administrative Agent, at the direction of the Required Lenders, shall in its sole discretion determine, and (J) generally, sell, transfer, pledge and make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though the Administrative Agent were the absolute owner thereof for all purposes, and do, at the Administrative Agent's option and such Grantor's expense, at any time, or from time to time, all acts and things which the Administrative Agent, at the direction of the Required Lenders, deems necessary to protect, preserve or realize upon the Collateral and the Administrative Agent's and the other Secured Parties' security interests therein and to effect the intent of this Agreement, all as fully and effectively as such Grantor might do

Anything in this Section 8 01(a) to the contrary notwithstanding, the Administrative Agent agrees that it will not exercise any rights under the power of attorney provided for in this Section 8 01(a) unless Default or an Event of Default shall have occurred and be continuing. The Administrative Agent shall give the relevant Grantor notice of any action taken pursuant to Section 8 01(a) when reasonably practicable, provided that the Administrative Agent shall have no liability for the failure to provide any such notice

(b) If any Grantor fails to perform or comply with any of its agreements contained herein within the applicable grace periods, the Administrative Agent, at the direction of the Required Lenders, but without any obligation so to do, may perform or comply, or otherwise cause performance or compliance, with such agreement

(c) The expenses of the Administrative Agent incurred in connection with actions undertaken as provided in this Section 8.01(a), together with interest thereon at the Default Interest Rate from the date of payment by the Administrative Agent to the date reimbursed by the relevant Grantor, shall be payable by such Grantor to the Administrative Agent on demand

(d) Each Grantor hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue and in compliance hereof. All powers, authorizations and agencies contained in this Agreement are coupled with an interest and are irrevocable until this Agreement is terminated and the security interests created hereby are released

Section 8.02 Duty of Administrative Agent The Administrative Agent's sole duty with respect to the custody, safekeeping and physical preservation of the Collateral in its possession, under Section 9-207 of the UCC or otherwise, shall be to deal with it in the same manner as the Administrative Agent deals with similar property for its own account and shall be deemed to have exercised reasonable care in the custody and preservation of the Collateral in its possession if the Collateral is accorded treatment substantially equal to that which comparable secured parties accord comparable collateral. Neither the Administrative Agent, any other Secured Party nor any of their respective officers, directors, employees or agents shall be liable for failure to demand, collect or realize upon any of the Collateral or for any delay in doing so or shall be under any obligation to sell or otherwise dispose of any Collateral upon the request of any Grantor or any other Person or to take any other action whatsoever with regard to the Collateral or any part thereof. The powers conferred on the Administrative Agent and the other Secured Parties hereunder are solely to protect the Administrative Agent's and the other Secured Parties' interests in the Collateral and shall not impose any duty upon the Administrative Agent or any other Secured Party to exercise any such powers. The Administrative Agent and the other Secured Parties shall be accountable only for amounts that they actually receive as a result of the exercise of such powers, and neither they nor any of their officers, directors, employees or agents shall be responsible to any Grantor for any act or failure to act hereunder, except for their own gross negligence or willful misconduct as determined by a court of competent jurisdiction in a final and nonappealable judgment. To the fullest extent permitted by applicable law, the Administrative Agent shall be under no duty whatsoever to make or give any presentment, notice of dishonor, protest, demand for performance, notice of non-performance, notice of intent to accelerate, notice of acceleration, or other notice or demand in connection with any Collateral, or to take any steps necessary to preserve any rights against any Grantor or other Person or ascertaining or taking action with respect to calls, conversions, exchanges, maturities, tenders or other matters relative to any Collateral, whether or not it has or is deemed to have knowledge of such matters. Each Grantor, to the extent permitted by applicable law, waives any right of marshaling in respect of any and all Collateral, and waives any right to require the Administrative Agent or any other Secured Party to proceed against any Grantor or other Person, exhaust any Collateral or enforce any other remedy which the Administrative Agent or any other Secured Party now has or may hereafter have against each Grantor, any Grantor or other Person.

Section 8 03 Execution of Financing Statements Pursuant to the UCC and any other applicable law, each Grantor authorizes the Administrative Agent its counsel or its representative, on behalf of the Secured Parties, at any time and from time to time, to file or record financing statements, continuation statements, amendments thereto and other filing or recording documents or instruments with respect to the Collateral without the signature of such Grantor in such form and in such offices as the Administrative Agent, on behalf of the Secured Parties, reasonably determines appropriate to perfect the security interests of the Administrative Agent, on behalf of the Secured Parties, under this Agreement. Additionally, each Grantor authorizes the Administrative Agent, its counsel or its representative, on behalf of the Secured Parties, at any time and from time to time, to file or record such financing statements that describe the collateral covered thereby as "all assets of the Grantor", "all personal property of the Grantor" or words of similar effect. A photographic or other reproduction of this Agreement shall be sufficient as a financing statement or other filing or recording document or instrument for filing or recording in any jurisdiction.

Section 8 04 Authority of Administrative Agent Each Grantor acknowledges that the rights and responsibilities of the Administrative Agent and Required Lenders under this Agreement with respect to any action taken by the Administrative Agent or Required Lenders or the exercise or non-exercise by the Administrative Agent and Required Lenders of any option, voting right, request, judgment or other right or remedy provided for herein or resulting or arising out of this Agreement shall, as between the Administrative Agent at the direction of the Required Lenders, as the case may be, and the other Secured Parties, be governed by the Credit Agreement and by such other agreements with respect thereto as may exist from time to time among them, but, as between the Administrative Agent and Required Lenders, as the case may be, and the Grantors, the Administrative Agent shall be conclusively presumed to be acting as agent for the Secured Parties with full and valid authority so to act or refrain from acting, and no Grantor shall be under any obligation, or entitlement, to make any inquiry respecting such authority.

