

EXHIBIT A

**Kuala Lumpur Kepong Berhad
Wisma Taiko
1 Jalan S.P. Seenivasagam 30000 Ipoh
Perak, Malaysia**

June 30, 2009

Crabtree & Evelyn, Ltd.
102 Peake Brook Road
Woodstock, CT 06281

Re: Senior Secured Post-Petition Credit Facility

Ladies and Gentlemen:

We are pleased to confirm that we are extending to you, subject to the entry of the DIP Order (as defined below), a line of credit (the "**Facility**") of up to an aggregate principal amount of \$40,000,000, which line may be used by Crabtree & Evelyn, Ltd. (the "**Company**") on the terms, and subject to the conditions, set forth herein. This line letter is subject to the provisions set forth in the other documents entered into in connection with the Facility. Borrowings under the Facility shall be used solely in accordance with the budget (the "**Budget**") attached hereto as **Exhibit A**, subject to the Permitted Variance. As provided for in the Budget, borrowings under the Facility shall be used to pay the Prepetition Obligations in full and for general working capital needs.

Borrowings under the Facility shall be evidenced by a DIP Grid Note ("**Grid Note**"), a copy of which is attached hereto as **Exhibit B**. Capitalized terms used and not defined herein shall have the meanings ascribed to them in the Grid Note. This line letter is the "Line Letter" referred to in the Grid Note. Borrowings under the Facility may be made from time to time, and shall be repayable as provided in the Grid Note, but may be prepaid in whole or in part, without penalty, with accrued interest to the date of prepayment. Any amounts outstanding shall bear interest as more fully set forth in the Grid Note. Amounts repaid under the Grid Note may be re-borrowed without our prior written consent, provided the outstanding principal amount of all borrowings does not exceed \$40,000,000.

The Facility shall be secured by a senior, first priority, post-petition lien on all of the assets of the Company, including without limitation all real and personal property, fixtures, accounts receivables, inventory, general intangibles and patents and any and all proceeds of the foregoing, all as more fully set forth in the DIP Security Agreement attached hereto as **Exhibit C** ("**Security Agreement**").

The Facility may be utilized by you for the period beginning on the Petition Date (as defined below) and ending on the earlier of (i) November 30, 2009 (provided, however, if the Debtor files a plan satisfactory on or before November 30, 2009 the maturity date of the facility shall be extended to January 31, 2010 or the earlier confirmation of such plan or such later date as may be agreed to by us), and (ii) the occurrence of an Event of Default (as defined in the Grid Note). THE CONTINUING AVAILABILITY OF THIS FACILITY IS AT ALL TIMES SUBJECT TO YOUR COMPLIANCE WITH THE BUDGET (SUBJECT TO THE PERMITTED VARIANCE) AND THE

TERMS AND PROVISIONS OF THIS LINE LETTER AND EACH OF THE DOCUMENTS REFERRED TO HEREIN.

By executing this Line Letter, you hereby agree that the Company shall (i) file a voluntary petition for relief under chapter 11 of the United States Bankruptcy Code with the United States Bankruptcy Court for the Southern District of New York ("**Bankruptcy Court**") no later than July 6, 2009 (or such later date as may be agreed to by us) (the actual date of such filing, ("**Petition Date**"), and (ii) file a motion with the Bankruptcy Court on the Petition Date (or such later date as may be agreed to by us) seeking entry of interim and final orders (together, "**DIP Order**") approving the Facility and authorizing you to execute and deliver this Line Letter, the Grid Note and the Security Agreement, and enter into the transactions contemplated hereby and thereby, substantially in the form of **Exhibit D**.

The initial and continuing availability of the Facility is conditioned upon (i) the Petition Date occurring on or before July 6, 2009, (ii) the entry of the DIP Order on an interim basis on or before July 7, 2009 and on a final basis, in a form reasonably satisfactory to us, on or before August 7, 2009, and (iii) the automatic stay provided for in section 362 of the Bankruptcy Code shall have been modified to permit the creation and perfection of the liens in favor of Lender as provided for in the Security Agreement and vacated to the extent necessary to permit Lender to enforce its rights and remedies hereunder, under the Grid Note and under the Security Agreement.

The availability of the Facility is conditioned upon the approval thereof by Bank Negara Malaysia, which approval has already been received. The continuing availability of the Facility is further subject to your furnishing us with such reports and information and providing us with such access as required under the Grid Note.

The extension of the Facility, on the terms set forth herein, is further subject to our receipt in form satisfactory to us of (a) a copy of resolutions of your Board of Directors authorizing your execution, delivery and performance of the Facility (and the documents hereinafter referred to); (b) an executed copy of the Grid Note signed by your duly authorized officer on your behalf; and (c) an executed copy of the Security Agreement signed by your duly authorized officer on your behalf.

All payments of principal, interest and fees payable by you under the Facility shall be made in immediately available funds at our office at the address specified above.

This Line Letter, together with the Grid Note, and the Security Agreement, are the "**Post – Petition Financing Documents**" referred to in the DIP Order(s).

NO AMENDMENT, MODIFICATION OR WAIVER OF ANY PROVISION OF THIS LINE LETTER NOR CONSENT TO ANY DEPARTURE BY US THEREFROM SHALL BE EFFECTIVE, IRRESPECTIVE OF ANY COURSE OF DEALING, UNLESS THE SAME SHALL BE IN WRITING AND SIGNED BY US AND THEN SUCH WAIVER OR CONSENT SHALL BE EFFECTIVE ONLY IN THE SPECIFIC INSTANCE AND FOR THE SPECIFIC PURPOSE FOR WHICH GIVEN.

The Facility shall be governed by and construed in accordance with the laws of the State of New York. Please note that to the extent any of the terms or provisions of this Line Letter conflict with those contained in the Grid Note or any of the above-mentioned documents, the terms and provisions of such Grid Note and of such other documents shall govern.

YOU AND WE AGREE THAT ANY ACTION, SUIT OR PROCEEDING IN RESPECT OF OR ARISING OUT OF OR RELATING TO THE FACILITY MAY BE INITIATED AND PROSECUTED IN THE FEDERAL AND STATE COURTS OF THE STATE OF NEW YORK, WHICH COURT SHALL HAVE NON-EXCLUSIVE JURISDICTION TO INTERPRET AND ENFORCE THE TERMS OF THIS LETTER, THE GRID NOTE AND THE SECURITY AGREEMENT. NOTWITHSTANDING THE FOREGOING, DURING THE PENDENCY OF ANY BANKRUPTCY PROCEEDING IN WHICH YOU ARE THE DEBTOR, THE UNITED STATES BANKRUPTCY COURT FOR THE SOUTHERN DISTRICT OF NEW YORK SHALL HAVE EXCLUSIVE JURISDICTION TO INTERPRET AND ENFORCE THIS LINE LETTER.

