

U.S. SECURITY AGREEMENT

U.S. SECURITY AGREEMENT, dated as of May 20, 2008, made by NORTEK, INC., a Delaware corporation (the “**Specified U.S. Borrower**”), the other Persons listed on the signature pages hereof and the Additional Grantors (as hereinafter defined) (the Specified U.S. Borrower, the Persons so listed and the Additional Grantors being, collectively, the “**Grantors**”), to BANK OF AMERICA, N.A., as administrative agent (in such capacity, together with any successor administrative agent, the “**Administrative Agent**”) for the Secured Parties.

PRELIMINARY STATEMENTS

(1) The Specified U.S. Borrower and the other Loan Parties party thereto have entered into a Credit Agreement dated of even date herewith (said Agreement, as it may hereafter be amended, amended and restated, supplemented or otherwise modified from time to time, being the “**Credit Agreement**”) with the Lenders, the L/C Issuers and the agents party thereto.

(2) Pursuant to the Credit Agreement, the Grantors are entering into this Agreement in order to grant to the Administrative Agent for the ratable benefit of the Secured Parties a security interest in the Collateral (as hereinafter defined).

(3) It is a condition precedent to the making of Loans and the issuance of Letters of Credit by the Lenders under the Credit Agreement, the entry into Secured Hedge Agreements by the Hedge Banks and the entry into Secured Cash Management Agreements by the Cash Management Banks from time to time that the Grantors shall have granted the assignment and security interest and made the pledge and assignment contemplated by this Agreement.

(4) Each Grantor will derive substantial direct and indirect benefit from the transactions contemplated by the Loan Documents.

(5) Terms defined in the Credit Agreement and not otherwise defined in this Agreement are used in this Agreement as defined in the Credit Agreement. Further, unless otherwise defined in this Agreement or in the Credit Agreement, terms defined in Article 8 or 9 of the UCC (as defined below) are used in this Agreement as such terms are defined in such Article 8 or 9 (including Accounts, Certificated Security, Chattel Paper, Commercial Tort Claims, Commodity Account, Commodity Contract, Deposit Accounts, Documents, Equipment, Farm Products, Financial Assets, Fixtures, General Intangibles, Goods, Instruments, Inventory, Investment Property, Letter of Credit Rights, Securities Accounts, Securities Intermediary, Security, Security Entitlements and Supporting Obligations). Additionally, the following terms shall have the following meanings:

“**Commodity Account Control Agreement**” shall mean an agreement in form reasonably satisfactory to the Administrative Agent sufficient to grant the Administrative Agent Control over a specified Commodity Account.

“**Control**” shall mean (i) in the case of each Deposit Account, “control,” as such term is defined in Section 9-104 of the UCC, (ii) in the case of any Security Entitlement, “control,” as such term is defined in Section 8-106 of the UCC and (iii) in the case of any Commodity Contract, “control,” as such term is defined in Section 9-106 of the UCC.

**“Control Agreements”** shall mean, collectively, the Deposit Account Control Agreements, the Securities Account Control Agreements and the Commodity Account Control Agreements.

**“Deposit Account Control Agreement”** shall mean an agreement in form reasonably satisfactory to the Administrative Agent sufficient to grant the Administrative Agent Control over a specified Deposit Account.

**“Excluded Accounts”** shall mean each of the following, but in each case only to the extent that Control of the same has not been provided to or for the benefit of any other creditor or as security for any other obligations:

- (i) all Deposit Accounts maintained by the Grantors solely for the purpose of making current payments of payroll obligations in the ordinary course of business;

- (ii) for a period of not more than 30 days (or such longer period as may be approved by the Administrative Agent in its sole discretion) following any Permitted Acquisition of a new Subsidiary, the Deposit Accounts, Securities Accounts and Commodity Accounts of such new Subsidiary; and

- (iii) any Deposit Accounts, Securities Accounts and Commodity Accounts as to which (A) during the first 90 days following the Closing Date, the aggregate book balances thereof, taken as a whole, do not exceed \$10,000,000, and (B) thereafter, the aggregate collected balances thereof, taken as a whole, do not exceed \$10,000,000 (or such greater amount as may be agreed from time to time by the Administrative Agent in its discretion).

**“Excluded Equity”** shall mean each of the following, but in each case only to the extent that the same has not been pledged to or for the benefit of any other creditor or as security for any other obligations:

- (i) shares of Voting Foreign Stock of any Foreign Subsidiary to the extent (and only to the extent) that the pledge thereof hereunder would result in more than 65% of the Voting Foreign Stock of such Foreign Subsidiary to be pledged hereunder;

- (ii) Equity Interests in Foreign Subsidiaries that are not Material Foreign Subsidiaries; and

- (iii) any Equity Interests of any Subsidiary with respect to which the Administrative Agent has determined in its sole discretion that the costs of providing a pledge of such Equity Interests hereunder is excessive in view of the benefits to be provided by such pledge.

**“Noteholder Security Agreement”** shall mean have the meaning specified in the Intercreditor Agreement.

**“Release Date”** shall have the meaning specified in Section 20.

**“Securities Account Control Agreement”** shall mean an agreement in form reasonably satisfactory to the Administrative Agent sufficient to grant the Administrative Agent Control with respect to a specified Securities Account.

“**Trustee**” shall mean the Noteholder Collateral Agent as defined in the Intercreditor Agreement.

“**UCC**” shall mean the Uniform Commercial Code (as defined in the Credit Agreement).

“**Voting Foreign Stock**” shall mean shares of stock in any Foreign Subsidiary entitled to vote (within the meaning of Treasury Regulation Section 1.956-2(c)(2) promulgated under the Code)

NOW, THEREFORE, in consideration of the premises and in order to induce the Lenders to make Loans and issue Letters of Credit under the Credit Agreement, to induce the Hedge Banks to enter into Secured Hedge Agreements and to induce the Cash Management Banks to enter into Secured Cash Management Agreements from time to time, each Grantor hereby agrees with the Administrative Agent for the ratable benefit of the Secured Parties as follows:

Section 1. Grant of Security. Each Grantor hereby grants to the Administrative Agent, for the ratable benefit of the Secured Parties, a security interest in, such Grantor’s right, title and interest in and to the following, in each case, as to each type of property described below, whether now owned or hereafter acquired by such Grantor, wherever located, and whether now or hereafter existing or arising (collectively, the “**Collateral**”):

- (a) all Accounts;
- (b) all cash and Cash Equivalents;
- (c) all Chattel Paper;
- (d) all Commercial Tort Claims (including, without limitation, the Commercial Tort Claims set forth on Schedule 15 to the Perfection Certificate);
- (e) all Deposit Accounts;
- (f) all Documents;
- (g) all Equipment;
- (h) all Farm Products;
- (i) all Fixtures;
- (j) all General Intangibles;
- (k) all Goods;
- (l) all Instruments;
- (m) all Inventory;
- (n) all Letter-of-Credit Rights (together with all Accounts, Chattel Paper, Instruments, Deposit Accounts, General Intangibles and other obligations of any kind, whether or not arising out of or in connection with the sale or lease of goods or the rendering of services and whether or not earned by performance, the “**Receivables**”; and all rights now or hereafter existing in and to all supporting obligations and in and to all security agreements, mortgages, Liens,

leases, letters of credit and other contracts securing or otherwise relating to the Receivables, being the “**Related Contracts**”);

(o) the following (the “**Security Collateral**”):

(i) all indebtedness from time to time owed to such Grantor, including without limitation, all promissory notes or instruments, if any, evidencing such indebtedness, all indebtedness owed to such Grantor pursuant to the Intercompany Note and the instruments set forth on Schedule 12 to the Perfection Certificate (the “**Pledged Debt**”), and all interest, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of the Pledged Debt;

(ii) all Equity Interests, other than Excluded Equity, from time to time acquired, owned or held by such Grantor in any manner, including, without limitation, the Equity Interests of each Grantor set forth opposite such Grantor’s name on and otherwise described on Schedule 11 to the Perfection Certificate, and the certificates, if any, representing such shares or units or other Equity Interests (collectively, the “**Pledged Equity**”), and all dividends, distributions, return of capital, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such shares or other Equity Interests and all subscription warrants, rights or options issued thereon or with respect thereto; and

(iii) all Investment Property and all Financial Assets (including, without limitation, all securities, security entitlements and securities accounts), the certificates or instruments, if any, representing or evidencing such Investment Property or Financial Assets and all dividends, distributions, return of capital, interest, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in exchange therefor and all subscription warrants, rights or options issued thereon or with respect thereto;

(p) all contracts and agreements between any Grantor and one or more additional parties (including, without limitation, any Swap Contracts, licensing agreements and any partnership agreements, joint venture agreements, limited liability company agreements), the Related Contracts and the IP Agreements (as hereinafter defined), in each case as such agreements may be amended, amended and restated, supplemented or otherwise modified from time to time (collectively, the “**Assigned Agreements**”), including, without limitation, (i) all rights of such Grantor to receive moneys due and to become due under or pursuant to the Assigned Agreements, (ii) all rights of such Grantor to receive proceeds of any insurance, indemnity, warranty or guaranty with respect to the Assigned Agreements, (iii) claims of such Grantor for damages arising out of or for breach of or default under the Assigned Agreements, to perform thereunder and to compel performance and otherwise exercise all remedies thereunder (all such Collateral being the “**Agreement Collateral**”);

(q) the following (collectively, the “**Intellectual Property Collateral**”):

(i) all patents, patent applications, utility models and statutory invention registrations, all inventions claimed or disclosed therein and all improvements thereto (“**Patents**”);

(ii) all trademarks, service marks, domain names, trade dress, logos, designs, slogans, trade names, business names, corporate names and other source identifiers, whether registered or unregistered (provided that no security interest shall be granted in United States intent-to-use trademark applications to the extent that, and solely during the period in which, the grant of a security interest therein would impair the validity or enforceability of such intent-to-use trademark applications under applicable federal law), together, in each case, with the goodwill symbolized thereby (“**Trademarks**”);

(iii) all copyrights, including, without limitation, copyrights in Computer Software (as hereinafter defined), internet web sites and the content thereof, whether registered or unregistered (“**Copyrights**”);

(iv) all computer software, programs and databases (including, without limitation, source code, object code and all related applications and data files), firmware and documentation and materials relating thereto, together with any and all maintenance rights, service rights, programming rights, hosting rights, test rights, improvement rights, renewal rights and indemnification rights and any substitutions, replacements, improvements, error corrections, updates and new versions of any of the foregoing (“**Computer Software**”);

(v) all confidential and proprietary information of the Grantor, including, without limitation, know-how, trade secrets, manufacturing and production processes and techniques, inventions, research and development information, databases and data, including, without limitation, technical data, financial, marketing and business data, pricing and cost information, business and marketing plans and customer and supplier lists and information (collectively, “**Trade Secrets**”), and all other intellectual, industrial and intangible property of any type, including, without limitation, industrial designs and mask works;

(vi) all registrations and applications for registration for any of the foregoing, including, without limitation, those registrations and applications for registration set forth in Schedule 14 to the Perfection Certificate, together with all reissues, divisions, continuations, continuations-in-part, extensions, renewals and reexaminations thereof;