## **ARTICLE IX.**

### **Subordination of Indebtedness**

Section 9 01 Subordination of All Guarantor Claims As used herein, the term "Guarantor Claims" shall mean all debts and obligations of the Borrower or any other Grantor to any Grantor, whether such debts and obligations now exist or are hereafter incurred or arise, or whether the obligation of the debtor thereon be direct, contingent, primary, secondary, several, joint and several, or otherwise, and irrespective of whether such debts or obligations be evidenced by note, contract, open account, or otherwise, and irrespective of the Person or Persons in whose favor such debts or obligations may, at their inception, have been, or may hereafter be created, or the manner in which they have been or may hereafter be acquired. After and during the continuation of an Event of Default, no Grantor shall receive or collect, directly or indirectly, from any obligor in respect thereof any amount upon the Guarantor Claims.

Section 9 02 Claims in Bankruptcy In the event of receivership, bankruptcy, reorganization, arrangement, debtor's relief or other insolvency proceedings involving any Grantor, the Administrative Agent, at the direction of the Required Lenders, on behalf of the Secured Parties shall have the right to prove their claim in any proceeding, so as to establish their rights hereunder and receive directly from the receiver, trustee or other court custodian, dividends and payments which would otherwise be payable upon Guarantor Claims. Each Grantor hereby assigns such dividends and payments to the Administrative Agent for the

benefit of the Secured Parties for application against the Secured Obligations as provided under Section 8.2 of the Credit Agreement. Should any Agent or Secured Party receive, for application upon the Secured Obligations, any such dividend or payment which is otherwise payable to any Grantor, and which, as between such Grantor, shall constitute a credit upon the Guarantor Claims, then upon payment in full of the Secured Obligations, the intended recipient shall become subrogated to the rights of the Administrative Agent and the other Secured Parties to the extent that such payments to the Administrative Agent and the other Secured Parties on the Guarantor Claims have contributed toward the liquidation of the Secured Obligations, and such subrogation shall be with respect to that proportion of the Secured Obligations which would have been unpaid if the Administrative Agent and the other Secured Parties had not received dividends or payments upon the Guarantor Claims.

**Section 9.03 Payments Held in Trust** In the event that, notwithstanding **Section 9.01** and **Section 9.02**, any Grantor should receive any funds, payments, claims or distributions which are prohibited by such Sections, then it agrees (a) to hold in trust for the Administrative Agent and the other Secured Parties an amount equal to the amount of all funds, payments, claims or distributions so received, and (b) that it shall have absolutely no dominion over the amount of such funds, payments, claims or distributions except to pay them promptly to the Administrative Agent, for the benefit of the Secured Parties, and each Grantor covenants promptly to pay the same to the Administrative Agent.

**Section 9.04 Liens Subordinate** Each Grantor agrees that, until the Secured Obligations are paid in full, any Liens securing payment of the Guarantor Claims shall be and remain inferior and subordinate to any Liens securing payment of the Secured Obligations, regardless of whether such encumbrances in favor of such Grantor, the Administrative Agent or any other Secured Party presently exist or are hereafter created or attach. Without the prior written consent of the Administrative Agent, no Grantor, during the period in which any of the Secured Obligations are outstanding, shall (c) exercise or enforce any creditor's right it may have against any debtor in respect of the Guarantor Claims, or (d) foreclose, repossess, sequester or otherwise take steps or institute any action or proceeding (judicial or otherwise, including without limitation the commencement of or joinder in any liquidation, bankruptcy, rearrangement, debtor's relief or insolvency proceeding) to enforce any Lien held by it.

**Section 9.05 Notation of Records** Upon the request of the Administrative Agent or any Lender, all promissory notes and all accounts receivable ledgers or other evidence of the Guarantor Claims accepted by or held by any Grantor shall contain a specific written notice thereon that the indebtedness evidenced thereby is subordinated under the terms of this Agreement.

## **ARTICLE X Miscellaneous**

**Section 10.01 Waiver** No failure on the part of the Administrative Agent or any Secured Party to exercise and no delay in exercising, and no course of dealing with respect to, any right, remedy, power or privilege under any of the Loan Documents shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege under any of the Loan Documents preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges provided herein are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law. The exercise by the Administrative Agent or any Secured Party of

any one or more of the rights, powers and remedies herein shall not be construed as a waiver of any other rights, powers and remedies, including, without limitation, any rights of set-off

Section 10 02 Notices All notices and other communications provided for herein shall be given in the manner and subject to the terms of Section 10 1 of the Credit Agreement, provided that any such notice, request or demand to or upon any Guarantor shall be addressed to such Guarantor at its notice address set forth on Schedule 1