YOU HEREBY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY OR AGAINST YOU ON ANY MATTERS WHATSOEVER, IN CONTRACT OR IN TORT, ARISING OUT OF OR IN ANY WAY CONNECTED WITH OR RELATING TO THE FACILITY. YOU ALSO HEREBY WAIVE THE RIGHT TO INTERPOSE ANY OBJECTION BASED ON THE VENUE OF ANY SUCH PROCEEDING WHETHER BASED UPON FORUM NON CONVENIENS OR OTHERWISE.

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KUALA LUMPUR KEPONG BERHAD

Please sign and return to us one copy each of the enclosed copy of this Line Letter and the other documents referred to above.

Very truly yours,

KUALA LUMPUR KEPONG BERHAD

By: 
Name: Yap Miow Kien
Title: Company Secretary

Agreed to and accepted:

CRABTREE & EVELYN, LTD.

By: _____
Name:
Title:

Please sign and return to us one copy each of the enclosed copy of this Line Letter and the other documents referred to above.

Very truly yours,

KUALA LUMPUR KEPONG BERHAD

By: _____
Name:
Title:

Agreed to and accepted:

CRABTREE & EVELYN, LTD.

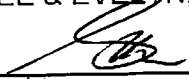
By: 
Name: *Koh Han Siew*
Title: *CFO*

Exhibit A

BUDGET

Exhibit B
GRID NOTE

Exhibit C

SECURITY AGREEMENT

Exhibit D

DIP ORDER

DIP GRID NOTE

\$40,000,000

Woodstock, Connecticut

Date: June 30, 2009

FOR VALUE RECEIVED, the undersigned ("Maker") promises to pay to the order of Kuala Lumpur Kepong Berhad ("Lender"), a Malaysian corporation, with an address at Wisma Taiko, 1 Jalan S.P. Seenivasagam 30000 Ipoh, Perak, Malaysia, or at any other location Lender may designate by written notice to Maker, the sum of \$40,000,000 (FORTY MILLION DOLLARS), or so much thereof as shall be advanced by Lender to Maker hereunder and not repaid, together with (i) interest on the unpaid principal amount hereof from time to time outstanding from the date hereof until the date on which this Note is paid in full, at the rates set forth below, and (ii) reimbursements of Lender's attorneys' fees and expenses as and to the extent provided for herein.

All Obligations other than the quarterly interest payments provided for below shall be payable in one lump-sum installment on the earlier of (i) November 30, 2009 unless extended by the Lender in its sole discretion (subject to the below extension as a result of the filing of a plan of reorganization), or (ii) the occurrence of an Event of Default (as defined below) (the earliest of such dates, the "Maturity Date"). If a Plan of Reorganization satisfactory to Lender is filed on or before November 30, 2009 then the maturity date shall be January 31, 2010 or the earlier confirmation of such plan.

Prior to the Maturity Date, the outstanding principal amount of this Note shall bear interest at a fixed rate of 4.0% per annum, provided that following an Event of Default, this Note shall bear interest at a fixed rate of 6.0% per annum until such Event of Default is cured or waived. Interest shall be calculated on the basis of a 360-day year for actual days elapsed and shall be payable on September 30, 2009 and on a quarterly basis thereafter. In no event shall the interest rate applicable at any time to this Note exceed the maximum rate permitted by law.

The Obligations of Maker to Lender evidenced by this Note are secured by that certain DIP Security Agreement, dated as of the date hereof, executed by Maker in favor of Lender (the "Security Agreement").

As used in this Note, the following terms shall have the meanings set forth below:

"Advances": the aggregate unpaid principal amount of all advances made by the Lender to the Maker from time to time (each an "Advance" and collectively, the "Advances").

"Bankruptcy Code": the United States Bankruptcy Code, as the same may be amended from time to time.

"Bankruptcy Court": the United States Bankruptcy Court for the Southern District of New York.

"Budget": the budget attached as Exhibit A to the Line Letter.

"Collateral": as defined in the Security Agreement.

"Line Letter": that certain letter agreement between Lender and Maker, dated as of the date hereof, which provides for the making of Advances by Lender to Maker under this Note.

"Obligations": all amounts payable under this Note, including principal, accrued interest and the attorneys' fees and expenses reimbursable by Maker hereunder, and any and all other indebtedness, obligations and liabilities of Maker to Lender, and all claims of Lender against Maker, now existing or hereafter arising, direct or indirect, acquired outright, conditionally, or as collateral security from another, absolute or contingent, whether as principal or as guarantor, joint or several, secured or unsecured, matured or unmatured, monetary or non-monetary, arising out of contract or tort, liquidated or unliquidated, arising by operation of law or otherwise, and all extensions, renewals, refundings, replacements and modifications of any of the foregoing.

"Permitted Variance": the right of Maker to spend up to 15%, in the aggregate, tested on a cumulative basis, in excess of the aggregate budgeted amounts set forth in the Budget.

"Prepetition Obligations": all obligations of Maker (i) evidenced in that certain Grid Note delivered by Maker to KLKOI, an affiliate of Lender, dated April 6, 2009, and (ii) incurred by Maker from KLKOI prior to the issuance of the aforementioned Grid Note with amounts outstanding in the amount of \$13,731,528, as of the date hereof.

Capitalized terms used and not defined herein shall have the meanings ascribed to them in the Line Letter.

This Note evidences loans made by Lender to Maker from time to time, subject to, and as provided in the Line Letter. The unpaid principal balance of this Note at any time shall be the total amount advanced by Lender to Maker, less the total amount of principal payments made hereon by Maker. The date and amount of each such Advance and each payment on account of principal thereof may be endorsed by Lender on the grid attached to and made a part of this Note, and when so endorsed shall represent evidence thereof binding upon Maker in the absence of manifest error. Any failure by Lender to so endorse shall in no way mitigate or discharge the obligation of Maker to repay any loans actually made. Maker may prepay this Note in whole or in part at any time, without penalty, with all accrued interest to the date of prepayment.

Advances hereunder shall only be made at the request of Maker and at times and in amounts no greater than those specified in the Budget, subject to Permitted Variances. Requests for Advances and directions as to the disposition of the proceeds thereof may be given orally (including by telephone) or in writing to Lender by the officers of Maker or other persons authorized to borrow on Maker's behalf. Any such Advance so made shall be conclusively presumed to have been made to or for the benefit of Maker and Maker shall be liable in respect thereof when made in accordance with any such request or direction, or when deposited to any account of Maker. Lender may rely on any such request or direction which it believes to be genuine, and Lender shall be fully protected in so doing without any duty to make further inquiry as to such genuineness or in otherwise acting in good faith in the premises. By making a request for an Advance, Maker shall be deemed to be representing to Lender that (i) all of the representations and warranties of Maker set forth in this Note and in the Line Letter are true and correct as of the date of such request as if made on and as of such date, (ii) on such date Maker is not in breach of any of its covenants to Lender set forth in this Note, the Line Letter, the Security Agreement or in any other document or instrument of Maker to Lender, (iii) Maker has complied with all of its obligations under the DIP Order, and (iv) no Event of Default has occurred.