(vii) all tangible embodiments of the foregoing, all rights in the foregoing provided by international treaties or conventions, all rights corresponding thereto throughout the world and all other rights of any kind whatsoever of such Grantor accruing thereunder or pertaining thereto;

(viii) all agreements, permits, consents, orders and franchises relating to the license, development, use or disclosure of any of the foregoing to which such Grantor, now or hereafter, is a party or a beneficiary (“**IP Agreements**”); and

(ix) any and all claims for damages and injunctive relief for past, present and future infringement, dilution, misappropriation, violation, misuse or breach with respect to any of the foregoing, with the right, but not the obligation, to sue for and collect, or otherwise recover, such damages (the property described in this Section 1(q) is referred to herein as the “**Intellectual Property**”);

(r) all books and records (including, without limitation, customer lists, credit files, printouts and other computer output materials and records) of such Grantor pertaining to any of the Collateral;

(s) and all other tangible and intangible personal property of whatever nature whether or not covered by Article 9 of the UCC;

(t) all proceeds of, collateral for, income, royalties and other payments now or hereafter due and payable with respect to and Supporting Obligations relating to, any and all of the Collateral (including, without limitation, proceeds, collateral and supporting obligations that constitute property of the types described in clauses (a) through (t) of this Section 1) and, to the extent not otherwise included, all payments under insurance (whether or not the Administrative Agent is the loss payee thereof), or any indemnity, warranty or guaranty, payable by reason of loss or damage to or otherwise with respect to any of the foregoing Collateral;

*provided* that notwithstanding anything to the contrary in this Agreement, this Agreement shall not constitute a grant of a security interest in any (A) motor vehicles or other assets that are subject to certificates of title; (B) any Equipment that is subject to a purchase money lien or capital lease permitted under the Credit Agreement to the extent the documents relating to such purchase money lien or capital lease would not permit such Equipment to be subject to the security interest created hereby; (C) any Letter-of-Credit Rights to the extent the applicable Grantor is required by applicable law to apply the Proceeds thereof for a specified purpose; or (D) any General Intangible, Investment Property (other than (i) any Equity Interests of a wholly-owned Subsidiary of a Grantor required to be pledged hereunder or (ii) any other Equity Interests of a Subsidiary of a Grantor required to be pledged hereunder unless such restrictions are permitted to exist under the Credit Agreement) or Assigned Agreement to the extent that (but only as long as) the terms thereof (after giving effect to Sections 9-406, 9-407 and 9-408 of the UCC) validly prohibit the assignment of, or granting a security interest in, or validly permit the termination (by reason of such assignment or security interest) of, such General Intangible, Investment Property or Assigned Agreement (it being understood and agreed, however, (i) that notwithstanding the foregoing, all rights to payment for money due or to become due pursuant to any such excluded Collateral shall be subject to the security interests created by this Agreement and (ii) such excluded Collateral shall otherwise be subject to the security interests created by this Agreement upon receiving any necessary approvals or waivers permitting the assignment thereof, which the applicable Grantor shall use commercially reasonable efforts to obtain).

Section 2. Security for Obligations. This Agreement secures, in the case of each Grantor, the payment of all Obligations of such Grantor now or hereafter existing under the Loan Documents, whether direct or indirect, absolute or contingent, and whether for principal, reimbursement obligations, interest (including interest and fees that accrue after the commencement by or against any Grantor of any proceeding under any Debtor Relief Laws naming such Person as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding), fees, premiums, penalties, indemnifications, contract causes of action, costs, expenses or otherwise (all such obligations being the “**Secured Obligations**”).

Section 3. Grantors Remain Liable. Anything herein to the contrary notwithstanding, (a) each Grantor shall remain liable under the contracts and agreements included in such Grantor’s Collateral to the extent set forth therein to perform all of its duties and obligations thereunder to the same extent as if this Agreement had not been executed, (b) the exercise by the Administrative Agent of any of the rights hereunder shall not release any Grantor from any of its duties or obligations under the contracts and agreements included in the Collateral and (c) no Secured Party shall have any obligation or liability under the contracts and agreements included in the Collateral by reason of this Agreement or any

other Loan Document, nor shall any Secured Party be obligated to perform any of the obligations or duties of any Grantor thereunder or to take any action to collect or enforce any claim for payment assigned hereunder.

Section 4. Delivery and Control of Security Collateral. (a) (i) All certificates representing or evidencing the Pledged Equity and (ii) all instruments representing or evidencing the Pledged Debt (excluding, unless an Event of Default has occurred and is continuing, Pledged Debt in an aggregate principal amount not in excess of \$2,500,000), shall be delivered to and held by or on behalf of the Administrative Agent pursuant hereto (unless the Trustee is granted a prior security interest in such certificates and instruments and the same are required to be delivered (and are delivered) to the Trustee for the benefit of the Secured Parties pursuant to the Intercreditor Agreement) and shall be in suitable form for transfer by delivery, or shall be accompanied by duly executed instruments of transfer or assignment in blank, all in form and substance satisfactory to the Administrative Agent; provided that, unless an Event of Default shall have occurred and be continuing, with respect to intercompany indebtedness to the extent evidenced by the Intercompany Note, the Grantors shall only be required to deliver possession of the Intercompany Note with respect to such indebtedness. During the continuation of an Event of Default, the Administrative Agent shall have the right, at any time in its discretion and without notice to any Grantor, to (i) transfer to or to register in the name of the Administrative Agent or any of its nominees any or all of the Security Collateral, subject only to the revocable rights specified in Section 11(a), (ii) exchange certificates or instruments representing or evidencing Security Collateral for certificates or instruments of smaller or larger denominations, and (iii) convert Security Collateral consisting of financial assets credited to any Securities Account to Security Collateral consisting of financial assets held directly by the Administrative Agent, and to convert Security Collateral consisting of financial assets held directly by the Administrative Agent to Security Collateral consisting of financial assets credited to any Securities Account.

(b) With respect to any Security Collateral in which any Grantor has any right, title or interest and that constitutes an uncertificated security, such Grantor will promptly notify the Administrative Agent thereof and, (i) if so requested by the Administrative Agent with respect to any such Security Collateral (which request shall only be made with respect to Security Collateral as to which the actions described in this Section 4(b) have not been taken to the extent that the aggregate value thereof is in excess of \$1,000,000 or (ii) solely in the case of Security Collateral representing Equity Interests in a Subsidiary, upon the request of the Administrative Agent, cause the issuer thereof either (x) to register the Administrative Agent as the registered owner of such security or (y) to agree in an authenticated record with such Grantor and the Administrative Agent that such issuer will comply with instructions with respect to such security originated by the Administrative Agent without further consent of such Grantor, such authenticated record to be in form and substance satisfactory to the Administrative Agent. During the continuation of an Event of Default, with respect to any Security Collateral in which any Grantor has any right, title or interest, promptly upon the request of the Administrative Agent, such Grantor will notify each such issuer of Security Collateral that such Security Collateral is subject to the security interest granted hereunder.

(c) Except as otherwise set forth herein, if any amount payable under or in connection with any of the Collateral shall be or become evidenced by any Instrument, certificated security or Chattel Paper, such Instrument, certificated security or Chattel Paper shall be promptly delivered to the Administrative Agent (unless the Trustee is granted a prior security interest in such Collateral and the same is required to be delivered (and is delivered) to the Trustee for the benefit of the Secured Parties pursuant to the Intercreditor Agreement), duly endorsed in a manner satisfactory to the Administrative Agent, to be held as Collateral pursuant to this Agreement and, if applicable, the Intercreditor Agreement, *provided* that, unless an Event of Default has occurred and is continuing, the

Grantors shall not be required to deliver the same pursuant to this clause (c) to the extent that the aggregate value of the Collateral not so delivered does not exceed \$5,000,000.

Section 5. Maintaining Electronic Chattel Paper, Transferable Records and Letter-of-Credit Rights and Giving Notice of Commercial Tort Claims. Unless the Release Date shall have occurred:

(a) Each Grantor will maintain Deposit Accounts (other than Excluded Accounts) only with a bank (which may include the Administrative Agent) (a “**Pledged Account Bank**”) that has entered into a Deposit Account Control Agreement. The Administrative Agent hereby agrees that it will not deliver a notice indicating that the Administrative Agent will take Control over a Deposit Account, Securities Account or Commodity Account under any Control Agreement unless an Event of Default or Cash Dominion Event has occurred and is continuing.

(b) The Administrative Agent may, at any time and without notice to, or consent from, the Grantor, transfer, or direct the transfer of, funds from the Pledged Deposit Accounts to satisfy the Grantor’s obligations under the Loan Documents if an Event of Default or Cash Dominion Event shall have occurred and be continuing.

(c) Upon any termination by a Grantor of any Pledged Deposit Account, such Grantor will immediately (i) transfer all funds and property held in such terminated Pledged Deposit Account to another Pledged Deposit Account and (ii) notify all Account Debtors and any other obligors that were making payments to such Pledged Deposit Account to make all future payments to another Pledged Deposit Account, in each case so that the Administrative Agent shall have a continuously perfected security interest in such Account Collateral, funds and property.

(d) Upon the occurrence of and during the continuation of an Event of Default, promptly upon the request of the Administrative Agent, each Grantor will maintain (i) all Electronic Chattel Paper with a value individually in excess of \$500,000 or in the aggregate in excess of \$2,000,000 so that the Administrative Agent has control of the Electronic Chattel Paper in the manner specified in Section 9-105 of the UCC and (ii) all transferable records so that the Administrative Agent has control of the transferable records in the manner specified in Section 16 of the Uniform Electronic Transactions Act, as in effect in the jurisdiction governing such transferable record (“**UETA**”).

(e) Each Grantor, by granting a security interest in its Receivables consisting of Letter-of-Credit Rights to the Administrative Agent, intends to (and hereby does) assign to the Administrative Agent its rights (including its contingent rights) to the proceeds of all Related Contracts consisting of letters of credit of which it is or hereafter becomes a beneficiary or assignee (except to the extent that the applicable Grantor is required by applicable law to apply such proceeds to a specified purpose). If any Grantor is at any time a beneficiary under a letter of credit now or hereafter issued in favor of such Grantor, and (i) the face amount of such letter of credit is in excess of \$1,000,000 individually or (ii) the face amount of such letter of credit, together with the face amount of all other letters of credit issued in favor of any Grantor in which the Administrative Agent does not have a perfected security interest exceeds \$2,500,000 in the aggregate, such Grantor shall promptly notify the Administrative Agent thereof and such Grantor shall use commercially reasonable efforts to either (A) arrange for the issuer and any confirmer of such letter of credit to consent to an assignment to the Administrative Agent of the proceeds of any drawing under such letter of credit or (B) arrange for the Administrative Agent to become the transferee beneficiary of such letter of credit, with the Administrative Agent agreeing, in each



case, that the proceeds of any drawing under such letter of credit are to be applied as provided in the Credit Agreement.

(f) Upon the occurrence of an Event of Default, each Grantor shall, promptly upon request by the Administrative Agent, (i) notify (and such Grantor hereby authorizes the Administrative Agent to notify) the issuer and each nominated person with respect to each of the Related Contracts consisting of letters of credit that the proceeds thereof have been assigned to the Administrative Agent hereunder and any payments due or to become due in respect thereof are to be made directly to the Administrative Agent or its designee and (ii) arrange for the Administrative Agent to become the transferee beneficiary of letter of credit.

