SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 13D

UNDER THE SECURITIES EXCHANGE ACT OF 1934

(Amendment No. __)

Toymax International, Inc.

(Name of Issuer)

Common Stock, par value $0.01 per share

(Title of Class of Securities)

892268 10 3

(CUSIP Number)

Murray L. Skala, Esq.
Feder, Kaszovitz, Isaacson, Weber, Skala, Bass & Rhine LLP
750 Lexington Avenue
New York, New York 10022
(212) 888-8200

(Name, address and telephone number of person authorized to receive notices and communications)

March 11, 2002

(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(e), 13d-1(f) or 13d-1(g) check the following box ☐.

NOTE*:* Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See Rule 13d-7(b) for other parties to whom copies are to be sent.

(Continued on following pages)

1.	NAME OF REPORTING PERSONS JAKKS PACIFIC, INC. S.S. OR I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS 95-4527222	
2.	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP	(a) ☐ (b) ☒
3.	SEC USE ONLY	
4.	SOURCE OF FUNDS WC	
5.	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e)	☐
6.	CITIZENSHIP OR PLACE OF ORGANIZATION Delaware	

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7.	SOLE VOTING POWER 8,232,819 shares
	8.	SHARED VOTING POWER 0 shares
	9.	SOLE DISPOSITIVE POWER 8,232,819 shares
	10.	SHARED DISPOSITIVE POWER 0 shares

11.	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 8,232,819 shares	
12.	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES	☐
13.	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 66.8%	
14.	TYPE OF REPORTING PERSON CO	

Item 1. Security and Issuer.

This statement relates to the common stock, par value $.01 per share, of Toymax International, Inc., a Delaware corporation ("Toymax"). The address of Toymax's principal executive offices is c/o JAKKS Pacific, Inc., 22619 Pacific Coast Highway, Malibu, California 90265.

Item 2. Identity and Background.

The filing person is JAKKS Pacific, Inc. ("JAKKS"), which is a corporation organized under the laws of the State of Delaware. JAKKS' principal business is the design, development, production and marketing of toys and related products, including without limitation action figures, toy vehicles, role play toys and accessories, dolls, arts and crafts playsets, play compounds, writing instruments and stationery. The address of JAKKS' principal business and principal office is 22619 Pacific Coast Highway, Malibu, California 90265.

Certain information with respect to JAKKS' directors and executive officers is set forth below:

Jack Friedman

Position: chairman of the board of directors; chief executive officer
Address: 22619 Pacific Coast Highway, Malibu, California 90265
Principal occupation or employment: chief executive officer of JAKKS
Citizenship: United States of America

Stephen G. Berman

Position: director; president and secretary; chief operating officer
Address: 22619 Pacific Coast Highway, Malibu, California 90265
Principal occupation or employment: chief operating officer of JAKKS
Citizenship: United States of America

Joel M. Bennett

Position: executive vice president; chief financial officer
Address: 22619 Pacific Coast Highway, Malibu, California 90265
Principal occupation or employment: chief financial officer of JAKKS
Citizenship: United States of America

Michael L. Bianco, Jr.

Position: executive vice president; chief merchandising officer
Address: 22619 Pacific Coast Highway, Malibu, California 90265
Principal occupation or employment: chief merchandising officer of JAKKS
Citizenship: United States of America

David C. Blatte

Position: director
Address: c/o Catterton Partners, 7 Greenwich Office Park, Suite 200, 599 West Putnam Avenue, Greenwich, Connecticut 06830
Principal occupation or employment: principal of Catterton Partners, 7 Greenwich Office Park, Suite 200, 599 West Putnam Avenue, Greenwich, Connecticut 06830, a private equity investment fund
Citizenship: United States of America

Robert E. Glick

Position: director
Address: c/o Jessica Howard, 1400 Broadway, 19th Floor, New York, New York 10018
Principal occupation or employment: principal of Jessica Howard, 1400 Broadway, 19th Floor, New York, New York 10018, which manufactures and markets ladies' apparel
Citizenship: United States of America

Michael G. Miller

Position: director
Address: c/o JAMI Charity Brands, 140 West 57th Street, New York, New York 10019
Principal occupation or employment: president of JAMI Charity Brands, 140 West 57th Street, New York, New York 10019, an advertising company
Citizenship: United States of America

Murray L. Skala

Position: director
Address: c/o Feder, Kaszovitz, Isaacson, Weber, Skala, Bass & Rhine LLP, 750 Lexington Avenue, 23rd Floor, New York, New York 10022
Principal occupation or employment: partner of Feder, Kaszovitz, Isaacson, Weber, Skala, Bass & Rhine LLP, 750 Lexington Avenue, 23rd Floor, New York, New York 10022, a law firm
Citizenship: United States of America

None of JAKKS nor any of the foregoing directors or executive officers has, during the last five years, been convicted in a criminal proceeding.