This Note shall be payable in lawful money of the United States of America in immediately available funds. Except as otherwise provided herein with respect to prepayments, all payments on this Note shall be applied to the payment of accrued interest and accrued reimbursement obligations with respect to Lender's attorneys' fees and expenses before being applied to the payment of principal. Any payment which is required to be made on a day which is not a banking business day in the City of New York shall be payable on the next succeeding banking business day and such additional time shall be included in the computation of interest. In the event that any other Obligations are due at any time that Lender receives a payment from Maker on account of this Note or any such other Obligations, Lender may apply such payment to amounts due under this Note or any such other Obligations in such manner as Lender, in its discretion, elects, regardless of any instructions from Maker to the contrary.

To induce Lender to make loans to Maker, Maker represents, warrants and covenants to Lender that: (i) all of Maker's representations and warranties to Lender are, as of the date hereof and as of the date of each Advance, true and accurate in all respects, (ii) the execution, delivery and performance by Maker of this Note have been duly authorized by all necessary corporate or other action and do not and will not violate or conflict with its charter or by-laws or other constituent documents; (iii) this Note has been fully executed by an authorized officer of Maker; (iv) subject to the entry of the DIP Order, the execution, delivery, and performance by Maker of this Note does not and will not violate or conflict with any law, rule, regulation or order binding on Maker or any agreement or instrument to which Maker is a party or which may be binding on Maker; (v) this Note constitutes a legal, valid, binding and enforceable obligation of Maker, subject to the entry of the DIP Order, (vi) other than the entry of the DIP Order, no authorization, consent, approval, license, exemption of or filing or registration with, any court or government or governmental agency is or will be necessary to the valid execution, delivery or performance by Maker of this Note; (vii) the proceeds of the loans evidenced by this Note will only be used as provided for and in the amounts specified in the Budget, subject to the Permitted Variance and (viii) as of the date hereof, there are no pending or threatened actions, suits or proceedings against or affecting Maker by or before any court, commission, bureau or other governmental agency or instrumentality, which, individually or in the aggregate, if determined adversely to Maker, would have a material adverse effect on the business, properties, operations, or condition, financial or otherwise, of Maker.

All Obligations shall constitute allowed superpriority administrative expenses in Maker's bankruptcy case, with administrative priority and senior secured status under sections 364(c) and 364(d) of the Bankruptcy Code. Subject only to the Carve Out (as defined in the DIP Order), such administrative claim shall have priority over all other costs and expenses of the kinds specified in, or ordered pursuant to, sections 105, 326, 328, 330, 331, 503(a), 503(b), 506(c), 507(a), 507(b), 546(c), 546(d), 726, 1113, 1114 or any other provision of the Bankruptcy Code ("Superpriority Claims"), and shall at all times be senior to the rights of any other creditor of Maker in Maker's bankruptcy case or any subsequent proceeding or case under the Bankruptcy Code. The first priority security interest in and lien on the Collateral granted in favor of Lender shall have the priority and senior secured status afforded by sections 364(c) and 364(d)(1) of the Bankruptcy Code.

Maker agrees that (i) the Obligations hereunder shall not be discharged by the entry of an order confirming a plan of reorganization in any chapter 11 case and (ii) the Superpriority Claims shall not be affected in any manner by the entry of an order confirming a plan of reorganization in any chapter 11 case.

The occurrence of any of the following shall constitute an “Event of Default”: (i) default in payment of any amount due under this Note or in the payment or performance of any other Obligation or agreement of any nature or description to or with Lender; (ii) any representation or warranty of Maker in this Note, the Security Agreement, the Line Letter or any other instrument or agreement with or in favor of Lender shall prove to be inaccurate or untrue; (iii) granting any security interest by Maker with respect to its assets (other than to Lender or as otherwise permitted by Lender in writing); (iv) Maker obtaining any additional financing pursuant to sections 364(c) or (d) of the Bankruptcy Code without Lender’s consent; (v) Maker incurring any obligation senior to or pari passu with the Obligations; (vi) the filing of a disclosure statement with respect to or the confirmation of any plan or reorganization in Maker’s bankruptcy case that does not provide for the indefeasible payment in full of all of the Obligations; (vii) the dismissal of Maker’s chapter 11 case or the conversion of such case to a case under chapter 7 of the Bankruptcy Code; (viii) the entry of an order in Maker’s chapter 11 case avoiding any of the Obligations or requiring repayment of any portion of a payment made by Maker on account of the Obligations to Lender; (ix) Maker’s failing to furnish Lender with any requested financial information or failing to permit inspection of books or records by Lender or any of its agents, attorneys or accountants; (x) Maker’s failure to perform any of its obligations under the DIP Order, (xi) Maker withdrawing its motion for entry of the DIP Order, or (xii) the breach of any covenant or the occurrence of a default or event of default under the Line Letter, Security Agreement or any other instrument or agreement entered into in connection with this Note, including, without limitation, failure to comply with the Budget, subject to the Permitted Variance.

Upon the occurrence of an Event of Default, unless such Event of Default is otherwise waived by the Lender, Lender shall have no further obligations to make any Advances hereunder and under the Line Letter, and Lender may declare by notice to Maker any and all Obligations of Maker to be immediately due and payable. Following receipt of such notice, Maker shall have five (5) business days to cure such default(s) (the “Cure Period”). Upon Maker’s failure to cure and upon expiration of the Cure Period, Lender may exercise any and all of the remedies available to it under the Security Agreement and/or applicable law without any prior notice to Maker or any other party.

All fees and expenses (including all legal fees and expenses) incurred by Lender in connection with the Facility, including without limitation all fees and expenses related to (i) the preparation and negotiation of this Note, the Security Agreement and the Line Letter; and (ii) the enforcement of any Lender’s rights under any of the foregoing agreements shall be reimbursed by Maker and shall constitute Obligations hereunder. The aforesaid Obligations shall include all attorneys’ fees and disbursements incurred by Lender in obtaining advice as to its rights and remedies in connection with this Note and each of the other agreements specified in the immediately preceding sentence, whether upon the occurrence of an Event of Default hereunder or otherwise.

Maker hereby waives presentment, notice of dishonor, protest and notice of protest, and any or all other notices or demands (other than demand for payment) in connection with the delivery, acceptance, performance, default, endorsement or guarantee of this Note. The liability of Maker hereunder shall be unconditional and shall not be in any manner affected by any indulgence whatsoever granted or consented to by Lender, including, but not limited to any extension of time, renewal, waiver or other modification. Any failure of Lender to exercise any right hereunder shall not be construed as a waiver of the right to exercise the same or any other right at any time and from time to time thereafter. Lender may accept late payments, or partial payments, even though marked "payment in full" or containing words of similar import or other conditions, without waiving any of its rights. No amendment, modification or waiver of any provision of this Note nor consent to any departure by Maker therefrom shall be effective, irrespective of any course of dealing, unless the same shall be in writing and signed by Lender, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. This Note cannot be changed or terminated orally or by estoppel or waiver or by any alleged oral modification regardless of any claimed partial performance referable thereto.