(g) Each Grantor will give prompt notice in writing (which notice shall reference this Section 5(g) to the Administrative Agent of any Commercial Tort Claim individually valued in excess of \$2,500,000 that may arise in the future and, if requested by the Administrative Agent, will promptly execute or otherwise authenticate a supplement to this Agreement, and otherwise take all necessary action, to subject such Commercial Tort Claim to the first priority security interest created under this Agreement.

Section 6. Representations and Warranties. Each Grantor represents and warrants as follows:

(a) All Pledged Equity consisting of certificated securities and all Pledged Debt has been delivered to the Administrative Agent in accordance herewith. If such Grantor is an issuer of Security Collateral, such Grantor confirms that it has received notice of the security interest granted hereunder.

(b) Such Grantor is the legal and beneficial owner of the Collateral granted or purported to be granted by such Grantor free and clear of any Lien, claim, option or right of others, except for the security interest created under this Agreement, subject to Liens permitted under Section 7.01 of the Credit Agreement. To the best knowledge of the Grantors, no effective financing statement or other instrument similar in effect covering all or any part of the Collateral or listing such Grantor or any trade name of such Grantor as debtor is on file in any recording office, except such as may have been filed in favor of the Administrative Agent relating to the Loan Documents or as otherwise permitted under the Credit Agreement.

(c) All of the Equipment and Inventory of such Grantor are located at the places specified therefor in Schedule 2 to the Perfection Certificate or at another location as to which such Grantor has complied with the requirements of Sections 8 and 9(b). Such Grantor has obtained and maintains insurance with respect to its Equipment and Inventory in compliance with Section 8(d).

(d) The Pledged Equity issued by the Company or any of its Subsidiaries hereunder has been duly authorized and validly issued and is fully paid and non-assessable. The Pledged Debt pledged by such Grantor hereunder has been duly authorized, authenticated or issued and delivered, is the legal, valid and binding obligation of the issuers thereof, is evidenced by one or more promissory notes (which promissory notes have been delivered to the Administrative Agent (unless required to be delivered and so delivered to the Trustee pursuant to the Intercreditor Agreement) and is not in default.

(e) The Pledged Equity pledged by such Grantor constitutes the percentage of the issued and outstanding Equity Interests of the issuers thereof indicated on Schedule 11 to the

Perfection Certificate. No Grantor has any Investment Property or Financial Assets other than the Investment Property and Financial Assets listed on Schedules 11, 12 and 13 to the Perfection Certificate.

(f) Each Grantor has good and valid rights in and title to the Collateral with respect to which it has purported to grant a security interest hereunder and has full power and authority to grant to the Administrative Agent the security interest in such Collateral pursuant hereto and to execute, deliver and perform its obligations in accordance with the terms of this Agreement, without the consent or approval of any other person, other than any consent or approval that has been obtained and is in full force and effect or the need for which has been specifically disclosed herein or in the Credit Agreement.

(f) The Perfection Certificate has been duly prepared, completed and executed by the Specified U.S. Borrower and the information set forth therein, including the exact legal name of each Grantor, is true, accurate and complete.

(g) This Agreement creates in favor of the Administrative Agent for the benefit of the Secured Parties a valid security interest in the Collateral granted by such Grantor, securing the payment of the Secured Obligations; and (i) when the financing statements set forth in Schedule 7 of the Perfection Certificate are filed or recorded with the appropriate Governmental Authority referred to therein with respect to the Collateral described therein in which a security interest may be perfected by filing or recordation and (ii) upon the taking of possession or control by the Administrative Agent of the Collateral described in Schedules 11, 12 and 16 of the Perfection Certificate with respect to which a security interest may be perfected only by possession or control, all filings and other actions necessary to perfect the security interest in the Collateral granted by such Grantor have been duly made or taken and are in full force and effect; and such security interest is, in the case of ABL Priority Collateral, first priority and, in the case of Term Priority Collateral, second priority.

(h) None of the Grantors has filed or consented to the filing of (i) any financing statement or analogous document under the UCC or any other applicable laws covering any Collateral, (ii) any assignment in which any Grantor assigns any Collateral or any security agreement or similar instrument covering any Collateral with the United States Patent and Trademark Office or the United States Copyright Office or (iii) any assignment in which any Grantor assigns any Collateral or any security agreement or similar instrument covering any Collateral with any foreign governmental, municipal or other office, which financing statement or analogous document, assignment, security agreement or similar instrument is still in effect, except, in each case, for Liens expressly permitted pursuant to Section 7.01 of the Credit Agreement.

(i) The Inventory that has been produced or distributed by such Grantor has been produced in compliance with all requirements of applicable law, including, without limitation, the Fair Labor Standards Act.

(j) No amount payable to such Grantor under or in connection with any Receivable is evidenced by any Instrument or Chattel Paper which has not been delivered to the Administrative Agent to the extent otherwise required to be delivered hereunder (other than purchase orders, supply agreements and invoices).

(k) As to itself and its Intellectual Property Collateral:

(i) To such Grantor's knowledge, the operation of such Grantor's business as currently conducted and the use of the Intellectual Property in connection therewith do not infringe, misappropriate or otherwise violate the intellectual property rights of any third party.

(ii) Such Grantor is the exclusive owner of all right, title and interest in and to the material Intellectual Property Collateral, and is entitled to use all material Intellectual Property Collateral subject only to the terms of the IP Agreements, in each case as used in or necessary to its operations.

(iii) The IP Agreements, patents, trademarks, service marks, trade names and all applications for any of the foregoing included in the Intellectual Property Collateral is set forth on Schedule 14 to the Perfection Certificate and sets forth all such Intellectual Property and all IP Agreements material to the operations of the Grantors.

(iv) None of such Grantor's Intellectual Property material to the operations of the Grantors, has been abandoned or has been adjudged invalid or unenforceable in whole or part.

Section 7. Further Assurances. (a) Each Grantor agrees that from time to time, at the expense of such Grantor, such Grantor will promptly execute and deliver, or otherwise authenticate, all further instruments and documents, and take all further action that may be reasonably necessary or desirable, or that the Administrative Agent may reasonably request, in order to perfect and protect any pledge or security interest granted or purported to be granted by such Grantor hereunder or to enable the Administrative Agent to exercise and enforce its rights and remedies hereunder with respect to any Collateral of such Grantor. Without limiting the generality of the foregoing, each Grantor will promptly with respect to Collateral of such Grantor:

(i) mark conspicuously each document included in Inventory and, at the request of the Administrative Agent if an Event of Default has occurred and is continuing, each Chattel Paper, each Related Contract and each Assigned Agreement and, at the request of the Administrative Agent, each of its records pertaining to such Collateral with a legend, in form and substance satisfactory to the Administrative Agent, indicating that such document, Chattel Paper, Related Contract, Assigned Agreement or Collateral is subject to the security interest granted hereby

(ii) execute or authenticate and file such financing or continuation statements, or amendments thereto, and such other instruments or notices, as may be reasonably necessary or desirable, or as the Administrative Agent may reasonably request, in order to perfect and preserve the security interest granted or purported to be granted by such Grantor hereunder;

(iii) execute and deliver to the Administrative Agent an executed Control Agreement with respect to each Deposit Account of any Grantor owned, maintained or established by any Grantor after the Closing Date (other than an Excluded Account), including any such Deposit Account which at any time ceases to be an Excluded Account (it being understood that the Administrative Agent shall not give any instructions directing the disposition of funds from time to time credited to any Deposit Account or withhold any withdrawal rights from such Grantor with respect to funds from time to time credited to any Deposit Account unless an Event of Default or Cash Dominion Event has occurred and is continuing);

(iv) if any Grantor shall, following the Closing Date, establish and maintain any Securities Account or Commodity Account (other than an Excluded Account) with any Securities Intermediary or Commodity Intermediary, such Grantor shall, within 30 days (or such longer period as the Administrative Agent may agree in its sole discretion) of opening such Securities Account or Commodity Account, notify the Administrative Agent thereof and deliver to the Administrative Agent an executed Control Agreement with respect to such Securities Account or Commodity Account, as the case may be; and

(v) deliver to the Administrative Agent evidence that all other action that the Administrative Agent may deem reasonably necessary or desirable in order to perfect and protect the security interest granted or purported to be granted by such Grantor under this Agreement has been taken.

(b) Each Grantor hereby authorizes the Administrative Agent to file one or more financing or continuation statements, and amendments thereto, including, without limitation, one or more financing statements indicating that such financing statements cover all assets or all personal property (or words of similar effect) of such Grantor, in each case without the signature of such Grantor, and regardless of whether any particular asset described in such financing statements falls within the scope of the UCC or the granting clause of this Agreement. A photocopy or other reproduction of this Agreement or any financing statement covering the Collateral or any part thereof shall be sufficient as a financing statement where permitted by law. Each Grantor ratifies its authorization for the Administrative Agent to have filed such financing statements, continuation statements or amendments filed prior to the date hereof.

(c) Each Grantor will furnish to the Administrative Agent from time to time statements and schedules further identifying and describing the Collateral of such Grantor and such other reports in connection with such Collateral as the Administrative Agent may reasonably request, all in reasonable detail.

(d) The Borrower Agent will furnish to the Administrative Agent, at any time upon the request of the Administrative Agent if an Event of Default or a Cash Dominion Event has occurred and is continuing, an opinion of counsel, from outside counsel reasonably satisfactory to the Administrative Agent, to the effect that all financing or continuation statements have been filed, and all other action has been taken to perfect continuously from the date hereof the security interest granted hereunder.

(e) Each Loan Party shall at all times defend its title to Collateral and the Administrative Agent's Liens therein against all Persons, claims and demands whatsoever, except for Liens permitted under Section 7.01 of the Credit Agreement.

Section 8. As to Equipment and Inventory and Insurance. (a) Each Grantor will keep its Equipment and Inventory (other than Inventory sold in the ordinary course of business or pursuant to a disposition in accordance with Section 7.05 of the Credit Agreement) at the places therefor specified in Section 2 to the Perfection Certificate or at such other locations as such Grantor may determine from time to time, *provided* that such Grantor shall give written notice to the Administrative Agent specifying any such other location within 30 days' after the first date on which any Equipment or Inventory is moved to such location.

(b) Each Grantor will promptly furnish to the Administrative Agent a statement respecting any loss or damage exceeding \$1,000,000 to any of the Inventory of such Grantor.

(c) In producing its Inventory, each Grantor will comply in all material respects with all requirements of applicable law, including, without limitation, the Fair Labor Standards Act.