None of JAKKS nor any of the foregoing directors or executive officers was, during the last five years, a party to a civil proceeding of a judicial or administrative body of competent jurisdiction as a result of which such person was or is subject to a judgment, decree or final order

enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

Item 3. Source and Amount of Funds or Other Consideration.

In connection with JAKKS' acquisition of Toymax (see also Items 4, 5 and 6 below), JAKKS has purchased 8,232,819 shares of Toymax common stock for total consideration consisting of cash in the amount of $24,527,203 and 646,384 shares of JAKKS common stock. The cash portion of the consideration paid was drawn from JAKKS' working capital/cash accounts. JAKKS expects to pay in connection with the Merger (as defined in Item 6 below) consideration, subject to certain conditions and contingent adjustments, in respect of the shares of Toymax common stock outstanding immediately prior to the effective time of the Merger (other than shares held by or for JAKKS or Toymax), consisting of cash in the approximate amount of $11,750,000 and approximately 312,500 shares of JAKKS common stock. In addition, as a result of JAKKS' purchase of the Toymax shares, JAKKS expects to be required to fund the repayment of Toymax's outstanding indebtedness under its commercial financing facilities (which indebtedness was approximately $4,300,000 as of March 18, 2002). JAKKS currently intends to fund the cash portion of the consideration to be paid in the Merger and any indebtedness of Toymax required to be repaid in connection with the acquisition from JAKKS' working capital/cash accounts. JAKKS may also fund the payment of all or any part of such amounts from proceeds drawn under JAKKS' credit facility with Bank of America, N.A. and the other banks party to JAKKS' loan agreement dated as of October 12, 2001, as amended.

Item 4. Purpose of Transaction.

The purpose of the transaction is for JAKKS to acquire Toymax. On March 11, 2002 (the "First Closing Date"), JAKKS purchased 8,100,065 shares of Toymax common stock, and thereby became the owner of a majority of the outstanding shares of Toymax common stock; three of Toymax's incumbent directors resigned and two directors designated by JAKKS were appointed to Toymax's board; and certain executive officers of JAKKS were installed as the executive officers of Toymax. On March 16, 2002, Toymax's board was reconfigured to consist of six directors designated by JAKKS and two incumbent directors who were serving prior to the First Closing Date. Accordingly, JAKKS has achieved control of Toymax as its majority-owned subsidiary. To complete the acquisition, the parties propose to effect the Merger, pursuant to which Toymax will become a wholly-owned subsidiary of JAKKS. As a result, at the effective time of the Merger (or as soon as practicable thereafter), Toymax common stock will cease to be quoted on the Nasdaq National Market and the registration of Toymax common stock pursuant to Section 12(g) of the Securities Exchange Act of 1934 will be terminated.

Item 5. Interest in Securities of the Issuer.

(a) On the date hereof, JAKKS owns beneficially and of record 8,232,819 shares of Toymax common stock, representing approximately 66.8% of the outstanding shares of Toymax common stock. None of the directors or executive officers of JAKKS identified in Item 2 own of record any shares of Toymax common stock and they disclaim beneficial ownership of any shares of Toymax common stock.

(b) JAKKS has sole power to vote (or to direct the vote) and to dispose (or to direct the disposition) of all the shares of Toymax common stock owned by it.

(c) On the First Closing Date, JAKKS purchased 8,100,065 shares of Toymax common stock from the Principal Stockholders (identified in Item 6 below). The purchase price per share of Toymax common stock consisted of $3.00 in cash and 0.0798 share of JAKKS common stock.

(d) No person, other than JAKKS, has the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, any shares of Toymax common stock beneficially owned by JAKKS.

(e) Not applicable.

Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer.

On February 10, 2002, JAKKS entered into a Stock Purchase Agreement with Toymax and four of its stockholders, Best Phase Limited, Hargo (Barbados) Limited, Steven A. Lebensfeld and Harvey Goldberg (the "Principal Stockholders") which provided for JAKKS' purchase of 8,100,065 shares of Toymax common stock from the Principal Stockholders at a purchase price per share consisting of $3.00 in cash and 0.0798 share of JAKKS common stock, subject to certain contingent adjustments (which were not called into effect). The Stock Purchase Agreement also provided that on the First Closing Date, (i) each Option (as defined) held by David Chu or any of the Principal Stockholders would immediately terminate and (ii) each other Option outstanding on the First Closing Date would remain in full force and effect and then vest on the earliest to occur of the date of termination of the Stock Purchase Agreement (if the Merger were abandoned after the First Closing Date), the effective date of the Merger or September 30, 2002, and that each such continuing Option would remain exercisable during the succeeding six-month period and terminate at the end of such period.

Pursuant to the Stock Purchase Agreement, as amended by a letter agreement entered into on the First Closing Date, on the First Closing Date, three directors of Toymax resigned and two directors designated by JAKKS were appointed to Toymax's board; and, on March 16, 2002, two additional Toymax directors who had been serving prior to the First Closing Date resigned and four additional directors designated by JAKKS were appointed to Toymax's board. Until the effective date of the Merger, Toymax's board is required to consult with Toymax's prior directors and officers with respect to matters significantly affecting Toymax and its business or assets.

The Stock Purchase Agreement requires JAKKS to use its commercially reasonable efforts to register under the Securities Act of 1933 the shares of JAKKS common stock issued to the Principal Stockholders as part of the purchase price. Also, the Principal Stockholders agreed not to sell, short-sell or otherwise dispose of any of such shares prior to the effective date of the Merger and not to sell, short-sell or otherwise dispose of more than 25% of such shares during any quarterly period in the year following the effective date of the Merger.

As required by the Stock Purchase Agreement, prior to the First Closing Date, Toymax received an opinion of an independent investment banking firm that the merger consideration payable in the Merger is fair, from a financial point of view.

On the First Closing Date, in accordance with the Stock Purchase Agreement, JAKKS entered into new employment or consulting agreements with certain Toymax executives, whose prior employment agreements with Toymax were terminated, and Toymax entered into agreements with certain of its affiliates with respect to Toymax's manufacturing and agency agreements.

The Stock Purchase Agreement also provides for the parties to indemnify each other against certain liabilities, subject to certain limitations described therein.

On February 10, 2002, JAKKS entered into an Agreement of Merger with JP/TII Acquisition Corp., JAKKS' wholly-owned subsidiary ("Newco"), and Toymax (the "Merger Agreement") pursuant to which the parties agreed that, subject to the conditions set forth therein, including, among others, the approval of the Merger by Toymax's stockholders at a meeting to be convened for such purpose, Newco will merge into Toymax in a transaction (the "Merger") in which the surviving corporation will become a wholly-owned subsidiary of JAKKS and the stockholders of Toymax, other than JAKKS, Newco or Toymax or a subsidiary thereof, will receive merger consideration consisting of $3.00 in cash and 0.0798 share of JAKKS common stock (subject to certain contingent adjustments). Pursuant to the Merger Agreement, at the effective time of the Merger, each outstanding Option will terminate and the holder thereof will receive a corresponding option to purchase shares of JAKKS common stock or, under certain circumstances, a cash payment in accordance with the formula prescribed in the Agreement. The Agreement prohibits Toymax from responding to certain proposals from third parties with respect to an Alternative Transaction (as defined), unless certain specified conditions are met.

On December 14, 2001, Toymax entered into an agreement with ACG International Inc. ("ACG") pursuant to which Toymax engaged ACG to advise and assist Toymax in structuring, negotiating and effecting a transaction involving the sale of Toymax. Under this agreement, as compensation for its services, ACG will earn an advisory fee equal to 2% of the Total Transaction Value (as defined), if a transaction is consummated, or, if not, $100,000. Pursuant to a letter agreement dated February 8, 2002, it was agreed that the amount of the advisory fee with respect to the acquisition of Toymax by JAKKS will be $1,089,000, of which 70% will be payable on the First Closing Date and the balance will be payable upon the closing of the Merger.