Maker shall indemnify and hold harmless each of Lender and its affiliates, officers, directors, employees, attorneys, agents and representatives (each, an "Indemnified Person"), from and against any and all suits, actions, proceedings, claims, damages, losses, liabilities and expenses (including reasonable attorneys' fees and disbursements and other costs of investigation or defense, including those incurred upon any appeal but excluding loss of anticipated profits) that may be instituted or asserted against or incurred by any such Indemnified Person as the result of credit having been extended, suspended or terminated under this Note and the administration of such credit, and in connection with or arising out of the transactions contemplated hereunder and thereunder and any actions or failures to act in connection therewith (collectively, "Indemnified Liabilities"); provided, that Maker shall not be liable for any indemnification to an Indemnified Person to the extent that any such suit, action, proceeding, claim, damage, loss, liability or expense results from the gross negligence or willful misconduct of such Indemnified Person.


Any notice from Lender to Maker shall be deemed given when delivered to Maker by hand or when deposited in the United States mail and addressed to Maker at the last address of Maker appearing on Lender's records.

This Note shall be governed by and construed in accordance with the laws of the State of New York applicable to instruments made and to be performed wholly within that state. If any provision of this Note is held to be illegal or unenforceable for any reason whatsoever, such illegality or unenforceability shall not affect the validity of any other provision hereof.

Maker agrees that any suit for the enforcement of this Note may be brought in the courts of the State or any federal court sitting therein and consents to the non-exclusive jurisdiction of such court and to service of process in any such suit being made upon Maker by mail at the address specified in this Note. Notwithstanding the foregoing, during the pendency of any bankruptcy case of Maker, the United States Bankruptcy Court for the Southern District of New York shall have exclusive jurisdiction to interpret and enforce this Note, and the parties hereto consent to the jurisdiction of such court. Maker hereby waives any objection that it may now or hereafter have to the venue of any such suit or any such court or that such suit is brought in an inconvenient court

Lender is authorized to fill in any blank spaces or make such corrections as are necessary to correct any patent typographical or ministerial errors herein.

CRABTREE & EVELYN, LTD.
102 Peake Brook Road
P.O. Box 167
Woodstock, CT 06281-0167

By: 
Name: Koh Han Seow
Title: CFO

ADVANCES AND PAYMENTS OF PRINCIPAL

<u>Date</u>	<u>Advance No.</u>	<u>Amount of Advance</u>	<u>Principal Payments</u>	<u>Amount of Principal Balance</u>
_____	_____	_____	_____	_____
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DIP SECURITY AGREEMENT

DIP SECURITY AGREEMENT (this "Agreement"), dated as of June 30, 2009 (this "Agreement") made by CRABTREE & EVELYN, LTD. (the "Company"), a Connecticut corporation with an address at 102 Peake Brook Road, Woodstock, CT 06281, for the benefit of Kuala Lumpur Kepong Berhad ("Lender"), a Malaysian corporation, with an address at Wisma Taiko, 1 Jalan S.P. Seenivasagam 30000 Ipoh, Perak, Malaysia.

WHEREAS, Lender has agreed to advance to the Company loans in the aggregate principal amount of up to \$40,000,000 (collectively, the "Loan"), which Loan shall be evidenced by a DIP Grid Note of even date herewith made by the Company in favor of Lender (as the same may hereafter be consolidated, extended, modified, amended and/or restated from time to time, the "Note"); and

WHEREAS, in order to induce Lender to extend credit and other financial accommodations to the Company, including, without limitation, the Loan, the Company has agreed to execute and deliver to Lender a security agreement in substantially the form hereof; and

WHEREAS, the Company wishes to grant security interests in favor of the Lender as herein provided;

NOW, THEREFORE, in consideration of the promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Definitions.** The term "Bankruptcy Court" means the United States Bankruptcy Court for the Southern District of New York. The term "Claims," as used herein, shall mean each "claim" as that term is defined under Section 101(5) of the Bankruptcy Code. The term "Copyrights," as used herein, shall mean all copyrights, rights and interests in copyrights, works protectable by copyrights, copyright registrations and copyright applications, and all derivative works, extensions or renewals of any of the foregoing and all income, royalties, proceeds, damages and payments now and hereafter due and/or payable under or with respect to any of the foregoing, including, without limitation, damages and payments for past, present and future infringements of any of the foregoing and the right to sue for past, present and future infringements of any of the foregoing. The term "Event of Default," as used herein, shall mean an Event of Default under the Note. The term "Obligations," as used herein, means any and all indebtedness, obligations and liabilities of the Company to Lender (including, without limitation, under or in respect of the Note, any other promissory notes or other instruments or agreements executed and delivered pursuant thereto or in connection therewith) and all Claims of Lender against the Company, now existing or hereafter created or arising, direct or indirect (including participations or any interest of Lender in indebtedness of the Company to others), acquired outright, conditionally, or as collateral security from another, absolute or contingent, joint or several, secured or unsecured, matured or not matured, monetary or non-monetary, arising out of contract or tort, liquidated or unliquidated, arising by operation of law or otherwise and all extensions, renewals, refundings, replacements and modifications of any of the foregoing. The term "Patents," as used herein, shall mean all patents and patent applications, and all patents and the reissues, divisions, continuations, renewals, extensions and continuations-in-part of any of the foregoing, and all income, royalties, damages and payments now or hereafter due and/or payable under or with respect to any of the foregoing, including, without limitation, damages and payments for past, present and future infringements of any of the foregoing and the right to sue

for past, present and future infringements of any of the foregoing. The term "Software," as used herein, shall mean all computer and other software, including all source code, object code, firmware, development tools, files, records and data, all media on which any of the foregoing is recorded and all enhancements, versions, releases and updates of the foregoing. The term "State," as used herein, means the State of New York. All terms defined in the Uniform Commercial Code of the State and used herein shall have the same definitions herein as specified therein. However, if a term is defined in Article 9 of the Uniform Commercial Code of the State differently than in another Article of the Uniform Commercial Code of the State, the term has the meaning specified in Article 9. The term "Trademarks," as used herein, shall mean all trademarks, service marks, trade names, trade dress or other indicia of trade origin, registered trademarks and pending applications Internet domain names, and those trademarks which are hereafter adopted or acquired by the Company, and all right, title and interest therein and thereto, and all registrations, applications, and recordings thereof, including, without limitation, applications, registrations and recordings in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof, or any foreign country all whether now owned or hereafter acquired by the Company together with the goodwill associated therewith, and all reissues, amendments, extensions or renewals thereof and all licenses thereof, all proceeds of infringement suits, the rights to sue for past, present and future infringements and all rights corresponding thereto in the United States, any state thereof or any foreign country.