(d) Each Grantor will, at its own expense, maintain insurance with respect to its Equipment and Inventory in such amounts, against such risks, in such form and with such insurers, as required under Section 6.07 of the Credit Agreement. Without limitation to the foregoing, each Loan Party shall maintain insurance with respect to the Collateral, covering casualty, hazard, public liability, theft, malicious mischief, flood and other risks, in amounts, with endorsements and with insurers (with a Best Rating of at least A7, unless otherwise approved by the Administrative Agent) reasonably satisfactory to the Administrative Agent. All proceeds under each policy shall be payable to the Administrative Agent or deposited directly to a Dominion Account. From time to time upon request, the Loan Parties shall deliver to the Administrative Agent the originals or certified copies of its insurance policies and updated flood plain searches. Unless the Administrative Agent shall agree otherwise, each policy of property insurance shall include satisfactory endorsements: (i) showing the Administrative Agent (or, in the case of property insurance, the Administrative Agent and the Trustee, as their interests may appear) as sole loss payee; (ii) requiring the insurer to endeavor to provide 30 days prior written notice to the Administrative Agent in the event of cancellation of the policy for any reason whatsoever; and (iii) specifying that the interest of the Administrative Agent shall not be impaired or invalidated by any act or neglect of any Loan Party or the owner of the property, nor by the occupation of the premises for purposes more hazardous than are permitted by the policy. If any Loan Party fails to provide and pay for any insurance, the Administrative Agent may, at its option, but shall not be required to, procure the insurance and charge the Borrowers therefor. Each Loan Party agrees to deliver to the Administrative Agent, promptly as rendered, copies of all material reports made to insurance companies in respect of the insurance described herein. So long as no Event of Default has occurred and is continuing, the Loan Parties may settle, adjust or compromise any insurance claim, as long as the proceeds are delivered to the Administrative Agent or deposited to a Dominion Account as provided above. If an Event of Default has occurred and is continuing, only the Administrative Agent shall be authorized to settle, adjust and compromise such claims. Further, each Grantor will, at the request of the Administrative Agent, duly execute and deliver instruments of assignment of such insurance policies to comply with the requirements of the Loan Documents and cause the insurers to acknowledge notice of such assignment.

(e) So long as no Event of Default or Cash Dominion Event shall have occurred and be continuing, all insurance payments, proceeds of insurance and any awards arising from condemnation of any Collateral received by the Administrative Agent in connection with any loss, damage or destruction of any Collateral shall be transferred to a Dominion Account, and to the extent required to be applied to the Obligations in accordance with Section 2.05(b) of the Credit Agreement, the Administrative Agent may direct the applicable Pledged Account Bank to release to such Grantor any such amount if and to the extent that any prepayment of Obligations is required under the Credit Agreement in connection with the receipt of such amount and such prepayment has been made. Reimbursement under any liability insurance maintained by any Grantor pursuant to this Section 8 may be paid directly to the Person who shall have incurred liability covered by such insurance.

Section 9. Post-Closing Changes; Bailees; Collections on Assigned Agreements and Accounts; Assigned Agreements. (a) No Grantor will change its name, type of organization, jurisdiction of organization, organizational identification number or location from those set forth in 1 to the Perfection Certificate without giving notice thereof to the Administrative Agent within 30 days (or such lesser period of time as the Administrative Agent may agree) of such change and thereafter taking all action required by the Administrative Agent for the purpose of perfecting or protecting the security interest granted by this Agreement. Each Grantor will hold and preserve its records relating to the Collateral, including, without limitation, the Assigned Agreements and Related Contracts.

(b) If any Collateral of any Grantor is at any time in the possession or control of a warehouseman, bailee or agent (including as set forth on Schedule 2(e) to the Perfection Certificate) or is located at leased premises or mortgaged property, upon the request of the Administrative Agent, such Grantor will (i) notify any such warehouseman, bailee, agent or landlord of the security interest created hereunder, (ii) instruct any such warehouseman, bailee or agent to hold all such Collateral solely for the Administrative Agent's account subject only to the Administrative Agent's instructions, and (iii) if at any time the value of the Collateral in the possession or control of such warehouseman, bailee or agent or located at such leased or mortgaged premises exceeds or is reasonably likely to exceed \$3,000,000, use commercially reasonable efforts to (A) cause such warehouseman, bailee or agent to authenticate a record acknowledging that it holds possession of such Collateral for the Administrative Agent's benefit and shall act solely on the instructions of the Administrative Agent without the further consent of the Grantor or any other Person and make such authenticated record available to the Administrative Agent, and (B) obtain a Lien Waiver from such warehouseman, bailee or agent or the applicable landlord or mortgagee.

(c) Except as otherwise provided in this subsection (c), each Grantor will continue to collect, at its own expense, all amounts due or to become due such Grantor under the Receivables, Assigned Agreements and Related Contracts. In connection with such collections, such Grantor may take (and, at the Administrative Agent's direction during the continuation of an Event of Default, may take) such commercially reasonable action as such Grantor (or the Administrative Agent) may deem necessary or advisable to enforce collection thereof; *provided, however*, that the Administrative Agent shall have the right at any time upon the occurrence and during the continuance of an Event of Default, to notify the Obligors under any Receivables, Assigned Agreements and Related Contracts, of the assignment of such Receivables, Assigned Agreements and Related Contracts, to the Administrative Agent and to direct such Obligors to make payment of all amounts due or to become due to such Grantor thereunder directly to the Administrative Agent and, upon such notification and at the expense of such Grantor, to enforce collection of any such Receivables, Assigned Contracts and Related Contracts, to adjust, settle or compromise the amount or payment thereof, and to otherwise exercise all rights with respect to such Receivables, Assigned Agreements and Related Contracts, including, without limitation, those set forth set forth in Section 9-607 of the UCC. Upon the occurrence and during the continuation of an Event of Default or a Cash Dominion Event, all amounts and proceeds (including, without limitation, Instruments) received by such Grantor in respect of the Receivables, Assigned Agreements and Related Contracts of such Grantor shall be received in trust for the benefit of the Administrative Agent hereunder, shall be segregated from other funds of such Grantor and shall be transferred to the Payment Accounts as set forth in Section 6.19 of the Credit Agreement for application to the Obligations as provided in Section 8.03 of the Credit Agreement. Upon the occurrence and during the continuation of an Event of Default, (i) no Grantor will grant any extension with respect to the time of payment of any Receivable or any amount due on any Assigned Agreement or Related Contract, adjust, settle or compromise the amount or payment of any Receivable or any amount due on any Assigned Agreement or Related Contract for less than the full amount thereof, release wholly or partly any Account Debtor or obligor thereof, allow any credit or discount thereon (except, in each case, in the ordinary course of business consistent with past practice unless the Administrative Agent shall have notified such Grantor that its right to do so has been terminated) or make any amendment, supplement or modification thereto, in each case in any manner that could adversely affect the value thereof and (ii) the applicable Grantor shall deliver to the Administrative Agent a copy of each material demand, notice or document received by it that questions or calls into doubt the validity or enforceability of more than 5% of the aggregate amount of its then outstanding Accounts. No Grantor will permit or consent to the subordination of its right to payment under any of the Receivables, Assigned Agreements or Related Contracts to any other indebtedness or obligations of the Account Debtor or obligor thereof.

(d) Anything herein to the contrary notwithstanding, each Grantor shall remain liable under each of the Receivables, Assigned Agreements and Related Contracts 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 thereto. Neither the Administrative Agent nor any Secured Party shall have any obligation or liability under any Receivable, Assigned Agreement or Related Contract by reason of or arising out of this Agreement or the receipt by the Administrative Agent or any Secured Party of any payment relating thereto, nor shall the Administrative Agent, nor any Secured Party, be obligated in any manner to perform any of the obligations of any Grantor under or pursuant to any Receivable, Assigned Agreement or Related Contract, 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 thereunder, 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.

(e) Each Grantor will at its expense: (i) maintain the Assigned Agreements to which it is a party in full force and effect, enforce the Assigned Agreements to which it is a party in accordance with the terms thereof and take all such action to such end as may be requested from time to time by the Administrative Agent, except where the failure to do could not reasonably be expected to have a Material Adverse Effect; and (ii) furnish to the Administrative Agent promptly upon receipt thereof copies of all material notices, requests and other documents received by such Grantor under or pursuant to any material Assigned Agreements to which it is a party, and from time to time (A) furnish to the Administrative Agent such information and reports regarding the Assigned Agreements and such other Collateral of such Grantor as the Administrative Agent may reasonably request and (B) upon the reasonable request of the Administrative Agent, make to each other party to any Assigned Agreement to which it is a party such demands and requests for information and reports or for action as such Grantor is entitled to make thereunder.

(f) Each Grantor hereby consents on its behalf and on behalf of its Subsidiaries to the assignment and pledge to the Administrative Agent for benefit of the Secured Parties of each Assigned Agreement to which it is a party by any other Grantor hereunder. Each Grantor agrees, and has effectively so instructed each other party to each Assigned Agreement to which it is a party, that all payments due or to become due under or in connection with such Assigned Agreement will be made directly to a Pledged Deposit Account.

Section 10. As to Intellectual Property Collateral. (a) With respect to material Intellectual Property Collateral, each Grantor agrees to take, at its expense, all commercially reasonable steps, including, without limitation, in the U.S. Patent and Trademark Office, the U.S. Copyright Office and any other governmental authority located in the United States, to (i) maintain the validity and enforceability of such Intellectual Property Collateral and maintain such Intellectual Property Collateral in full force and effect, and (ii) pursue the registration and maintenance of each patent, trademark, or copyright registration or application, now or hereafter included in such Intellectual Property Collateral of such Grantor, including, without limitation, the payment of required fees and taxes, the filing of responses to office actions issued by the U.S. Patent and Trademark Office, the U.S. Copyright Office or other governmental authorities, the filing of applications for renewal or extension, the filing of affidavits under Sections 8 and 15 of the U.S. Trademark Act, the filing of divisional, continuation, continuation-in-part, reissue and renewal applications or extensions, the payment of maintenance fees and the participation in interference, reexamination, opposition, cancellation, infringement and misappropriation proceedings. No Grantor shall, without the written consent of the Administrative Agent, discontinue use of or otherwise abandon any of its material Intellectual Property Collateral, or abandon any right to file an application for patent, trademark, or copyright, unless such Grantor shall have previously determined that such use or the pursuit or maintenance of such Intellectual Property Collateral is no longer desirable in the conduct of such Grantor's business.

(b) Each Grantor agrees promptly to notify the Administrative Agent if such Grantor becomes aware that any item of material Intellectual Property Collateral may have become abandoned, placed in the public domain, invalid or unenforceable, or of any adverse determination or development regarding such Grantor's ownership of any of such Intellectual Property Collateral or its right to register the same or to keep and maintain and enforce the same, unless the maintenance of such Intellectual Property Collateral is no longer desirable in the conduct of such Grantor's business.

(c) In the event that any Grantor becomes aware that any item of its Intellectual Property Collateral is being infringed or misappropriated by a third party in any way that would reasonably be expected to have a Material Adverse Effect, such Grantor shall promptly notify the Administrative Agent and shall take such actions, at its expense, as such Grantor or the Administrative Agent deems reasonable and appropriate under the circumstances to protect or enforce such Intellectual Property Collateral, including, without limitation, suing for infringement or misappropriation and for an injunction against such infringement or misappropriation.

(d) No Grantor shall do or permit any act or knowingly omit to do any act whereby any of its material Intellectual Property Collateral may lapse or become invalid or unenforceable or placed in the public domain, unless the maintenance of such Intellectual Property Collateral is no longer desirable in the conduct of such Grantor's business.

(e) Each Grantor shall take all commercially reasonable steps which it or the Administrative Agent (during the continuation of an Event of Default) deems reasonable and appropriate under the circumstances to preserve and protect each item of its material Intellectual Property Collateral, including, without limitation, maintaining the quality of any and all products or services used or provided in connection with any of the Trademarks, consistent with the quality of the products and services as of the date hereof, and taking all steps necessary to ensure that all licensed users of any of the Trademarks use such consistent standards of quality.