Section 10 03 Payment of Expenses, Indemnities, Etc

(a) Each Grantor jointly and severally agrees to pay or promptly reimburse the Administrative Agent and each other Secured Party for all advances, charges, costs and expenses (including, without limitation, all costs and expenses of holding, preparing for sale and selling, collecting or otherwise realizing upon the Collateral and all attorneys' fees, legal expenses and court costs) incurred by any Secured Party in connection with the exercise of its respective rights and remedies hereunder, including, without limitation, any advances, charges, costs and expenses that may be incurred in any effort to enforce any of the provisions of this Agreement or any obligation of any Grantor in respect of the Collateral or in connection with (i) the preservation of the Lien of, or the rights of the Administrative Agent or any other Secured Party under this Agreement, (ii) any actual or attempted sale, lease, disposition, exchange, collection, compromise, settlement or other realization in respect of, or care of, the Collateral, including all such costs and expenses incurred in any bankruptcy, reorganization, workout or other similar proceeding, or (iii) collecting against such Grantor under the guarantee contained in ARTICLE II or otherwise enforcing or preserving any rights under this Agreement and the other Loan Documents to which such Grantor is a party

(b) Each Grantor jointly and severally agrees to pay, and to save the Administrative Agent and the other Secured Parties harmless from, any and all liabilities, Secured Obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever (including, without limitation, court costs and attorneys' fees, any and all liabilities with respect to, or resulting from any delay in paying, any and all stamp, excise, sales or other taxes which may be payable or determined to be payable with respect to any of the Collateral or in connection with any of the transactions contemplated by this Agreement) incurred because of, incident to, or with respect to, the Collateral (including, without limitation, any exercise of rights or remedies in connection therewith) or the execution, delivery, enforcement, performance and administration of this Agreement, to the extent the Borrower would be required to do so pursuant to Section 10 3 of the Credit Agreement All amounts for which any Grantor is liable pursuant to this Section 10 03 shall be due and payable by such Grantor to the Administrative Agent or any Secured Party upon demand

Section 10 04 Amendments in Writing None of the terms or provisions of this Agreement may be waived, amended, supplemented or otherwise modified except in accordance with Section 10 2 of the Credit Agreement

Section 10 05 Successors and Assigns This Agreement shall be binding upon the successors and assigns of each Grantor and shall inure to the benefit of the Administrative Agent and the other Secured Parties, the future holders of the Loans and any notes hereunder and their successors and assigns, provided that no Grantor may assign, transfer or delegate

any of its rights or Secured Obligations under this Agreement without the prior written consent of the Administrative Agent and the Lenders

Section 10 06 Severability Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof, and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction

Section 10 07 Counterparts This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument and any of the parties hereto may execute this Agreement by signing any such counterpart

Section 10 08 Survival The obligations of the parties under Section 10 03 shall survive the repayment of the Secured Obligations and the termination of the Credit Agreement To the extent that any payments on the Secured Obligations or proceeds of any Collateral are subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to a trustee, debtor in possession, receiver or other Person under any bankruptcy law, common law or equitable cause, then to such extent, the Secured Obligations so satisfied shall be revived and continue as if such payment or proceeds had not been received and the Administrative Agent's and the other Secured Parties' Liens, security interests, rights, powers and remedies under this Agreement and each applicable Collateral Document shall continue in full force and effect In such event, each applicable Collateral Document shall be automatically reinstated and each Grantor shall take such action as may be reasonably requested by the Administrative Agent and the other Secured Parties to effect such reinstatement

Section 10 09 Captions Captions and section headings appearing herein are included solely for convenience of reference and are not intended to affect the interpretation of any provision of this Agreement

Section 10 10 No Oral Agreements The Loan Documents embody the entire agreement and understanding between the parties and supersede all other agreements and understandings between such parties relating to the subject matter hereof and thereof The Loan Documents represent the final agreement between the parties and may not be contradicted by evidence of prior, contemporaneous or subsequent oral agreements of the parties There are no unwritten oral agreements between the parties

Section 10 11 Governing Law, Submission to Jurisdiction

(a) This Agreement and the other Loan Documents shall be construed in accordance with and be governed by the law (without giving effect to the conflict of law principles thereof except for Sections 5-1401 and 5-1402 of the New York General Obligations Law) of the State of New York

(b) Each Grantor hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of the United States District Court of the Southern District of New York and of the Supreme Court of the state of New York sitting in New York county and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or any other Loan Document or the transactions

contemplated hereby or thereby, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York state court or, to the extent permitted by applicable law, such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement or any other Loan Document shall affect any right that the Administrative Agent or any Lender may otherwise have to bring any action or proceeding relating to this Agreement or any other Loan Document against the any Grantor or its properties in the courts of any jurisdiction.

(c) Each Grantor irrevocably and unconditionally waives any objection which it may now or hereafter have to the laying of venue of any such suit, action or proceeding described in paragraph (b) of this Section 10.11 and brought in any court referred to in paragraph (b) of this Section 10.11. Each of the parties hereto irrevocably waives, to the fullest extent permitted by applicable law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Each party to this Agreement irrevocably consents to the service of process in the manner provided for notices in Section 10.02. Nothing in this Agreement or in any other Loan Document will affect the right of any party hereto to serve process in any other manner permitted by law.