2. Grant of Security Interest. The Company hereby grants to the Lender, to secure the payment and performance in full of all of the Obligations, a continuing lien upon and security interest in, and does hereby pledge, assign, mortgage and transfer to the Lender, all of the Company's right, title and interest in and to any and all assets of the Company, including, without limitation, the following properties, wherever located, whether now or hereafter acquired or existing, and all proceeds (including, without limitation, insurance proceeds) and products thereof, wherever located and in whatever form, and all books and records pertaining to such property (all of the same being hereinafter called the "Collateral"): all personal property of every kind and nature including without limitation all goods (including, without limitation, inventory, equipment and any accessions thereto), all interests of the Company in any real property (including all leasehold and ownership interests), all instruments (including, without limitation, promissory notes), fixtures, documents, accounts (including, without limitation, health-care-insurance receivables), chattel paper (whether tangible or electronic), deposit accounts, letter-of-credit rights (whether or not the letter of credit is evidenced by a writing), commercial tort claims, securities and all other investment property, supporting obligations, any other contract rights or rights to the payment of money, insurance claims and proceeds, and all general intangibles (including, without limitation, all Copyrights, Software, Patents, Trademarks and payment intangibles); *provided, however*, that the Collateral shall not include any of the Company's causes of action under Chapter 5 of the Bankruptcy Code or the proceeds thereof (except for claims arising under section 549 of the Bankruptcy Code which shall be included in the Collateral). The Lender acknowledges that the attachment of its security interest in any commercial tort claim as original collateral is subject to the Company's compliance with Section 4.3.

3. Authorization to File Financing Statements. The Company hereby irrevocably authorizes the Lender at any time and from time to time to file in any Uniform Commercial Code jurisdiction any initial financing statements and amendments thereto that (a) indicate the Collateral (i) as all assets of the Company or words of similar effect, regardless of whether any

particular asset comprised in the Collateral falls within the scope of Article 9 of the Uniform Commercial Code of the State or such jurisdiction, or (ii) as being of an equal or lesser scope or with greater detail, and (b) contain any other information required by part 5 of Article 9 of the Uniform Commercial Code of the State for the sufficiency or filing office acceptance of any financing statement or amendment, including whether the Company is an organization, the type of organization and any organization identification number issued to the Company. The Company agrees to furnish any such information to the Lender promptly upon request.

4. Other Actions. Further to insure the attachment, perfection and first priority status of, and the ability of the Lender to enforce, the Lender's security interest in the Collateral, the Company agrees, in each case at the Company's own expense, to take the following actions with respect to the following Collateral:

4.1. Collateral in the Possession of a Bailee. If any Collateral is at any time in the possession of a bailee, the Company shall promptly notify the Lender thereof and, if requested by the Lender, shall promptly obtain an acknowledgment from the bailee, in form and substance satisfactory to the Lender, that the bailee holds such Collateral for the benefit of the Lender and shall act upon the instructions of the Lender, without the further consent of the Company.

4.2. Electronic Chattel Paper and Transferable Records. If the Company at any time holds or acquires an interest in any electronic chattel paper or any "transferable record," as that term is defined in Section 201 of the federal Electronic Signatures in Global and National Commerce Act, or in Section 16 of the Uniform Electronic Transactions Act as in effect in any relevant jurisdiction, the Company shall promptly notify the Lender thereof and, at the request of the Lender, shall take such action as the Lender may reasonably request to vest in the Lender control, under Section 9-105 of the Uniform Commercial Code, of such electronic chattel paper or control under Section 201 of the federal Electronic Signatures in Global and National Commerce Act or, as the case may be, Section 16 of the Uniform Electronic Transactions Act, as in effect in such jurisdiction, of such transferable record. The Lender agrees with the Company that the Lender will arrange, pursuant to procedures satisfactory to the Lender and so long as such procedures will not result in the Lender's loss of control, for the Company to make alterations to the electronic chattel paper or transferable record permitted under UCC Section 9-105 or, as the case may be, Section 201 of the federal Electronic Signatures in Global and National Commerce Act or Section 16 of the Uniform Electronic Transactions Act for a party in control to make without loss of control.

4.3. Commercial Tort Claims. If the Company shall at any time hold or acquire a commercial tort claim, the Company shall immediately notify the Lender in a writing signed by the Company of the brief details thereof and grant to the Lender in such writing a security interest therein and in the proceeds thereof, all upon the terms of this Agreement, with such writing to be in form and substance satisfactory to the Lender.

4.4. Other Actions as to any and all Collateral. The Company further agrees to take any other action reasonably requested by the Lender, and to furnish such information and execute such documents, agreements, consents and instruments as the Lender deems necessary in its sole discretion, to ensure the attachment, and perfection

of, and the ability of the Lender to enforce, the Lender's security interest in any and all of the Collateral including, without limitation, (a) executing, delivering and, where appropriate, filing financing statements and amendments relating thereto under the Uniform Commercial Code, to the extent, if any, that the Company's signature thereon is required therefor, (b) causing the Lender's name to be noted as secured party on any certificate of title for a titled good if such notation is a condition to attachment, perfection or priority of, or ability of the Lender to enforce, the Lender's security interest in such Collateral, (c) complying with any provision of any statute, regulation or treaty of the United States as to any Collateral if compliance with such provision is a condition to attachment, perfection or priority of, or ability of the Lender to enforce, the Lender's security interest in such Collateral, (d) using commercially reasonable efforts to obtain governmental and other third party consents and approvals, including without limitation any consent of any licensor, lessor or other person obligated on Collateral, (e) using commercially reasonable efforts to obtain waivers from mortgagees and landlords in form and substance satisfactory to the Lender and taking all actions required by any earlier versions of the Uniform Commercial Code or by other law, as applicable in any relevant Uniform Commercial Code jurisdiction, or by other law as applicable in any foreign jurisdiction.

5. Survival. The Company and Lender intend and agree that the provisions hereof, including without limitation the security interest granted to Lender herein, shall survive and remain in full force and effect notwithstanding the commencement or pendency of any voluntary or involuntary bankruptcy proceeding, insolvency proceeding, receivership, case or proceeding for the liquidation, dissolution or winding up of the Company or other similar proceeding concerning the Company (a "Proceeding").

6. Representations and Warranties Concerning Company's Legal Status. The Company represents and warrants to the Lender as follows: (a) the Company's exact legal name is that indicated on the signature page hereof, (b) the Company is a corporation organized in the jurisdiction of the State of Connecticut, and (c) the Company's chief executive office as well as the Company's mailing address is located at 102 Peake Brook Road, Woodstock, CT 06281.