(d) With respect to its Intellectual Property Collateral, each Grantor agrees to execute or otherwise authenticate an agreement, in substantially the form set forth in Exhibit B hereto or otherwise in form and substance satisfactory to the Administrative Agent (an "**Intellectual Property Security Agreement**"), for recording the security interest granted hereunder to the Administrative Agent in such Intellectual Property Collateral with the U.S. Patent and Trademark Office, the U.S. Copyright Office and any other governmental authorities necessary to perfect the security interest hereunder in such Intellectual Property Collateral.

(e) Each Grantor agrees that should it obtain an ownership interest in any item of the type set forth in Section 1(q) that is not on the date hereof a part of the Intellectual Property Collateral ("**After-Acquired Intellectual Property**") (i) the provisions of this Agreement shall automatically apply thereto, and (ii) any such After-Acquired Intellectual Property and, in the case of trademarks, the goodwill symbolized thereby, shall automatically become part of the Intellectual Property Collateral subject to the terms and conditions of this Agreement with respect thereto. Each Grantor shall, concurrently with the delivery of financial statements under Section 6.01(a) of the Credit Agreement, execute and deliver to the Administrative Agent, or otherwise authenticate, an agreement substantially in the form of Exhibit C hereto or otherwise in form and substance satisfactory to the Administrative Agent (an "**IP Security Agreement Supplement**") covering such After-Acquired Intellectual Property which IP Security Agreement Supplement shall be recorded with the U.S. Patent and Trademark Office, the U.S. Copyright Office and any other governmental authorities necessary to perfect the security interest hereunder in such After-Acquired Intellectual Property.



(f) Nothing in this Agreement prevents any Grantor from discontinuing the use or maintenance of any of its Intellectual Property Collateral to the extent permitted by the Credit Agreement if such Grantor determines in its reasonable business judgment that such discontinuance is desirable in the conduct of its business.

Section 11. Voting Rights; Dividends; Etc. (a) So long as no Event of Default shall have occurred and be continuing:

(i) Each Grantor shall be entitled to exercise any and all voting and other consensual rights pertaining to the Security Collateral of such Grantor or any part thereof for any purpose; *provided however*, that such Grantor will not exercise or refrain from exercising any such right if such action would have a material adverse effect on the value of the Security Collateral or any part thereof.

(ii) Each Grantor shall be entitled to receive and retain any and all dividends, interest and other distributions paid in respect of the Security Collateral of such Grantor if and to the extent that the payment thereof is not otherwise prohibited by the terms of the Loan Documents; *provided, however*, that any and all dividends, interest and other distributions paid or payable other than in cash in respect of, and instruments and other property received, receivable or otherwise distributed in respect of, or in exchange for, any Security Collateral shall be, and shall be forthwith delivered to the Administrative Agent (unless required to be delivered to the Trustee pursuant to the Intercreditor Agreement) to hold as Security Collateral and shall, if received by such Grantor, be received in trust for the benefit of the Administrative Agent, be segregated from the other property or funds of such Grantor and be forthwith delivered to the Administrative Agent (unless required to be delivered to the Trustee pursuant to the Intercreditor Agreement) as Security Collateral in the same form as so received (with any necessary indorsement).

(iii) The Administrative Agent will execute and deliver (or cause to be executed and delivered) to each Grantor all such proxies and other instruments as such Grantor may reasonably request for the purpose of enabling such Grantor to exercise the voting and other rights that it is entitled to exercise pursuant to paragraph (i) above and to receive the dividends or interest payments that it is authorized to receive and retain pursuant to paragraph (ii) above.

(b) Upon the occurrence and during the continuance of an Event of Default:

(i) All rights of each Grantor (x) to exercise or refrain from exercising the voting and other consensual rights that it would otherwise be entitled to exercise pursuant to Section 11(a)(i) shall, upon notice to such Grantor by the Administrative Agent, cease and (y) to receive the dividends, interest and other distributions that it would otherwise be authorized to receive and retain pursuant to Section 11(a)(ii) shall automatically cease, and all such rights shall thereupon become vested in the Administrative Agent, which shall thereupon have the sole right to exercise or refrain from exercising such voting and other consensual rights and to receive and hold as Security Collateral such dividends, interest and other distributions.

(ii) All dividends, interest and other distributions that are received by any Grantor contrary to the provisions of paragraph (i) of this Section 11(b) shall be received in trust for the benefit of the Administrative Agent, shall be segregated from other funds of such Grantor and shall be forthwith paid over to the Administrative Agent (unless required to be delivered to the Trustee pursuant to the Intercreditor Agreement) as Security Collateral in the same form as so received (with any necessary indorsement).

(c) Upon the occurrence and during the continuation of an Event of Default or a Cash Dominion Event, the Administrative Agent shall be authorized to exercise exclusive control over all Deposit Accounts, Securities Accounts and Commodity Accounts (other than Excluded Accounts).

Section 12. Transfers and Other Liens; Additional Shares. (a) Each Grantor agrees that it will not (i) sell, assign or otherwise dispose of, or grant any option with respect to, any of the Collateral, other than sales, assignments and other dispositions of Collateral, and options relating to Collateral, permitted under the terms of the Credit Agreement, or (ii) create or suffer to exist any Lien upon or with respect to any of the Collateral of such Grantor except for the pledge, assignment and security interest created under this Agreement and Liens permitted under the Credit Agreement.

(b) Each Grantor agrees that it will (i) cause each issuer of the Pledged Equity pledged by such Grantor not to issue any Equity Interests or other securities in addition to or in substitution for the Pledged Equity issued by such issuer, except to such Grantor, and (ii) pledge hereunder, immediately upon its acquisition (directly or indirectly) thereof, any and all additional Equity Interests (other than Excluded Equity) or other securities.

Section 13. Administrative Agent Appointed Attorney-in-Fact. Each Grantor hereby irrevocably appoints the Administrative Agent such Grantor's attorney-in-fact, with full authority in the place and stead of such Grantor and in the name of such Grantor or otherwise, from time to time, in the Administrative Agent's discretion, to take any action and to execute any instrument that the Administrative Agent may deem necessary or advisable to accomplish the purposes of this Agreement (but at the cost and expense of the Grantors), including, without limitation:

(a) to endorse a Grantor's name on any Payment Item or other proceeds of Collateral (including proceeds of insurance) that come into the Administrative Agent's possession or control;

(b) to obtain and adjust insurance required to be paid to the Administrative Agent; and,

upon the occurrence and during the continuance of an Event of Default:

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

(b) to receive, indorse and collect any drafts or other instruments, documents and Chattel Paper;

(c) to (i) notify any Account Debtors of the assignment of any Grantor's Accounts, demand and enforce payment of any Grantor's Accounts, by legal proceedings or otherwise, and generally exercise any rights and remedies with respect to any Grantor's Accounts; (ii) settle, adjust, modify, compromise, discharge or release any Accounts or other Collateral, or any legal proceedings brought to collect Accounts or Collateral; (iii) sell or assign any Accounts and other Collateral upon such terms, for such amounts and at such times as the Administrative Agent deems advisable; (iv) take control, in any manner, of any proceeds of Collateral; (v) prepare, file and sign a Grantor's name to a proof of claim or other document in a bankruptcy of an Account Debtor, or to any notice, assignment or satisfaction of Lien or similar document; (vi) receive, open and dispose of mail addressed to a Grantor, and notify postal authorities to change the

address for delivery thereof to such address as the Administrative Agent may designate; (vii) endorse any Chattel Paper, Document, Instrument, invoice, freight bill, bill of lading, or similar document or agreement relating to any Accounts, Inventory or other Collateral; (viii) use a Grantor's stationery and sign its name to verifications of Accounts and notices to Account Debtors; (ix) use the information recorded on or contained in any data processing equipment and computer hardware and software relating to any Collateral; or (x) take any action as may be necessary or appropriate to obtain payment under any letter of credit or banker's acceptance for which a Grantor is a beneficiary; and

(d) to file any claims or take any action or institute any proceedings that the Administrative Agent may deem necessary or desirable for the collection of any of the Collateral or otherwise to enforce compliance with the terms and conditions of any Assigned Agreement or the rights of the Administrative Agent with respect to any of the Collateral or any other action as the Administrative Agent deems appropriate to fulfill any Grantor's obligations under the Loan Documents.

Section 14. Administrative Agent May Perform. If any Grantor fails to perform any agreement contained herein, the Administrative Agent may, but without any obligation to do so and without notice, itself perform, or cause performance of, such agreement, and the expenses of the Administrative Agent incurred in connection therewith shall be payable by such Grantor under Section 17.

Section 15. The Administrative Agent's Duties. The powers conferred on the Administrative Agent hereunder are solely to protect the Secured Parties' interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Except for the safe custody of any Collateral in its possession and the accounting for moneys actually received by it hereunder, the Administrative Agent shall have no duty as to any Collateral, as to ascertaining or taking action with respect to calls, conversions, exchanges, maturities, tenders or other matters relative to any Collateral, whether or not any Secured Party has or is deemed to have knowledge of such matters, or as to the taking of any necessary steps to preserve rights against any parties or any other rights pertaining to any Collateral. The Administrative Agent shall be deemed to have exercised reasonable care in the custody and preservation of any Collateral in its possession if such Collateral is accorded treatment substantially equal to that which it accords its own property.

(b) Anything contained herein to the contrary notwithstanding, the Administrative Agent may from time to time, when the Administrative Agent in its reasonable discretion deems it to be necessary, appoint one or more subagents (each a "***Subagent***") for the Administrative Agent hereunder with respect to all or any part of the Collateral. In the event that the Administrative Agent so appoints any Subagent with respect to any Collateral, (i) the assignment and pledge of such Collateral and the security interest granted in such Collateral by each Grantor hereunder shall be deemed for purposes of this Agreement to have been made to such Subagent, in addition to the Administrative Agent, for the ratable benefit of the Secured Parties, as security for the Secured Obligations of such Grantor, (ii) such Subagent shall automatically be vested, in addition to the Administrative Agent, with all rights, powers, privileges, interests and remedies of the Administrative Agent hereunder with respect to such Collateral, and (iii) the term "Administrative Agent," when used herein in relation to any rights, powers, privileges, interests and remedies of the Administrative Agent with respect to such Collateral, shall include such Subagent; *provided, however*, that no such Subagent shall be authorized to take any action with respect to any such Collateral unless and except to the extent expressly authorized in writing by the Administrative Agent.

(c) All expenses of protecting, storing, warehousing, insuring, handling, maintaining and shipping any Collateral, all Taxes payable with respect to any Collateral (including any sale thereof),

and all other payments required to be made by the Administrative Agent to any Person to realize upon any Collateral, shall be borne and paid by the Grantors. The Administrative Agent shall not be liable or responsible in any way for the safekeeping of any Collateral, for any loss or damage thereto (except for reasonable care in its custody while Collateral is in the Administrative Agent actual possession), for any diminution in the value thereof, or for any act or default of any warehouseman, carrier, forwarding agency or other Person whatsoever, but the same shall be at the Grantors' sole risk.