Section 10.12 WAIVER OF JURY TRIAL. EACH PARTY HERETO IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

Section 10.13 Acknowledgments Each Grantor hereby acknowledges that

(a) it has been advised by counsel in the negotiation, execution and delivery of this Agreement and the other Loan Documents to which it is a party,

(b) neither the Administrative Agent nor any other Secured Party has any fiduciary relationship with or duty to any Grantor arising out of or in connection with this Agreement or any of the other Loan Documents, and the relationship between the Grantors, on the one hand, and the Administrative Agent and the other Secured Parties, on the other hand, in connection herewith or therewith is solely that of debtor and creditor, and

(c) no joint venture is created hereby or by the other Loan Documents or otherwise exists by virtue of the transactions contemplated hereby among the Secured Parties or among the Grantors and the Lenders

(d) Each of the parties hereto specifically agrees that it has a duty to read this Agreement and the other Loan Documents to which it is a party and agrees that it is charged with notice and knowledge of the terms of this Agreement and the other Loan Documents to which it is a party, that it has in fact read this Agreement and the other Loan Documents to which it is a party and is fully informed and has full notice and knowledge of the terms, conditions and effects of this Agreement and the other Loan Documents to which it is a party, that it has been represented by independent legal counsel of its choice throughout the negotiations preceding its execution of this Agreement and the other Loan Documents to which it is party; and has received the advice of its attorney in entering into this Agreement and the other Loan Documents to which it is a party, and that it recognizes that certain of the terms of this Agreement and other Loan Documents to which it is a party result in one party assuming the liability inherent in some aspects of the transaction and relieving the other party of its responsibility for such liability. Each party hereto agrees and covenants that it will not contest the validity or enforceability of any exculpatory provision of this Agreement and other Loan Documents to which it is a party on the basis that the party had no notice or knowledge of such provision or that the provision is not "conspicuous."

(e) Each Grantor warrants and agrees that each of the waivers and consents set forth in this Agreement are made voluntarily and unconditionally after consultation with outside legal counsel and with full knowledge of their significance and consequences, with the understanding that events giving rise to any defense or right waived may diminish, destroy or otherwise adversely affect rights which such Grantor otherwise may have against any other Grantor, the Administrative Agent, the Secured Parties or any other Person or against any Collateral. If, notwithstanding the intent of the parties that the terms of this Agreement shall control in any and all circumstances, any such waivers or consents are determined to be unenforceable under applicable law, such waivers and consents shall be effective to the maximum extent permitted by law.

Section 10.14 Additional Grantors. Each Person that is required to become a party to this Agreement pursuant to Section 5.12 of the Credit Agreement and is not a signatory hereto shall become a Grantor for all purposes of this Agreement upon execution and delivery by such Subsidiary of a Joinder in the form of Annex I.

Section 10.15 Set-Off. Each Grantor agrees that, in addition to (and without limitation of) any right of set-off, bankers' lien or counterclaim a Secured Party may otherwise have, each Secured Party shall have the right and be entitled (after consent of the Administrative Agent is obtained), at its option, to offset (i) balances held by it or by any of its Affiliates for account of any Grantor or any Subsidiary at any of its offices, in dollars or in any other currency, and (ii) Obligations then due and payable to such Lender (or any Affiliate of such Lender), which is not paid when due, in which case it shall promptly notify the Borrower and the Administrative Agent thereof, provided that such Secured Party's failure to give such notice shall not affect the validity thereof, provided, however, that any set-off shall be deemed applied in accordance with Section 8.2 of the Credit Agreement.



#### Section 10 16 Releases

(a) **Release Upon Payment in Full** The grant of a security interest hereunder and all of the rights, powers and remedies in connection herewith shall remain in full force and effect until the Administrative Agent, at the direction of the Required Lenders, has (i) retransferred and delivered all Collateral in its possession to the Grantors, and (ii) executed a written release or termination statement and reassigned to the Grantors without recourse or warranty any remaining Collateral and all rights conveyed hereby. In accordance with Section 9 12 of the Credit Agreement, the Administrative Agent, at the written request and expense of the Borrower and the other Grantors, will promptly release, reassign and transfer the Collateral to the Grantors, without recourse, representation, warranty or other assurance of any kind, and declare this Agreement to be of no further force or effect.

(b) **Further Assurances** If any of the Collateral shall be sold, transferred or otherwise disposed of by any Grantor to a Person that is not a Grantor or Subsidiary or Affiliate of Holdings in a transaction permitted by the Credit Agreement, then the Administrative Agent, at the direction of the Required Lenders at the request and sole expense of such Grantor, shall promptly execute and deliver to such Grantor all releases or other documents reasonably necessary for the release of the Liens created hereby on such Collateral and the Equity Interests of such Grantor, made without recourse, representation, warranty or other assurance of any kind, provided that the Borrower shall have delivered to the Administrative Agent and Lenders, at least ten Business Days prior to the date of the proposed release, a written request for release identifying the relevant Grantor and the terms of the sale or other disposition in reasonable detail, including the price thereof and any expenses in connection therewith, together with a certification by the Borrower stating that such transaction is in compliance with the Credit Agreement and the other Loan Documents. At the direction of the Required Lenders and at the request and sole expense of the Borrower, a Grantor (other than Holdings, Kadmon Corporation, LLC or Borrower) shall be released from its obligations hereunder in the event that all the Equity Interests of such Grantor shall be sold, transferred or otherwise disposed of to a Person that is not a Grantor or Subsidiary or Affiliate of Holdings in a transaction expressly permitted by the Credit Agreement, provided that the Borrower shall have delivered to the Administrative Agent and Lenders, at least ten Business Days prior to the date of the proposed release, a written request for release identifying the relevant Grantor and the terms of the sale or other disposition in reasonable detail, including the price thereof and any expenses in connection therewith, together with a certification by the Borrower stating that such transaction is in compliance with the Credit Agreement and the other Loan Documents.