7. Covenants Concerning Company's Legal Status. The Company covenants with the Lender as follows: (a) without providing at least 30 days prior written notice to the Lender, the Company will not change its name, its place of business or, if more than one, chief executive office, or its mailing address or organizational identification number if it has one, (b) if the Company does not have an organizational identification number and later obtains one, the Company shall forthwith notify the Lender of such organizational identification number, and (c) the Company will not change its type of organization, jurisdiction of organization or other legal structure.

8. Representations and Warranties Concerning Collateral, Etc. The Company further represents and warrants to the Lender as follows: (a) the Company is the sole and exclusive owner of the Collateral, free from any adverse lien, security interest or other encumbrance, except for the security interest created by this Agreement, (b) none of the Collateral constitutes, or is the proceeds of, "farm products" as defined in Section 9-102(a)(34) of the Uniform Commercial Code of the State, (c) none of the account debtors or other persons obligated on any of the Collateral is a governmental authority subject to the Federal Assignment

of Claims Act or like federal, state or local statute or rule in respect of such Collateral, (d) the Company holds no commercial tort claim, (e) to the best of the Company's knowledge, the Company has at all times operated its business in compliance with all applicable provisions of the federal Fair Labor Standards Act, as amended, and with all applicable provisions of federal, state and local statutes and ordinances dealing with the control, shipment, storage or disposal of hazardous materials or substances, (f) no Trademark, Patent or Copyright in which the Company has rights or which is material to the conduct of the Company's business has been adjudged invalid or unenforceable by a court of competent jurisdiction, in whole or in part and each such Trademark, Patent and Copyright is presently subsisting, (g) the Company has no notice of any suits or actions commenced or threatened with reference to any Trademark, Patent or Copyright in which the Company has rights or which is material to the conduct of the Company's business, (h) subject only to the entry of the DIP Order, the Company has the unqualified right to execute and deliver this Agreement and perform its terms, and (i) the Company is the sole and exclusive owner of all proprietary materials and all Copyrights, Software, Trademarks and Patents material to the conduct of the Company's business as it is presently conducted, free and clear of any lien, security interest or other encumbrance, including ownership of pending and accrued causes of action for infringement or other violation of thereof.

9. Covenants Concerning Collateral, Etc. The Company further covenants with the Lender as follows: (a) the Company shall be the owner of the Collateral free from any lien, security interest or other encumbrance, and the Company shall defend the same against all claims and demands of all persons at any time claiming the same or any interests therein adverse to the Lender, (b) the Company shall not pledge, mortgage or create, or suffer to exist a security interest in the Collateral in favor of any person other than the Lender, (c) the Company will keep the Collateral in good order and repair and will not use the same in violation of law or any policy of insurance thereon, (d) the Company will permit the Lender, or its designee, to inspect the Collateral at any reasonable time, wherever located, (e) the Company will pay promptly when due all taxes, assessments, governmental charges and levies upon the Collateral or incurred in connection with the use or operation of such Collateral or incurred in connection with this Agreement, (f) the Company will use reasonable effort and diligence to continue to operate, its business in compliance with all applicable provisions of the federal Fair Labor Standards Act, as amended, and with all applicable provisions of federal, state and local statutes and ordinances dealing with the control, shipment, storage or disposal of hazardous materials or substances, (g) the Company will not sell or otherwise dispose, or offer to sell or otherwise dispose, of the Collateral or any interest therein except for (1) sales of inventory the ordinary course of business and (2) so long as no Event of Default has occurred and is continuing, sales or other dispositions of obsolete items of equipment in the ordinary course of business consistent with prudent business practices, (h) the Company shall take all reasonable steps to maintain and enforce the Trademarks, Patents and Copyrights material to the conduct of its business, including but not limited to (1) payment of all fees, (2) prosecuting known infringers if failure to do so would materially and adversely affect the business of the Company and (3) diligently pursuing any application or registration material to the business of the Company, and (i) the Company will take all steps to ensure that it is the sole and exclusive owner of all hereafter acquired or created proprietary materials, Copyrights, Software, Trademarks and Patents material to the conduct of the Company's business as it is presently conducted and as it may be conducted on and after the date hereof.

10. Insurance.

10.1. Maintenance of Insurance. The Company will maintain with financially sound and reputable insurers insurance with respect to its properties and business against such casualties and contingencies and at least in such amounts as are reasonably acceptable to Lender. Such insurance shall be in such minimum amounts that the Company will not be deemed a co-insurer under applicable insurance laws, regulations and policies and otherwise shall contain such terms, be in such forms and be for such periods as may be reasonably satisfactory to the Lender.

10.2. Notice of Cancellation, etc. Within five business days after the date of this Agreement, all policies of insurance shall provide for at least 30 days prior written cancellation notice to the Lender. In the event of failure by the Company to provide and maintain insurance as herein provided, the Lender may, at its option, provide such insurance and charge the amount thereof to the Company. Upon request, the Company shall furnish the Lender with certificates of insurance and policies evidencing compliance with the foregoing insurance provision.

11. Collateral Protection Expenses; Preservation of Collateral.

11.1. Expenses Incurred by Lender. In its discretion, the Lender may discharge taxes and other encumbrances at any time levied or placed on any of the Collateral, make repairs thereto and pay any necessary filing fees or, if the Company fails to do so, insurance premiums. The Company agrees to reimburse the Lender on demand for any and all expenditures so made. The Lender shall have no obligation to the Company to make any such expenditures, nor shall the making thereof relieve the Company of any default.

11.2. Lender's Obligations and Duties. Anything herein to the contrary notwithstanding, the Company shall remain liable under each contract or agreement comprised in the Collateral to be observed or performed by the Company thereunder. The Lender shall not have any obligation or liability under any such contract or agreement by reason of or arising out of this Agreement or the receipt by the Lender of any payment relating to any of the Collateral, nor shall the Lender be obligated in any manner to perform any of the obligations of the Company under or pursuant to any such contract or agreement, to make inquiry as to the nature or sufficiency of any payment received by the Lender in respect of the Collateral or as to the sufficiency of any performance by any party under any such contract or agreement, 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 the Lender or to which the Lender may be entitled at any time or times. The Lender's sole duty with respect to the custody, safe keeping and physical preservation of the Collateral in its possession, under Section 9-207 of the Uniform Commercial Code of the State or otherwise, shall be to deal with such Collateral in the same manner as the Lender deals with similar property for its own account.

12. Securities and Deposits. The Lender may at any time if an Event of Default shall have occurred and be continuing, at its option, transfer to itself or any nominee any securities constituting Collateral, receive any income thereon and hold such income as

additional Collateral or apply it to the Obligations. At any time if an Event of Default shall have occurred and be continuing, the Lender may demand, sue for, collect, or make any settlement or compromise which it deems desirable with respect to the Collateral. Regardless of the adequacy of Collateral or any other security for the Obligations, any deposits or other sums at any time credited by or due from the Lender to the Company may at any time be applied to or set off against any of the Obligations.