Section 16. Remedies. If any Event of Default shall have occurred and be continuing:

(a) The Administrative Agent may exercise in respect of the Collateral, in addition to other rights and remedies provided for herein or otherwise available to it, all the rights and remedies of a secured party upon default under the UCC (whether or not the UCC applies to the affected Collateral) and also may: (i) require each Grantor to, and each Grantor hereby agrees that it will at its expense and upon request of the Administrative Agent forthwith, assemble all or part of the Collateral as directed by the Administrative Agent and make it available to the Administrative Agent at a place and time to be designated by the Administrative Agent that is reasonably convenient to both parties; (ii) without notice except as specified below, sell the Collateral or any part thereof in one or more parcels at public or private sale, at any of the Administrative Agent's offices or elsewhere, for cash, on credit or for future delivery, and upon such other terms as the Administrative Agent may deem commercially reasonable; (iii) occupy any premises owned or to the extent lawful and permitted leased by any of the Grantors where the Collateral or any part thereof is assembled or located for a reasonable period in order to effectuate its rights and remedies hereunder or under law, without obligation to such Grantor in respect of such occupation; and (iv) exercise any and all rights and remedies of any of the Grantors under or in connection with the Collateral, or otherwise in respect of the Collateral, including, without limitation, (A) any and all rights of such Grantor to demand or otherwise require payment of any amount under, or performance of any provision of, the Receivables, Assigned Agreements, Related Contracts and the other Collateral, (B) withdraw, or cause or direct the withdrawal of, all funds and all other property held in or credited to any Deposit Account, Securities Account or Commodity Account and (C) exercise all other rights and remedies with respect to the Receivables, Assigned Agreements, the Related Contracts and the other Collateral, including, without limitation, those set forth in Section 9-607 of the UCC. Each Grantor agrees that, to the extent notice of sale shall be required by law, at least ten (10) days' notice to such Grantor of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. The Administrative Agent shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. The Administrative Agent may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

(b) Any cash held by or on behalf of the Administrative Agent and all cash proceeds received by or on behalf of the Administrative Agent in respect of any sale of, collection from, or other realization upon all or any part of the Collateral may, in the discretion of the Administrative Agent, be held by the Administrative Agent as collateral for, and/or then or at any time thereafter applied (after payment of any amounts payable to the Administrative Agent pursuant to Section 17) in whole or in part by the Administrative Agent for the ratable benefit of the Secured Parties against, all or any part of the Secured Obligations, as set forth in Section 8.03 of the Credit Agreement. Any surplus of such cash or cash proceeds held by or on the behalf of the Administrative Agent and remaining after payment in full of all the Secured Obligations shall be

paid over to the applicable Grantor or to whomsoever may be lawfully entitled to receive such surplus.

(c) All payments received by any Grantor under or in connection with any Assigned Agreement or otherwise in respect of the Collateral shall be received in trust for the benefit of the Administrative Agent, shall be segregated from other funds of such Grantor and shall be forthwith paid over to the Administrative Agent in the same form as so received (with any necessary indorsement).

(d) The Administrative Agent may, without notice to any Grantor except as required by law and at any time or from time to time, charge, set-off and otherwise apply all or any part of the Secured Obligations against any funds held with respect to any Deposit Account.

(e) In the event of any sale or other disposition of any of the Intellectual Property Collateral of any Grantor, the goodwill symbolized by any Trademarks subject to such sale or other disposition shall be included therein, and such Grantor shall supply to the Administrative Agent or its designee such Grantor's know-how and expertise, and documents and things relating to any Intellectual Property Collateral subject to such sale or other disposition, and such Grantor's customer lists and other records and documents relating to such Intellectual Property Collateral and to the manufacture, distribution, advertising and sale of products and services of such Grantor.

(f) If the Administrative Agent shall determine to exercise its right to sell all or any of the Security Collateral of any Grantor pursuant to this Section 16, each Grantor agrees that, upon request of the Administrative Agent, such Grantor will, at its own expense, do or cause to be done all such other acts and things as may be necessary to make such sale of such Security Collateral or any part thereof valid and binding and in compliance with applicable law.

(g) The Administrative Agent is authorized, in connection with any sale of the Security Collateral pursuant to this Section 16, to deliver or otherwise disclose to any prospective purchaser of the Security Collateral: (i) any registration statement or prospectus, and all supplements and amendments thereto; (ii) any information and projections; and (iii) any other information in its possession relating to such Security Collateral.

(h) Each Grantor acknowledges the impossibility of ascertaining the amount of damages that would be suffered by the Secured Parties by reason of the failure by such Grantor to perform any of the covenants contained in subsection (d) above and, consequently, agrees that, if such Grantor shall fail to perform any of such covenants, it will pay, as liquidated damages and not as a penalty, an amount equal to the value of the Security Collateral on the date the Administrative Agent shall demand compliance with subsection (d) above.

(i) For the purpose of enabling the Administrative Agent, during the continuance of an Event of Default, to exercise rights and remedies under this Section 17 at such time as the Administrative Agent shall be lawfully entitled to exercise such rights and remedies, and for no other purpose, each Grantor hereby grants to the Administrative Agent, to the extent assignable, an irrevocable, non-exclusive license to use, license or sublicense any of the Intellectual Property Collateral now owned or hereafter acquired by such Grantor, wherever the same may be located. Such license shall include access to all media in which any of the licensed items may be recorded or stored and to all computer programs used for the compilation or printout hereof to the extent that such non-exclusive license does not violate the express terms of any agreement between a Grantor and a third party governing the applicable Grantor's use of such Intellectual Property

Collateral. If (i) an Event of Default shall have occurred and, by reason of cure, waiver, modification, amendment or otherwise, no longer be continuing, (ii) no other Event of Default shall have occurred and be continuing, (iii) an assignment or other transfer to the Administrative Agent of any rights, title and interests in and to the Intellectual Property Collateral shall have been previously made in accordance with the terms hereof and shall have become absolute and effective, and (iv) the Obligations shall not have become immediately due and payable, the Administrative Agent shall promptly execute and deliver to such Grantor, at such Grantor's sole cost and expense, such assignments or other transfer as may be necessary to reassign to such Grantor any such rights, title and interests as may have been assigned to the Administrative Agent; provided, after giving effect to such reassignment, the Administrative Agent's security interest granted pursuant hereto, as well as all other rights and remedies of the Administrative Agent granted hereunder, shall continue to be in full force and effect; and provided further, the rights, title and interest so reassigned shall be free and clear of any other Liens granted by or on behalf of the Administrative Agent and the Secured Parties.

(j) Each Grantor recognizes that, by reason of certain prohibitions contained in the Securities Act, and applicable state securities laws, the Administrative Agent may be compelled, with respect to any sale of all or any part of the Securities Collateral and Investment Property, to limit purchasers to persons who will agree, among other things, to acquire such Security Collateral or Investment Property for their own account, for investment and not with a view to the distribution or resale thereof. Each Grantor acknowledges that any such private sales may be at prices and on terms less favorable to the Administrative Agent than those obtainable through a public sale without such restrictions (including a public offering made pursuant to a registration statement under the Securities Act), and, so long as such private sale is made in a commercially reasonable manner and that the Administrative Agent shall have no obligation to engage in public sales and no obligation to delay the sale of any Security Collateral or Investment Property for the period of time necessary to permit the issuer thereof to register it for a form of public sale requiring registration under the Securities Act or under applicable state securities laws, even if such issuer would agree to do so.

Section 17. Indemnity and Expenses. (a) Each Grantor agrees to indemnify, defend and save and hold harmless each Secured Party and each of their Affiliates and their respective officers, directors, employees, agents and advisors (each, an ***"Indemnified Party"***) from and against, and shall pay on demand, any and all claims, damages, losses, liabilities and expenses (including, without limitation, reasonable fees and expenses of counsel) that may be incurred by or asserted or awarded against any Indemnified Party, in each case arising out of or in connection with or resulting from this Agreement (including, without limitation, enforcement of this Agreement), except to the extent such claim, damage, loss, liability or expense is found in a final, non-appealable judgment by a court of competent jurisdiction to have resulted from such Indemnified Party's bad faith, gross negligence or willful misconduct.

(b) Each Grantor will upon demand pay to the Administrative Agent the amount of any and all reasonable expenses, including, without limitation, the reasonable fees and expenses of its counsel and of any experts and agents, that the Administrative Agent may incur in connection with (i) the administration of this Agreement, (ii) the custody, preservation, use or operation of, or the sale of, collection from or other realization upon, any of the Collateral of such Grantor, (iii) the exercise or enforcement of any of the rights of the Administrative Agent or the other Secured Parties hereunder or (iv) the failure by such Grantor to perform or observe any of the provisions hereof.

Section 18. Amendments; Waivers; Additional Grantors; Etc. (a) Subject to Section 11.01 of the Credit Agreement, no amendment or waiver of any provision of this Agreement, and no consent to any departure by any Grantor herefrom, shall in any event be effective unless the same shall be

in writing and signed by (i) each Grantor (other than the Specified U.S. Borrower) to which such amendment or waiver is to apply, (ii) the Specified U.S. Borrower and (iii) the Administrative Agent, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. No failure on the part of the Administrative Agent or any other Secured Party to exercise, and no delay in exercising any right hereunder, shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right.

(b) Upon the execution and delivery, or authentication, by any Person of a security agreement supplement in substantially the form of Exhibit A hereto (each a “**Security Agreement Supplement**”), such Person shall be referred to as an “**Additional Grantor**” and shall be and become a Grantor hereunder, and each reference in this Agreement and the other Loan Documents to “Grantor” shall also mean and be a reference to such Additional Grantor, and each reference in this Agreement and the other Loan Documents to “Collateral” shall also mean and be a reference to the Collateral of such Additional Grantor. Concurrently with the delivery or authentication by such Additional Grantor of a Security Agreement Supplement, such Additional Grantor shall deliver a supplement to the Perfection Certificate attaching supplemental schedules 1 through 18 to the Perfection Certificate and each reference in this Agreement and in the other Loan Documents to the Perfection Certificate shall mean and be a reference to the Perfection Certificate as supplemented thereby.

Section 19. Notices, Etc. All notices and other communications provided for hereunder shall be in writing (including telegraphic, telecopy or telex communication or facsimile transmission) and mailed, telegraphed, telecopied, telexed, faxed or delivered to it, if to any Grantor, addressed to it in care of the Specified U.S. Borrower at the Specified U.S. Borrower’s address specified in Section 11.02 of the Credit Agreement and if to the Administrative Agent, at its address specified in Section 11.02 of the Credit Agreement. All such notices and other communications shall be deemed to be given or made at such time as shall be set forth in Section 11.02 of the Credit Agreement.