(c) **Retention in Satisfaction** Except as may be expressly applicable pursuant to Section 9-620 of the UCC, no action taken or omission to act by the Administrative Agent or the other Secured Parties hereunder, including, without limitation, any exercise of voting or consensual rights or any other action taken or inaction, shall be deemed to constitute a retention of the Collateral in satisfaction of the Secured Obligations or otherwise to be in full satisfaction of the Secured Obligations, and the Secured Obligations shall remain in full force and effect until paid in full or until such subsequent time as is provided in Section 10 16(a).

**Section 10 17 Reinstatement** The obligations of each Grantor under this Agreement (including, without limitation, with respect to the guarantee contained in ARTICLE II and the provision of collateral herein) shall continue to be effective, or be reinstated, as the case may be, if at any time payment, or any part thereof, of any of the Obligations is rescinded or must


otherwise be restored or returned by the Administrative Agent or any other Secured Party upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of the Borrower or any Grantor, or upon or as a result of the appointment of a receiver, intervenor or conservator of, or trustee or similar officer for, the Borrower or any Grantor or any substantial part of its property, or otherwise, all as though such payments had not been made

Section 10.18 Acceptance Each Grantor hereby expressly waives notice of acceptance of this Agreement, acceptance on the part of the Administrative Agent and the other Secured Parties being conclusively presumed by their request for this Agreement and delivery of the same to the Administrative Agent


IN WITNESS WHEREOF, the undersigned has caused this Agreement to be duly executed and delivered as of the date first above written

**GRANTORS:**


**KADMON HOLDINGS, LLC**

By   
Name. Steven Gordon  
Title Executive Vice President

**KADMON CORPORATION, LLC**

By   
Name Steven Gordon  
Title Executive Vice President


**KADMON PHARMACEUTICALS,  
LLC**

By   
Name Steven Gordon  
Title Executive Vice President


**KADMON RESEARCH INSTITUTE,  
LLC**

By   
Name Steven Gordon  
Title Executive Vice President


**THREE RIVERS RESEARCH  
INSTITUTE I, LLC**

By   
Name Steven N. Gordon  
Title Executive Vice President and  
General Counsel


**THREE RIVERS BIOLOGICS, LLC**

By   
Name Steven N. Gordon  
Title Executive Vice President and  
General Counsel


**THREE RIVERS GLOBAL  
PHARMA, LLC**

By   
Name Steven N. Gordon  
Title Executive Vice President and  
General Counsel


**THREE RIVERS  
PHARMACEUTICALS LIMITED**

By   
Name Steven N. Gordon  
Title Executive Vice President and  
General Counsel

**THREE RIVERS GLOBAL  
PHARMA, LIMITED**

By   
Name Steven N. Gordon  
Title Executive Vice President and  
General Counsel

**KADMON INTERNATIONAL LTD**

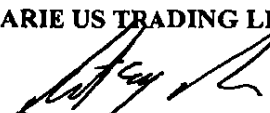
By   
Name Steven N. Gordon  
Title Executive Vice President

Acknowledged and Agreed to as of the  
date hereof by.

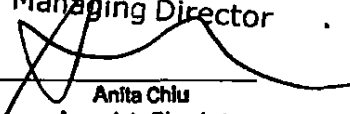
**ADMINISTRATIVE AGENT**

**MACQUARIE US TRADING LLC**

By

  
Name: Robert M. Perdock  
Title: Managing Director

By

  
Name: Anita Chiu  
Title: Associate Director

**Schedule 1**  
**Notice of Addresses of Grantors**

All Grantors

c/o Kadmon Holdings, LLC

450 East 29th Street

New York, New York 10016

Attn Steven N Gordon

**Schedule 2**  
**Description of Pledged Securities**

Owner	Issuer	Class of Equity Interest	No of Units/ Shares	Certificate No	Percentage Pledged
Kadmon Holdings, LLC	Kadmon Corporation, LLC	Common Membership Units	1	C-2	100%
Kadmon Corporation, LLC	Kadmon Pharmaceuticals, LLC	Common Membership Units	1	100	100%
Kadmon Corporation, LLC	Kadmon Research Institute, LLC	Common Membership Units	1	100	100%
Kadmon Corporation, LLC	Kadmon International Ltd	Ordinary Shares	650	3	65%
Kadmon Pharmaceuticals, LLC	Three Rivers Research Institute I, LLC	Units	1,000	1	100%
Kadmon Pharmaceuticals, LLC	Three Rivers Biologics, LLC	Units	1,000	1	100%
Kadmon Pharmaceuticals, LLC	Three Rivers Global Pharma, LLC	Units	1,000	1	100%
Kadmon Pharmaceuticals, LLC	Three Rivers Global Pharma Limited	Ordinary Shares	650	3	65%
Kadmon Pharmaceuticals, LLC	Three Rivers Pharmaceuticals Limited	Ordinary Shares	650	4	65%

**Schedule 3**  
**Filings and other actions required to perfect security interests**

Uniform Commercial Code Filings (UCC-1)

Grantor Party	Jurisdiction
Kadmon Holdings, LLC	Delaware
Kadmon Corporation, LLC	Delaware
Kadmon Research Institute, LLC	Delaware
Kadmon Pharmaceuticals, LLC	Pennsylvania
Three Rivers Research Institute I, LLC	Pennsylvania
Three Rivers Biologics, LLC	Pennsylvania
Three Rivers Global Pharma, LLC	Pennsylvania

Companies House (United Kingdom) Filings

Grantor Party	Jurisdiction
Three Rivers Pharmaceuticals Limited	United Kingdom
Three Rivers Global Pharma Limited	United Kingdom
Kadmon International Ltd	United Kingdom