13. Notification to Account Debtors and Other Persons Obligated on Collateral.

If an Event of Default shall have occurred and be continuing, the Company shall, at the request of the Lender, notify account debtors and other persons obligated on any of the Collateral of the security interest of the Lender in any account, chattel paper, general intangible, instrument or other Collateral and that payment thereof is to be made directly to the Lender or to any financial institution designated by the Lender as the Lender's agent therefor, and the Lender may itself, if an Event of Default shall have occurred and be continuing without notice to or demand upon the Company, so notify account debtors and other persons obligated on Collateral. After the making of such a request or the giving of any such notification, the Company shall hold any proceeds of collection of accounts, chattel paper, general intangibles, instruments and other Collateral received by the Company as trustee for the Lender without commingling the same with other funds of the Company and shall turn the same over to the Lender in the identical form received, together with any necessary endorsements or assignments. The Lender shall apply the proceeds of collection of accounts, chattel paper, general intangibles, instruments and other Collateral received by the Lender to the Obligations, such proceeds to be immediately entered after final payment in cash or other immediately available funds of the items giving rise to them.

14. Power of Attorney.

14.1. Appointment and Powers of Lender. The Company hereby irrevocably constitutes and appoints the Lender and any officer or agent thereof, with full power of substitution, as its true and lawful attorneys-in-fact with full irrevocable power and authority in the place and stead of the Company or in the Lender's own name, for the purpose of carrying out the terms of this Agreement, to take any and all appropriate action and to execute any and all documents and instruments that may be necessary or desirable to accomplish the purposes of this Agreement and, without limiting the generality of the foregoing, hereby gives said attorneys the power and right, on behalf of the Company, without notice to or assent by the Company, to do the following:

(a) upon the occurrence of an Event of Default, generally to sell, transfer, pledge, make any agreement with respect to or otherwise deal with any of the Collateral in such manner as is consistent with the Uniform Commercial Code of the State and as fully and completely as though the Lender were the absolute owner thereof for all purposes, and to do at the Company's expense, at any time, or from time to time, all acts and things which the Lender deems necessary to protect, preserve or realize upon the Collateral and the Lender's security interest therein, in order to effect the intent of this Agreement, all as fully and effectively as the Company might do, including, without limitation, (i) the filing and prosecuting of registration and transfer applications with the appropriate federal or local agencies or authorities with respect to trademarks, copyrights and patentable inventions and processes, (ii) upon written notice to the Company, the exercise of voting rights with respect to voting securities, which rights may be

exercised, if the Lender so elects, with a view to causing the liquidation in a commercially reasonable manner of assets of the issuer of any such securities and (iii) the execution, delivery and recording, in connection with any sale or other disposition of any Collateral, of the endorsements, assignments or other instruments of conveyance or transfer with respect to such Collateral; and

(b) to the extent that the Company's authorization given in Section 3 is not sufficient to file such financing statements with respect hereto, with or without the Company's signature, or a photocopy of this Agreement in substitution for a financing statement, as the Lender may deem appropriate and to execute in the Company's name such financing statements and amendments thereto and continuation statements which may require the Company's signature.

14.2. Ratification by Company. To the extent permitted by law, the Company hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue hereof. This power of attorney is a power coupled with an interest and shall be irrevocable.

14.3. No Duty of Lender. The powers conferred on the Lender hereunder are solely to protect its interests in the Collateral and shall not impose any duty upon it to exercise any such powers. The Lender shall be accountable only for the amounts that it actually receives as a result of the exercise of such powers and neither it nor any of its officers, directors, employees or agents shall be responsible to the Company for any act or failure to act, except for the Lender's own gross negligence or willful misconduct.

15. Remedies. If an Event of Default shall have occurred and be continuing, unless such Event of Default is otherwise waived by the Lender, the Lender may, without notice to or demand upon the Company, declare this Agreement to be in default, and the Lender shall thereafter have in any jurisdiction in which enforcement hereof is sought, in addition to all other rights and remedies, the rights and remedies of a secured party under the Uniform Commercial Code of the State or of any jurisdiction in which Collateral is located, including, without limitation, the right to take possession of the Collateral, and for that purpose the Lender may, so far as the Company can give authority therefor, enter upon any premises on which the Collateral may be situated and remove the same therefrom. The Lender may in its discretion require the Company to assemble all or any part of the Collateral at such location or locations within the jurisdiction(s) of the Company's principal office(s) or at such other locations as the Lender may reasonably designate. Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, the Lender shall give to the Company at least five Business Days prior written notice of the time and place of any public sale of Collateral or of the time after which any private sale or any other intended disposition is to be made. The Company hereby acknowledges that five Business Days prior written notice of such sale or sales shall be reasonable notice. In addition, the Company waives any and all rights that it may have to a judicial hearing in advance of the enforcement of any of the Lender's rights hereunder, including, without limitation, its right following an Event of Default to take immediate possession of the Collateral and to exercise its rights with respect thereto.

16. Standards for Exercising Remedies. To the extent that applicable law imposes duties on the Lender to exercise remedies in a commercially reasonable manner, the Company acknowledges and agrees that it is not commercially unreasonable for the Lender (a) to fail to incur expenses reasonably deemed significant by the Lender to prepare Collateral for disposition or otherwise to complete raw material or work in process into finished goods or other finished products for disposition, (b) to fail to obtain third party consents for access to Collateral to be disposed of, or to obtain or, if not required by other law, to fail to obtain governmental or third party consents for the collection or disposition of Collateral to be collected or disposed of, (c) to fail to exercise collection remedies against account debtors or other persons obligated on Collateral or to remove liens or encumbrances on or any adverse claims against Collateral, (d) to exercise collection remedies against account debtors and other persons obligated on Collateral directly or through the use of collection agencies and other collection specialists, (e) to advertise dispositions of Collateral through publications or media of general circulation, whether or not the Collateral is of a specialized nature, (f) to contact other persons, whether or not in the same business as the Company, for expressions of interest in acquiring all or any portion of the Collateral, (g) to hire one or more professional auctioneers to assist in the disposition of Collateral, whether or not the collateral is of a specialized nature, (h) to dispose of Collateral by utilizing Internet sites that provide for the auction of assets of the types included in the Collateral or that have the reasonable capability of doing so, or that match buyers and sellers of assets, (i) to dispose of assets in wholesale rather than retail markets, (j) to disclaim disposition warranties, (k) to purchase insurance or credit enhancements to insure the Lender against risks of loss, collection or disposition of Collateral or to provide to the Lender a guaranteed return from the collection or disposition of Collateral, or (l) to the extent deemed appropriate by the Lender, to obtain the services of other brokers, investment bankers, consultants and other professionals to assist the Lender in the collection or disposition of any of the Collateral. The Company acknowledges that the purpose of this Section 16 is to provide non-exhaustive indications of what actions or omissions by the Lender would not be commercially unreasonable in the Lender's exercise of remedies against the Collateral and that other actions or omissions by the Lender shall not be deemed commercially unreasonable solely on account of not being indicated in this Section 16. Without limitation upon the foregoing, nothing contained in this Section 16 shall be construed to grant any rights to the Company or to impose any duties on the Lender that would not have been granted or imposed by this Agreement or by applicable law in the absence of this Section 16.