Section 20. Continuing Security Interest; Assignments under the Credit Agreement. This Agreement shall create a continuing security interest in the Collateral and shall (a) remain in full force and effect until the date (such date being the “**Release Date**”) of (i) the termination of the Aggregate Commitments and payment in full of all Obligations (other than (A) contingent indemnification obligations and (B) obligations and liabilities under Secured Cash Management Agreements and Secured Hedge Agreements as to which arrangements satisfactory to the applicable Cash Management Bank or Hedge Bank shall have been made) and (ii) the expiration or termination of all Letters of Credit (other than Letters of Credit as to which other arrangements satisfactory to the Administrative Agent and the applicable L/C Issuer shall have been made), (b) be binding upon each Grantor, its successors and assigns and (c) inure, together with the rights and remedies of the Administrative Agent hereunder, to the benefit of the Secured Parties and their respective successors, transferees and assigns. Without limiting the generality of the foregoing clause (c), any Lender may assign or otherwise transfer all or any portion of its rights and obligations under the Credit Agreement (including, without limitation, all or any portion of its Commitments, the Loans owing to it and the Note or Notes, if any, held by it) to any other Person, and such other Person shall thereupon become vested with all the benefits in respect thereof granted to such Lender herein or otherwise, in each case as provided in Section 11.06 of the Credit Agreement.

Section 21. Release; Termination. (a) Upon any sale, lease, transfer or other disposition of any item of Collateral of any Grantor permitted by, and in accordance with, the terms of the Loan Documents, or upon the effectiveness of any consent to the release of the security interest granted hereby in any Collateral pursuant to Section 9.11 of the Credit Agreement, or upon the release of any Grantor from its obligations under the applicable Guaranty, if any, in accordance with the terms of the Loan Documents, the Administrative Agent will, at such Grantor’s expense, execute and deliver to such

Grantor such documents as such Grantor shall reasonably request to evidence the release of such item of Collateral from the assignment and security interest granted hereby; *provided, however*, that (i) at the time of such request and such release no Default shall have occurred and be continuing and (ii) such Grantor shall have delivered to the Administrative Agent, at least ten Business Days prior to the date of the proposed release, a written request for release describing the item of Collateral and the terms of the sale, lease, transfer or other disposition in reasonable detail, including, without limitation, the price thereof and any expenses in connection therewith, together with a form of release for execution by the Administrative Agent and a certificate of such Grantor to the effect that the transaction is in compliance with the Loan Documents and as to such other matters as the Administrative Agent may request and (iii) the proceeds of any such sale, lease, transfer or other disposition required to be applied, or any payment to be made in connection therewith, in accordance with Section 2.05 of the Credit Agreement shall, to the extent so required, be paid or made to, or in accordance with the instructions of, the Administrative Agent when and as required under Section 2.05 of the Credit Agreement.

(b) Upon the occurrence of the Release Date, the pledge and security interest granted hereby shall terminate and all rights to the Collateral shall revert to the applicable Grantor. Upon any such termination, the Administrative Agent will, at the applicable Grantor's expense, execute and deliver to such Grantor such documents as such Grantor shall reasonably request to evidence such termination.

Section 22. Execution in Counterparts. This Agreement 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. Delivery of an executed counterpart of a signature page to this Agreement, or of any amendment or waiver of any provision of this Agreement or of any Security Agreement Supplement, by telecopier or in "pdf" or similar format by electronic mail, shall be effective as delivery of an original executed counterpart thereof.

Section 23. The Mortgages. In the event that any of the Collateral hereunder is also subject to a valid and enforceable Lien under the terms of any Mortgage and the terms of such Mortgage are inconsistent with the terms of this Agreement, then with respect to such Collateral, the terms of such Mortgage shall be controlling in the case of fixtures and real estate leases, letting and licenses of, and contracts and agreements relating to the lease of, real property, and the terms of this Agreement shall be controlling in the case of all other Collateral.

Section 24. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

**Reference is made to the Lien Subordination and Intercreditor Agreement dated as of May 20, 2008, among Bank of America, N.A., as Collateral Agent for the Revolving Facility Secured Parties referred to therein; U.S. Bank National Association, as Trustee and as Noteholder Collateral Agent; Nortek, Inc.; and the other subsidiaries of Nortek, Inc. named therein (the "Intercreditor Agreement"). Notwithstanding any other provision contained herein, this Agreement, the Liens created hereby and the rights, remedies, duties and obligations provided for herein are subject in all respects to the provisions of the Intercreditor Agreement and, to the extent provided therein, the applicable Senior Secured Obligations Security Documents (as defined in the Intercreditor Agreement). In the event of any conflict or inconsistency between the provisions of this Agreement and the Intercreditor Agreement, the provisions of the Intercreditor Agreement shall control.**

[Remainder of Page Intentionally Blank]



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

NORTEK, INC.

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

ADVANCED BRIDGING TECHNOLOGIES,  
INC.  
AIGIS MECHTRONICS, INC.  
ALLSTAR PRO, LLC  
AUBREY MANUFACTURING, INC.  
BROAN-NUTONE LLC  
CES GROUP, INC.  
CLEANPAK INTERNATIONAL, INC.  
ELAN HOME SYSTEMS, L.L.C.  
GEFEN, INC.  
GOVERNAIR CORPORATION  
GTO, INC.  
HC INSTALLATIONS, INC.  
HOMELOGIC LLC  
HUNTAIR, INC.  
INTERNATIONAL ELECTRONICS, INC.  
J.A.R. INDUSTRIES, INC.  
JENSEN INDUSTRIES, INC.  
LINEAR H.K. LLC  
LINEAR LLC  
LITETOUCH, INC.  
MAGENTA RESEARCH LTD.  
MAMMOTH, INC.  
NILES AUDIO CORPORATION  
NORDYNE CHINA LLC  
NORDYNE INC.  
NORDYNE INTERNATIONAL, INC.  
NORTEK, INC.  
NORTEK INTERNATIONAL, INC.  
NUTONE INC.  
OMNIMOUNT SYSTEMS, INC.  
OPERATOR SPECIALTY COMPANY, INC.  
PACIFIC ZEPHYR RANGE HOOD, INC.  
PANAMAX INC.  
RANGAIRE GP, INC.  
RANGAIRE LP  
RANGAIRE LP, INC.  
SECURE WIRELESS, INC.  
SPEAKERCRAFT, INC.

TEMTROL, INC.  
WDS LLC  
WEBCO, INC.  
XANTECH CORPORATION  
ZEPHYR CORPORATION

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

BANK OF AMERICA, N.A.,  
as Administrative Agent

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

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

**Exhibit A to the  
Security Agreement**

**FORM OF SECURITY AGREEMENT SUPPLEMENT**

[Date of Security Agreement Supplement]

Bank of America, N.A., as the Administrative Agent for  
the Secured Parties referred to in the  
Credit Agreement referred to below

\_\_\_\_\_  
\_\_\_\_\_

Attn: \_\_\_\_\_

[Name of Borrower]

Ladies and Gentlemen:

Reference is made to (i) the Credit Agreement, dated as of May 20, 2008 (as amended, amended and restated, supplemented or otherwise modified from time to time, the “**Credit Agreement**”), among Nortek, Inc., a Delaware corporation (the “**Specified U.S. Borrower**”), the other Loan Parties party thereto, the Lenders party thereto, and Bank of America, N.A., as Administrative Agent for the Lenders (“**Administrative Agent**”), and (ii) the Security Agreement, dated as of May 20, 2008 (as amended, amended and restated, supplemented or otherwise modified from time to time, the “**Security Agreement**”), made by the Grantors from time to time party thereto in favor of the Administrative Agent for the Secured Parties. Terms defined in the Security Agreement and not otherwise defined herein are used herein as defined in the Security Agreement.

SECTION 1. Grant of Security. The undersigned hereby grants to the Administrative Agent, for the ratable benefit of the Secured Parties, a security interest in all of its right, title and interest in and to the following, in each case whether now owned or hereafter acquired by the undersigned, wherever located and whether now or hereafter existing or arising (collectively, the undersigned’s “**Collateral**”): all Equipment, Inventory, Accounts, cash and Cash Equivalents, Chattel Paper, Deposit Accounts, Documents, Equipment, Farm Products, Fixtures, General Intangibles, Goods, Instruments, Inventory, Letter-of-Credit Rights, Related Contracts, Security Collateral, Receivables, Agreement Collateral, Intellectual Property Collateral, Commercial Tort Claims, all books and records (including, without limitation, customer lists, credit files, printouts and other computer output materials and records) of the undersigned pertaining to any of the undersigned’s Collateral, all other tangible and intangible personal property of whatever nature whether or not covered by Article 9 of the UCC, and all proceeds of, collateral for, income, royalties and other payments now or hereafter due and payable with respect to, and supporting obligations relating to, any and all of the undersigned’s Collateral (including, without limitation, proceeds, collateral and supporting obligations that constitute property of the types described in this Section 1) and, to the extent not otherwise included, all payments under insurance (whether or not the Administrative Agent is the loss payee thereof), or any indemnity, warranty or guaranty, payable by reason of loss or damage to or otherwise with respect to any of the foregoing Collateral.

SECTION 2. Security for Obligations. The grant of a security interest in, the Collateral by the undersigned under this Security Agreement Supplement and the Security Agreement secures the payment of all Secured Obligations of the undersigned now or hereafter existing under or in respect of the

Loan Documents. Without limiting the generality of the foregoing, this Security Agreement Supplement and the Security Agreement secures the payment of all amounts that constitute part of the Secured Obligations and that would be owed by the undersigned to any Secured Party under the Loan Documents but for the fact that such Secured Obligations are unenforceable or not allowable due to the existence of a bankruptcy, reorganization or similar proceeding involving a Loan Party.

SECTION 3. Perfection Certificate. The undersigned has delivered concurrently herewith a supplement to the Perfection Certificate attaching supplemental schedules 1 through 18 to the Perfection Certificate. Such supplemental Perfection Certificate has been duly prepared, completed and executed by the undersigned and the information set forth therein, including the exact legal name of the undersigned, is true, accurate and complete.

SECTION 3. Representations and Warranties. The undersigned hereby makes each representation and warranty set forth in Section 8 of the Security Agreement with respect to itself and the Collateral granted by it.

SECTION 4. Obligations Under the Security Agreement. The undersigned hereby agrees, as of the date first above written, to be bound as a Grantor by all of the terms and provisions of the Security Agreement to the same extent as each of the other Grantors. The undersigned further agrees, as of the date first above written, that each reference in the Security Agreement to an "Additional Grantor" or a "Grantor" shall also mean and be a reference to the undersigned, that each reference to the "Collateral" or any part thereof shall also mean and be a reference to the undersigned's Collateral or part thereof, as the case may be, and that each reference in the Security Agreement to a Schedule shall also mean and be a reference to the schedules attached hereto.

SECTION 5. Governing Law. This Security Agreement Supplement shall be governed by, and construed in accordance with, the laws of the State of New York.

**Reference is made to the Lien Subordination and Intercreditor Agreement dated as of May 20, 2008, among Bank of America, N.A., as Collateral Agent for the Revolving Facility Secured Parties referred to therein; U.S. Bank National Association, as Trustee and as Noteholder Collateral Agent; Nortek, Inc.; and the other subsidiaries of Nortek, Inc. named therein (the "Intercreditor Agreement"). Notwithstanding any other provision contained herein, this Agreement, the Liens created hereby and the rights, remedies, duties and obligations provided for herein are subject in all respects to the provisions of the Intercreditor Agreement and, to the extent provided therein, the applicable Senior Secured Obligations Security Documents (as defined in the Intercreditor Agreement). In the event of any conflict or inconsistency between the provisions of this Agreement and the Intercreditor Agreement, the provisions of the Intercreditor Agreement shall control.**

Very truly yours,

[NAME OF ADDITIONAL GRANTOR]

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

Address for Notices:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**FORM OF INTELLECTUAL PROPERTY SECURITY AGREEMENT**

This INTELLECTUAL PROPERTY SECURITY AGREEMENT (as amended, amended and restated, supplemented or otherwise modified from time to time, the “**IP Security Agreement**”) dated May [\_\_\_], 2008, is made by the Persons listed on the signature pages hereof (collectively, the “**Grantors**”) in favor of Bank of America, N.A., as Administrative Agent (the “**Administrative Agent**”) for the Secured Parties (as defined in the Credit Agreement referred to below).