Mortgages, Leasehold Mortgages, and Fixture Filings

Details of all mortgages, leasehold mortgages and fixture filings have been provided to the Administrative Agent and are on file with the Administrative Agent

Bailee Agreements

Details of all bailee agreements have been provided to the Administrative Agent and are on file with the Administrative Agent



**Annex I**  
**Form of Joinder to Supplemental Guaranty and Security Agreement**

JOINDER, dated as of \_\_\_\_\_, 20\_\_ (this "Joinder"), is made by \_\_\_\_\_, a \_\_\_\_\_ corporation (the "Additional Grantor"), in favor of Macquarie US Trading LLC, as administrative agent (in such capacity, the "Administrative Agent") for the Secured Parties (as defined in the Supplemental Guaranty and Security Agreement referred to below) All capitalized terms not defined herein shall have the meanings ascribed to them in such Supplemental Guaranty and Security Agreement

**WITNESSETH:**

WHEREAS, KADMON PHARMACEUTICALS, LLC, a Pennsylvania limited liability company (together with its successors, the "Borrower"), KADMON HOLDINGS, LLC, a Delaware limited liability company ("Holdings"), the lenders from time to time parties thereto, and the Administrative Agent, have entered into a Second Amended and Restated Credit Agreement, dated as of June 17, 2013 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"),

WHEREAS, Holdings, the Borrower and certain Subsidiaries of Holdings have entered into a Supplemental Guaranty and Security Agreement, dated as of \_\_\_\_\_, 2013 (as amended, restated, supplemented or otherwise modified from time to time, the "Supplemental Guaranty and Security Agreement") in favor of the Administrative Agent for the benefit of the Secured Parties,

WHEREAS, the Credit Agreement requires the Additional Grantor to become a party to the Supplemental Guaranty and Security Agreement, and

WHEREAS, the Additional Grantor has agreed to execute and deliver this Joinder in order to become a party to the Supplemental Guaranty and Security Agreement,

**NOW, THEREFORE, IT IS AGREED**

1 Supplemental Guaranty and Security Agreement By executing and delivering this Joinder, the Additional Grantor, as provided in Section 10.13 of the Supplemental Guaranty and Security Agreement, hereby becomes a party to the Supplemental Guaranty and Security Agreement as a Grantor thereunder with the same force and effect as if originally named therein as a Grantor and, without limiting the generality of the foregoing, hereby expressly assumes all obligations and liabilities of a Grantor thereunder and expressly grants to the Administrative Agent, for the benefit of the Secured Parties, a security interest in all Collateral owned by such Additional Grantor to secure all of such Additional Grantor's obligations and liabilities thereunder. The information set forth in Annex 1-A is hereby added to the information set forth in Schedules 1 through 9 to the Supplemental Guaranty and Security Agreement. The Additional Grantor hereby represents and warrants that, with respect to itself only, each of the representations and warranties contained in ARTICLE V of the Supplemental Guaranty and Security Agreement is true and correct on and as the date hereof (after giving effect to this Joinder) as if made on and as of such date.

2 Governing Law THIS ASSUMPTION AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

IN WITNESS WHEREOF, the undersigned has caused this Joinder to be duly executed and delivered as of the date first above written.

**[ADDITIONAL GRANTOR]**

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

Acknowledged and Agreed to as of the date  
hereof by

**ADMINISTRATIVE AGENT:**

MACQUARIE US TRADING LLC

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

By. \_\_\_\_\_  
Name  
Title

**Annex II**  
**Form of Intellectual Property Security Agreement**

THIS [COPYRIGHT] [PATENT] [TRADEMARK] SECURITY AGREEMENT, dated as of \_\_\_\_\_, 20\_\_\_\_, is made by the entity identified on the signature page hereto as the Grantor (the "Grantor"), in favor of Macquarie US Trading LLC, as administrative agent (in such capacity, together with its successors and permitted assigns, the "Administrative Agent") for the Secured Parties and for the banks and other financial institutions (the "Lenders") from time to time parties to the Second Amended and Restated Credit Agreement, dated as of June 17, 2013 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Kadmon Pharmaceuticals, LLC (the "Borrower"), Kadmon Holdings, LLC ("Holdings"), the lenders from time to time parties thereto, and the Administrative Agent

**WITNESSETH:**

WHEREAS, pursuant to the Credit Agreement, the Lenders have severally agreed to make extensions of credit to the Borrower upon the terms and subject to the conditions set forth therein,

WHEREAS, the Grantor has agreed, pursuant to a Supplemental Guaranty and Security Agreement dated as of \_\_\_\_\_, 2013 in favor of the Administrative Agent (as amended, restated, supplemented or otherwise modified from time to time, the "Supplemental Guaranty and Security Agreement"), to guarantee the Obligations (as defined in the Credit Agreement) of the Borrower, and

WHEREAS, the Grantor is party to the Supplemental Guaranty and Security Agreement pursuant to which the Grantor is required to execute and deliver this [Copyright] [Patent] [Trademark] Security Agreement,

NOW, THEREFORE, in consideration of the premises and to induce the Lenders and the Administrative Agent to enter into the Credit Agreement and to induce the Lenders to make their respective extensions of credit to the Borrower thereunder, the Grantor hereby agrees with the Administrative Agent as follows

Section 1 Defined Terms. Capitalized terms used herein without definition are used as defined in the Supplemental Guaranty and Security Agreement