17. No Waiver by Lender, etc. The Lender shall not be deemed to have waived any of its rights upon or under the Obligations or the Collateral unless such waiver shall be in writing and signed by the Lender. No delay or omission on the part of the Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver on any one occasion shall not be construed as a bar to or waiver of any right on any future occasion. All rights and remedies of the Lender with respect to the Obligations or the Collateral, whether evidenced hereby or by any other instrument or papers, shall be cumulative and may be exercised singularly, alternatively, successively or concurrently at such time or at such times as the Lender deems expedient.

18. Suretyship Waivers by Company. The Company waives demand, notice, protest, notice of acceptance of this Agreement, notice of loans made, credit extended, Collateral received or delivered or other action taken in reliance hereon and all other demands and notices of any description. With respect to both the Obligations and the Collateral, the Company assents to any extension or postponement of the time of payment or any other

indulgence, to any substitution, exchange or release of or failure to perfect any security interest in any Collateral, to the addition or release of any party or person primarily or secondarily liable, to the acceptance of partial payment thereon and the settlement, compromising or adjusting of any thereof, all in such manner and at such time or times as the Lender may deem advisable. The Lender shall have no duty as to the collection or protection of the Collateral or any income thereon, nor as to the preservation of rights against prior parties, nor as to the preservation of any rights pertaining thereto beyond the safe custody thereof as set forth in Section 11.2. The Company further waives any and all other suretyship defenses.

19. Marshalling. The Lender shall not be required to marshal any present or future collateral security (including but not limited to this Agreement and the Collateral) for, or other assurances of payment of, the Obligations or any of them or to resort to such collateral security or other assurances of payment in any particular order, and all of its rights hereunder and in respect of such collateral security and other assurances of payment shall be cumulative and in addition to all other rights, however existing or arising. To the extent that it lawfully may, the Company hereby agrees that it will not invoke any law relating to the marshaling of collateral which might cause delay in or impede the enforcement of the Lender's rights under this Agreement or under any other instrument creating or evidencing any of the Obligations or under which any of the Obligations is outstanding or by which any of the Obligations is secured or payment thereof is otherwise assured, and, to the extent that it lawfully may, the Company hereby irrevocably waives the benefits of all such laws.

20. Proceeds of Dispositions; Expenses. The Company shall pay to the Lender on demand any and all expenses, including reasonable attorneys' fees and disbursements, incurred or paid by the Lender in protecting, preserving or enforcing the Lender's rights under or in respect of any of the Obligations or any of the Collateral. After deducting all of said expenses, the residue of any proceeds of collection or sale of the Obligations or Collateral shall, to the extent actually received in cash, be applied to the payment of the Obligations in such order or preference as the Lender may determine, proper allowance and provision being made for any Obligations not then due. Upon the final payment and satisfaction in full of all of the Obligations and after making any payments required by Sections 9-608(a)(1)(C) or 9-615(a)(3) of the Uniform Commercial Code of the State, any excess shall be returned to the Company, and the Company shall remain liable for any deficiency in the payment of the Obligations.

21. Overdue Amounts. Until paid, all amounts due and payable by the Company hereunder shall be a debt secured by the Collateral and shall bear, whether before or after judgment, interest at the applicable rate of interest set forth in the Note or in any other document evidencing Obligations, as determined by Lender.

22. Governing Law; Consent to Jurisdiction. THIS AGREEMENT IS INTENDED TO TAKE EFFECT AS A SEALED INSTRUMENT AND SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK. The Company agrees that any suit for the enforcement of this Agreement may be brought in the courts of the State or any federal court sitting therein and consents to the non-exclusive jurisdiction of such court and to service of process in any such suit being made upon the Company by mail at the address specified in Section 6. The Company hereby waives any objection that it may now or hereafter have to the venue of any such suit or any such court or that such suit is brought in an inconvenient court. Notwithstanding the foregoing, during the pendency of any bankruptcy case of the Company, the United States Bankruptcy Court for the

Southern District of New York shall have exclusive jurisdiction to interpret and enforce this Agreement, and the parties hereto consent to the jurisdiction of such court.

23. Waiver of Jury Trial. THE COMPANY WAIVES ITS RIGHT TO A JURY TRIAL WITH RESPECT TO ANY ACTION OR CLAIM ARISING OUT OF ANY DISPUTE IN CONNECTION WITH THIS AGREEMENT, ANY RIGHTS, REMEDIES, OBLIGATIONS, OR DUTIES HEREUNDER, OR THE PERFORMANCE OR ENFORCEMENT HEREOF OR THEREOF. Except as prohibited by law, the Company waives any right which it may have to claim or recover in any litigation referred to in the preceding sentence any special, exemplary, punitive or consequential damages or any damages other than, or in addition to, actual damages. The Company (i) certifies that neither the Lender nor any representative, agent or attorney of the Lender has represented, expressly or otherwise, that the Lender would not, in the event of litigation, seek to enforce the foregoing waivers or other waivers contained in this Agreement, and (ii) acknowledges that, making the loan evidenced by the Note and in making any other Obligations, the Lender is relying upon, among other things, the waivers and certifications contained in this Section 23.

24. Termination of Security Interest. Upon the indefeasible payment in full of the Obligations the security interest of the Lender in the Collateral shall terminate. Thereupon, the Lender shall take such actions as the Company may reasonably request to give full effect to the release of such security interest, including without limitation (i) returning any certificated securities or other Collateral in the Lender's possession and (ii) executing and delivering UCC termination statements. The Company will reimburse the Lender for any non-incident expenses incurred in good faith by the Lender in complying with its obligations in the preceding sentence.

25. Miscellaneous. The headings of each section of this Agreement are for convenience only and shall not define or limit the provisions thereof. This Agreement and all rights and obligations hereunder shall be binding upon the Company and its respective successors and assigns, and shall inure to the benefit of the Lender and its successors and assigns. If any term of this Agreement shall be held to be invalid, illegal or unenforceable, the validity of all other terms hereof shall in no way be affected thereby, and this Agreement shall be construed and be enforceable as if such invalid, illegal or unenforceable term had not been included herein. The Company acknowledges receipt of a copy of this Agreement.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, intending to be legally bound, the Company has caused this Agreement to be duly executed as of the date first above written.

CRABTREE & EVELYN, LTD.

By:



Name:

Koh Han Seow

Title:

CFO