WHEREAS Nortek, Inc., a Delaware corporation (the “**Specified U.S. Borrower**”) and the other Loan Parties party thereto have entered into a Credit Agreement dated as of May 20, 2008 (as amended, amended and restated, supplemented or otherwise modified from time to time, the “**Credit Agreement**”), with Bank of America, N.A., as Administrative Agent, and the Lenders party thereto. Terms defined in the Credit Agreement and not otherwise defined herein are used herein as defined in the Credit Agreement.

WHEREAS, as a condition precedent to the making of Advances and the issuance of Letters of Credit by the Lender Parties under the Credit Agreement and the entry into Secured Hedge Agreements by the Hedge Banks and the entry into Secured Cash Management Agreements by the Cash Management Banks from time to time, each Grantor has executed and delivered that certain Security Agreement dated May 20, 2008 made by the Grantors to the Administrative Agent (as amended, amended and restated, supplemented or otherwise modified from time to time, the “**Security Agreement**”).

WHEREAS, under the terms of the Security Agreement, the Grantors have granted to the Administrative Agent, for the ratable benefit of the Secured Parties, a security interest in, among other property, certain intellectual property of the Grantors, and have agreed as a condition thereof to execute this IP Security Agreement for recording with the U.S. Patent and Trademark Office, the United States Copyright Office and other governmental authorities.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Grantor agrees as follows:

SECTION 1. Grant of Security. Each Grantor hereby grants to the Administrative Agent for the ratable benefit of the Secured Parties a security interest in all of such Grantor’s right, title and interest in and to the following (the “**Collateral**”):

- (a) the patents and patent applications set forth in Schedule A hereto (the “**Patents**”);
- (b) the trademark and service mark registrations and applications set forth in Schedule B hereto (provided that no security interest shall be granted in United States intent-to-use trademark applications to the extent that, and solely during the period in which, the grant of a security interest therein would impair the validity or enforceability of such intent-to-use trademark applications under applicable federal law), together with the goodwill symbolized thereby (the “**Trademarks**”);
- (c) all copyrights, whether registered or unregistered, now owned or hereafter acquired by such Grantor, including, without limitation, the copyright registrations and applications and exclusive copyright licenses set forth in Schedule C hereto (the “**Copyrights**”);

- (d) all reissues, divisions, continuations, continuations-in-part, extensions, renewals and reexaminations of any of the foregoing, all rights in the foregoing provided by international treaties or conventions, all rights corresponding thereto throughout the world and all other rights of any kind whatsoever of such Grantor accruing thereunder or pertaining thereto;
- (e) any and all claims for damages and injunctive relief for past, present and future infringement, dilution, misappropriation, violation, misuse or breach with respect to any of the foregoing, with the right, but not the obligation, to sue for and collect, or otherwise recover, such damages; and
- (f) any and all proceeds of, collateral for, income, royalties and other payments now or hereafter due and payable with respect to, and supporting obligations relating to, any and all of the Collateral of or arising from any of the foregoing.

SECTION 2. Security for Obligations. The grant of a security interest in, the Collateral by each Grantor under this IP Security Agreement secures the payment of all Secured Obligations of such Grantor now or hereafter existing under or in respect of the Loan Documents. Without limiting the generality of the foregoing, this IP Security Agreement secures, as to each Grantor, the payment of all amounts that constitute part of the Secured Obligations and that would be owed by such Grantor to any Secured Party under the Loan Documents but for the fact that such Secured Obligations are unenforceable or not allowable due to the existence of a bankruptcy, reorganization or similar proceeding involving a Loan Party.

SECTION 3. Recordation. Each Grantor authorizes and requests that the Register of Copyrights, the Commissioner for Patents and the Commissioner for Trademarks and any other applicable government officer record this IP Security Agreement.

SECTION 4. Execution in Counterparts. This IP Security Agreement 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.

SECTION 5. Grants, Rights and Remedies. This IP Security Agreement has been entered into in conjunction with the provisions of the Security Agreement. Each Grantor does hereby acknowledge and confirm that the grant of the security interest hereunder to, and the rights and remedies of, the Administrative Agent with respect to the Collateral are more fully set forth in the Security Agreement, the terms and provisions of which are incorporated herein by reference as if fully set forth herein.

SECTION 6. Governing Law. This IP Security Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

**Reference is made to the Lien Subordination and Intercreditor Agreement dated as of May 20, 2008, among Bank of America, N.A., as Collateral Agent for the Revolving Facility Secured Parties referred to therein; U.S. Bank National Association, as Trustee and as Noteholder Collateral Agent; Nortek, Inc.; and the other subsidiaries of Nortek, Inc. named therein (the "Intercreditor Agreement"). Notwithstanding any other provision contained herein, this Agreement, the Liens created hereby and the rights, remedies, duties and obligations provided for herein are subject in all respects to the provisions of the Intercreditor Agreement and, to the extent provided therein, the applicable Senior Secured Obligations Security Documents (as defined in the Intercreditor Agreement). In the event of any conflict or inconsistency between the provisions of**



**this Agreement and the Intercreditor Agreement, the provisions of the Intercreditor Agreement shall control.**

[Remainder of Page Intentionally Blank]

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

[NAME OF BORROWER]

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

[NAME OF GRANTOR]

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

[NAME OF GRANTOR]

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

**Exhibit C to the  
Security Agreement**

**FORM OF INTELLECTUAL PROPERTY SECURITY AGREEMENT SUPPLEMENT**

This INTELLECTUAL PROPERTY SECURITY AGREEMENT SUPPLEMENT (this “*IP Security Agreement Supplement*”) dated \_\_\_\_\_, 200\_, is made by the Person listed on the signature page hereof (the “*Grantor*”) in favor of Bank of America, N.A., as administrative agent (the “*Administrative Agent*”) for the Secured Parties (as defined in the Credit Agreement referred to below).

WHEREAS Nortek, Inc., a Delaware corporation (the “*Specified U.S. Borrower*”) and the other Loan Parties party thereto have entered into a Credit Agreement dated as of May 20, 2008 (as amended, amended and restated, supplemented or otherwise modified from time to time, the “*Credit Agreement*”), with Bank of America, N.A., as Administrative Agent, and the Lenders party thereto. Terms defined in the Credit Agreement and not otherwise defined herein are used herein as defined in the Credit Agreement.

WHEREAS, pursuant to the Credit Agreement, the Grantor and certain other Persons have executed and delivered that certain Security Agreement dated May 20, 2008 made by the Grantor and such other Persons to the Administrative Agent (as amended, amended and restated, supplemented or otherwise modified from time to time, the “*Security Agreement*”) and that certain Intellectual Property Security Agreement dated May 20, 2008 (as amended, amended and restated, supplemented or otherwise modified from time to time, the “*IP Security Agreement*”).

WHEREAS, under the terms of the Security Agreement, the Grantor has granted to the Administrative Agent, for the ratable benefit of the Secured Parties, a security interest in the Additional Collateral (as defined in Section 1 below) of the Grantor and has agreed as a condition thereof to execute this IP Security Agreement Supplement for recording with the U.S. Patent and Trademark Office, the United States Copyright Office and other governmental authorities.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Grantor agrees as follows:

SECTION 1. Grant of Security. Each Grantor hereby grants to the Administrative Agent, for the ratable benefit of the Secured Parties, a security interest in all of such Grantor’s right, title and interest in and to the following (the “*Collateral*”):

- (a) the patents and patent applications set forth in Schedule A hereto (the “*Patents*”);
- (b) the trademark and service mark registrations and applications set forth in Schedule B hereto (provided that no security interest shall be granted in United States intent-to-use trademark applications to the extent that, and solely during the period in which, the grant of a security interest therein would impair the validity or enforceability of such intent-to-use trademark applications under applicable federal law), together with the goodwill symbolized thereby (the “*Trademarks*”);
- (c) all copyrights, whether registered or unregistered, now owned or hereafter acquired by such Grantor, including, without limitation, the copyright registrations and applications and exclusive copyright licenses set forth in Schedule C hereto (the “*Copyrights*”);

- (d) all reissues, divisions, continuations, continuations-in-part, extensions, renewals and reexaminations of any of the foregoing, all rights in the foregoing provided by international treaties or conventions, all rights corresponding thereto throughout the world and all other rights of any kind whatsoever of such Grantor accruing thereunder or pertaining thereto;
- (e) any and all claims for damages and injunctive relief for past, present and future infringement, dilution, misappropriation, violation, misuse or breach with respect to any of the foregoing, with the right, but not the obligation, to sue for and collect, or otherwise recover, such damages; and
- (f) any and all proceeds of, collateral for, income, royalties and other payments now or hereafter due and payable with respect to, and supporting obligations relating to, any and all of the Collateral of or arising from any of the foregoing.

SECTION 2. Security for Obligations. The grant of a security interest in the Additional Collateral by the Grantor under this IP Security Agreement Supplement secures the payment of all Secured Obligations of the Grantor now or hereafter existing under or in respect of the Loan Documents.

SECTION 3. Recordation. The Grantor authorizes and requests that the Register of Copyrights, the Commissioner for Patents and the Commissioner for Trademarks and any other applicable government officer record this IP Security Agreement Supplement.

SECTION 4. Grants, Rights and Remedies. This IP Security Agreement Supplement has been entered into in conjunction with the provisions of the Security Agreement. The Grantor does hereby acknowledge and confirm that the grant of the security interest hereunder to, and the rights and remedies of, the Administrative Agent with respect to the Additional Collateral are more fully set forth in the Security Agreement, the terms and provisions of which are incorporated herein by reference as if fully set forth herein.

SECTION 5. Governing Law. This IP Security Agreement Supplement shall be governed by, and construed in accordance with, the laws of the State of New York.

**Reference is made to the Lien Subordination and Intercreditor Agreement dated as of May 20, 2008, among Bank of America, N.A., as Collateral Agent for the Revolving Facility Secured Parties referred to therein; U.S. Bank National Association, as Trustee and as Noteholder Collateral Agent; Nortek, Inc.; and the other subsidiaries of Nortek, Inc. named therein (the "Intercreditor Agreement"). Notwithstanding any other provision contained herein, this Agreement, the Liens created hereby and the rights, remedies, duties and obligations provided for herein are subject in all respects to the provisions of the Intercreditor Agreement and, to the extent provided therein, the applicable Senior Secured Obligations Security Documents (as defined in the Intercreditor Agreement). In the event of any conflict or inconsistency between the provisions of this Agreement and the Intercreditor Agreement, the provisions of the Intercreditor Agreement shall control.**

[Remainder of Page Intentionally Blank]

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

By \_\_\_\_\_

Name:

Title:

Address for Notices:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_