Section 2 Grant of Security Interest in [Copyright] [Trademark] [Patent] Collateral The Grantor, as collateral security for the prompt and complete payment and performance when due (whether at stated maturity, by acceleration or otherwise) of the Secured Obligations of the Grantor, hereby mortgages, pledges and hypothecates to the Administrative Agent for the benefit of the Secured Parties, and grants to the Administrative Agent for the benefit of the Secured Parties a lien on and security interest in, all of its right, title and interest in, to and under the following Collateral (the "[Copyright] [Patent] [Trademark] Collateral")

(i) [all of its Copyrights and all Copyright Licenses providing for the grant by or to the Grantor of any right under any Copyright, including, without limitation, those referred to on Schedule 1 hereto,

(ii) all renewals, reversions and extensions of the foregoing, and

(iii) all income, royalties, proceeds and liabilities at any time due or payable or asserted under and with respect to any of the foregoing, including, without limitation, all rights to sue and recover at law or in equity for any past, present and future infringement, misappropriation, dilution, violation or other impairment thereof ]

[or]

(i) [all of its Patents and all Patent Licenses providing for the grant by or to the Grantor of any right under any Patent, including, without limitation, those referred to on Schedule 1 hereto,

(ii) all reissues, reexaminations, continuations, continuations-in-part, divisionals, renewals and extensions of the foregoing, and

(iii) all income, royalties, proceeds and liabilities at any time due or payable or asserted under and with respect to any of the foregoing, including, without limitation, all rights to sue and recover at law or in equity for any past, present and future infringement, misappropriation, dilution, violation or other impairment thereof ]

[or]

(i) [all of its Trademarks and all Trademark Licenses providing for the grant by or to the Grantor of any right under any Trademark, including, without limitation, those referred to on Schedule 1 hereto,

(ii) all renewals and extensions of the foregoing,

(iii) all goodwill of the business connected with the use of, and symbolized by, each such Trademark, and

(iv) all income, royalties, proceeds and liabilities at any time due or payable or asserted under and with respect to any of the foregoing, including, without limitation, all rights to sue and recover at law or in equity for any past, present and future infringement, misappropriation, dilution, violation or other impairment thereof ]

Section 3 Supplemental Guaranty and Security Agreement The security interest granted pursuant to this [Copyright] [Patent] [Trademark] Security Agreement is granted in conjunction with the security interest granted to the Administrative Agent pursuant to the Supplemental Guaranty and Security Agreement, and the Grantor hereby acknowledges and agrees that the rights and remedies of the Administrative Agent with respect to the security interest in the [Copyright] [Patent] [Trademark] Collateral made and granted hereby are more fully set forth in the Supplemental Guaranty and Security Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein

Section 4 Grantor Remains Liable The Grantor hereby agrees that, anything herein to the contrary notwithstanding, the Grantor shall assume full and complete responsibility for the prosecution, defense, enforcement or any other necessary or desirable actions in connection with its [Copyrights] [Patents] [Trademarks] and [Copyrights] [Patents] [Trademarks] Licenses subject to a security interest hereunder

Section 5    Counterparts    This [Copyright] [Patent] [Trademark] Security Agreement may be executed in any number of counterparts and by different parties in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Signature pages may be detached from multiple separate counterparts and attached to a single counterpart.

Section 6    Governing Law    This [Copyright] [Patent] [Trademark] Security Agreement and the rights and obligations of the parties hereto shall be governed by, and construed and interpreted in accordance with, the law of the State of New York.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the Grantor has caused this [Copyright] [Patent]  
[Trademark] Security Agreement to be executed and delivered by its duly authorized officer  
as of the date first set forth above

Very truly yours,

**[GRANTOR],**  
as Grantor

By. \_\_\_\_\_  
Name.  
Title

ACCEPTED AND AGREED  
as of the date first above written.

**MACQUARIE US TRADING LLC,**  
as Administrative Agent

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

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

ACKNOWLEDGMENT OF GRANTOR

State of \_\_\_\_\_ )

) ss

County of \_\_\_\_\_ )

On this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ before me personally appeared \_\_\_\_\_, proved to me on the basis of satisfactory evidence to be the person who executed the foregoing instrument on behalf of \_\_\_\_\_, who being by me duly sworn did depose and say that he is an authorized officer of said company, that the said instrument was signed on behalf of said company as authorized by its Board of [Directors] [Managers] and that he acknowledged said instrument to be the free act and deed of said company

Notary Public \_\_\_\_\_

SCHEDULE I  
TO  
[COPYRIGHT] [PATENT] [TRADEMARK] SECURITY AGREEMENT

[Copyright] [Patent] [Trademark] Registrations

1     REGISTERED   [COPYRIGHTS]   [PATENTS]   [TRADEMARKS]   [Include  
Registration Number and Date]

2     [COPYRIGHT] [PATENT] [TRADEMARK] APPLICATIONS [Include Application  
Number and Date]

3     [COPYRIGHT] [PATENT] [TRADEMARK] LICENSES

[Include complete legal description of agreement (name of agreement, parties and  
date)]



**Annex III**  
**Form of Supplement to Supplemental Guaranty and Security Agreement - Additional Collateral**

THIS SUPPLEMENT TO SUPPLEMENTAL GUARANTY AND SECURITY AGREEMENT - ADDITIONAL COLLATERAL (this "Supplement"), dated as of \_\_\_\_\_, 20\_\_\_\_, is made by the entity identified on the signature page hereto as the Grantor (the "Grantor"), in favor of Macquarie US Trading LLC, as administrative agent (in such capacity, the "Administrative Agent") for the Secured Parties (as defined in the Supplemental Guaranty and Security Agreement referred to below) All capitalized terms not defined herein shall have the meaning ascribed to them in such Supplemental Guaranty and Security Agreement