The foregoing description of the agreements and transactions discussed above is a summary only and is qualified in its entirety by reference to the applicable agreements, copies of which are included as exhibits to this statement.

Item 7. Material to be Filed as Exhibits.

1. Stock Purchase Agreement dated as of February 10, 2002 among JAKKS, Toymax and the Shareholders named therein.

2. Agreement of Merger dated as of February 10, 2002 among JAKKS, JP/TII Acquisition Corp. and Toymax.

3. Letter Agreement dated March 11, 2002 among Toymax, JAKKS and the selling stockholders named therein.

4. Termination and Replacement of Manufacturing Agreement dated March 11, 2002 among Toymax, Toymax (H.K.) Limited, Jauntiway Investments Limited, et al.

5. Termination of Agency Agreements and Stock Options dated March 11, 2002 among Tai Nam Industrial Company Limited, David Ki Kwan Chu, Frances Shuk Kuen Leung, Toymax, et al.

6. Registration Rights Agreement dated as of March 11, 2002 among JAKKS, Best Phase Limited, Hargo (Barbados) Limited, Harvey Goldberg and Steven A. Lebensfeld.

7. Termination of Employment Agreement dated March 11, 2002 among Steven Lebensfeld, Toymax and JAKKS.

8. Employment Agreement dated as of March 11, 2002 between JAKKS and Steven Lebensfeld.

9. Termination of Employment Agreement dated March 11, 2002 among Harvey Goldberg, 1515037 Ontario Ltd., Toymax and JAKKS.

10. Consulting Agreement dated as of March 11, 2002 among JAKKS, 1515037 Ontario Ltd. and Harvey Goldberg.

11. Employment Agreement dated March 11, 2002 between JAKKS and Kenneth N. Price.

12. Employment Agreement dated March 11, 2002 between JAKKS and Carmine Russo.

13. Employment Agreement dated March 11, 2002 between JAKKS and Michael Sabatino.

14(A). Letter Agreement dated December 14, 2001 between Toymax and ACG International Inc.

14(B). Letter dated February 8, 2002 from Joel M. Handel to Murray Skala.

15(A). Loan Agreement dated as of October 12, 2001 among JAKKS, certain other Borrowers, the Lenders named therein and Bank of America, N.A., as Administrative Agent.

15(B). First Amendment to Loan Agreement and Consent and Waiver dated as of March 8, 2002.

15(C). Security Agreement (Borrowers) dated as of October 12, 2001 among JAKKS, certain other Grantors, Bank of America, as Administrative Agent, and the Lenders referred to therein.

15(D). Trademark Security Agreement dated as of October 12, 2001 among JAKKS, certain other Grantors, Bank of America, as Administrative Agent, and the Lenders referred to therein.

15(E). Patent Security Agreement dated as of October 12, 2001 among JAKKS, certain other Grantors, Bank of America, as Administrative Agent, and the Lenders referred to therein.

15(F). Pledge Agreement dated as of October 12, 2001 among JAKKS, certain other Grantors, Bank of America, as Administrative Agent, and the Lenders referred to therein.

15(G). Lock Box Agreement dated as of October 12, 2001 among JAKKS, certain other Customers, Bank of America, as Administrative Agent, and the Lenders referred to therein.

15(H). Guaranty dated as of October 12, 2001 among the Domestic Subsidiaries named therein, Bank of America, as Administrative Agent, and the Lenders referred to therein.

15(I). Security Agreement dated as of October 12, 2001 among the Grantors named therein, Bank of America, N.A., as Administrative Agent, and the Lenders referred to therein.

SIGNATURE

After reasonable inquiry and to the best of its knowledge and belief, the undersigned certifies that the information set forth in this statement is true, complete and correct.

Date: March 20, 2002

JAKKS PACIFIC, INC.

By: /s/ JOEL M. BENNETT

Name: Joel M. Bennett
Title: Executive Vice President

EXHIBIT 1

STOCK PURCHASE AGREEMENT

THIS STOCK PURCHASE AGREEMENT dated as of February 10, 2002 by and among JAKKS Pacific, Inc., a Delaware corporation ("JAKKS"), Toymax International, Inc., a Delaware corporation ("Toymax"), and the shareholders of Toymax listed on Schedule I (the "Shareholders").