**WITNESSETH:**

WHEREAS, KADMON PHARMACEUTICALS, LLC, a Pennsylvania limited liability company (together with its successors, the "Borrower"), KADMON HOLDINGS, LLC, a Delaware limited liability company ("Holdings"), the lenders from time to time parties thereto, and the Administrative Agent, have entered into a Second Amended and Restated Credit Agreement, dated as of June 17, 2013 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"),

WHEREAS, Holdings, the Borrower and certain Subsidiaries of Holdings have entered into a Supplemental Guaranty and Security Agreement, dated as of \_\_\_\_\_, 2013 (as amended, restated, supplemented or otherwise modified from time to time, the "Supplemental Guaranty and Security Agreement") in favor of the Administrative Agent for the benefit of the Secured Parties,

WHEREAS, it is a condition precedent to the continued extension of the Loans under the Credit Agreement that the Grantor grant to Administrative Agent a security interest in all of its Additional Pledged Collateral (as defined below), and the Grantor wishes to fulfill said condition precedent,

NOW, THEREFORE, in consideration of the premises and in order to ensure compliance with the Credit Agreement, the Grantor hereby agrees as follows

**SECTION 1 Additional Pledge** As security for the payment and performance of the Secured Obligations, the Grantor hereby

(a) pledges, hypothecates, assigns, charges, mortgages, delivers, sets over, conveys and transfers to the Administrative Agent, for the benefit of the Secured Parties, and grants to the Administrative Agent, for the benefit of the Secured Parties, a security interest in all of the Grantor's right, title and interest in and to

(i) the shares of Equity Interests more particularly described in Schedule I hereto and the certificates, if any, evidencing such shares (the "Additional Pledged Shares") and all cash, instruments and other property from time to time received, receivable or otherwise distributed in exchange for any and all of such Additional Pledged Shares,

(ii) the membership interests more particularly described in Schedule II hereto and the certificates, if any, evidencing such membership interests (the "Additional Pledged Membership Interests") and all cash, instruments and other property from time to time received, receivable or otherwise distributed in exchange for any and all of such Additional Pledged Membership Interests,

(iii) all other Collateral (as defined in the Supplemental Guaranty and Security Agreement) relating to the Additional Pledged Shares and the Additional Pledged Membership Interests (the items described in subsections (i) and (ii), above, collectively, the "Additional Pledged Collateral"); and

(b) delivers to the Administrative Agent, for the benefit of the Secured Parties, all of the Grantor's right, title and interest in and to the certificates and instruments, if any, evidencing the Additional Pledged Collateral, accompanied by instruments of transfer or assignment, duly executed in blank

**SECTION 2 Representations and Warranties** The Grantor hereby (a) represents and warrants that it is the legal and beneficial owner of the Additional Pledged Collateral, free and clear of any lien, security interest, option or other charge or encumbrance except for the security interest created by the Supplemental Guaranty and Security Agreement as supplemented by this Supplement, and (b) restates each representation and warranty set forth in ARTICLE V of the Supplemental Guaranty and Security Agreement, as supplemented by this Supplement, as of the date hereof, only with respect to the Additional Pledged Collateral

**SECTION 3 Additional Pledged Collateral** By execution and delivery of this Supplement, the Additional Pledged Collateral shall become a part of the Collateral referred to in the Supplemental Guaranty and Security Agreement and shall secure the Secured Obligations as if such Additional Pledged Collateral were Collateral on the Closing Date, and shall be subject to all of the terms and conditions governing Collateral under the Supplemental Guaranty and Security Agreement. From and after the date hereof, Schedule 2 to the Supplemental Guaranty and Security Agreement is hereby amended to add the Additional Pledged Collateral

**SECTION 4 Binding Effect** This Supplement shall become effective when it shall have been executed by the Grantor and thereafter shall be binding upon the Grantor and shall inure to the benefit of the Administrative Agent and the Secured Parties. Upon the effectiveness of this Supplement, this Supplement shall be deemed to be a part of and shall be subject to all the terms and conditions of the Supplemental Guaranty and Security Agreement. The Grantor shall not have the right to assign its rights hereunder or any interest herein without the prior written consent of the Lenders.

**SECTION 5 Governing Law, Terms** THIS SUPPLEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAW (WITHOUT GIVING EFFECT TO THE CONFLICT OF LAW PRINCIPLES THEREOF) OF THE STATE OF NEW YORK

SECTION 6 Execution in Counterparts This Supplement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the Grantor has caused this Supplement to be duly executed and delivered by its duly authorized officer as of the date first above written.

[NAME OF GRANTOR]

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

ACCEPTED AND AGREED  
as of the date first above written

**MACQUARIE US TRADING LLC,**  
as Administrative Agent

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

By \_\_\_\_\_  
Name.  
Title

**Schedule I**  
**to**  
**SUPPLEMENT TO SUPPLEMENTAL GUARANTY AND SECURITY AGREEMENT -**  
**ADDITIONAL PLEDGED SHARES**

Schedule II  
to  
SUPPLEMENT TO SUPPLEMENTAL GUARANTY AND SECURITY AGREEMENT -  
ADDITIONAL PLEDGED MEMBERSHIP INTERESTS