W I T N E S S E T H:

WHEREAS, JAKKS desires to acquire Toymax; and

WHEREAS, the parties hereto intend that such acquisition be effected in two stages, in the first of which JAKKS shall purchase all of the outstanding capital stock of Toymax owned by the Shareholders, and, in the second of which a subsidiary of JAKKS will merge with and into Toymax, and the stockholders of Toymax other than JAKKS will receive merger consideration consisting of cash and securities of JAKKS, so that JAKKS will become the sole stockholder of Toymax, all on the terms and subject to the conditions hereinafter set forth;

NOW, THEREFORE, in consideration of the premises and the mutual covenants hereinafter set forth, the parties hereto hereby agree as follows:

1. Certain Definitions.

In addition to other capitalized terms defined elsewhere herein, the following capitalized terms are used herein as follows:

1.1 "Acquisition" means the purchase of the Shares and the related transactions contemplated by the Acquisition Agreements.

1.2 "Acquisition Agreement" means any of this Agreement and each agreement to be executed and delivered at the Closing pursuant to this Agreement, including without limitation the Registration Rights Agreement, the Employment Agreements and the Employment Termination Agreements.

1.3 "Affiliate" of a Person means another Person directly or indirectly controlling, controlled by, or under common control with, such Person; for this purpose, "control" of a Person means the power (whether or not exercised) to direct the policies, operations or activities of such Person by virtue of the ownership of, or right to vote or direct the manner of voting of, securities of such Person, or pursuant to agreement or Law or otherwise.

1.4 "Agreement" means this Stock Purchase Agreement, as amended or supplemented.

1.5 "Amendments" means the Termination and Replacement of Manufacturing Agreement among Toymax, Tai Nam and certain other parties, substantially in the form of Exhibit A, and the Termination of Agency Agreements among Toymax, Tai Nam and certain other parties, as amended or

supplemented to date, substantially in the form of Exhibit B.

1.6 "Assets" means the assets of Toymax and the Subsidiaries, other than any Assets of Candy Planet, Co. (a division of Toymax, Inc.) and Monogram International, Inc.

1.7 "Business" means the business operated by Toymax and the Subsidiaries, which consists of creating, designing and marketing innovative and technologically advanced toys and leisure products, but excluding any business operated by Candy Planet Co. (a division of Toymax Inc.) or Monogram International, Inc.

1.8 "Cash Payment" means the portion of the Purchase Price payable in cash.

1.9 "Closing" means the closing of the Acquisition as provided in Article 7.

1.10 "Closing Date" means the date of the Closing.

1.11 "Code" means the Internal Revenue Code of 1986, as amended, and the treasury regulations promulgated thereunder.

1.12 "Consent" means any approval, authorization, consent or ratification by or on behalf of any Person that is not a party to this Agreement, or any waiver of, or exemption or variance from, any Contract, Permit or Order that is required to be obtained in connection with the consummation of the transactions contemplated by this Agreement.

1.13 "Contract" means any material contract (including without limitation any purchase, sale, supply or service order or agreement, equipment lease, License Agreement or Lease) to which Toymax or any of the Subsidiaries is a party. For the purposes hereof, a Contract is "material" if (a) it relates to a transaction or series of transactions involving the expenditure or receipt by Toymax or a Subsidiary of an amount in excess of $500,000 (or the transfer of property with a fair market value in excess of $500,000), (b) a breach or default thereunder would reasonably be expected to have a Material Adverse Effect, (c) it relates to any transaction not in the ordinary course of the Business, or (d) it (i) is a License Agreement relating to a Trade Right that is material to the Business or is an employment contract, (ii) prohibits or materially limits Toymax's or a Subsidiary's use of a Trade Right of another Person or (iii) provides for any other Person to use, or prohibits or limits any other Person's use of, a Trade Right of Toymax or a Subsidiary.

1.14 "Effective Date" means the effective date of the Merger.

1.15 "Employment Agreements" means the employment agreements, substantially in the forms of Exhibits C-1 and C-2, to be entered into at the Closing pursuant to Section 7.7.

1.16 "Employment Termination Agreements" means the employment termination agreements, substantially in the forms of Exhibits D-1 and D-2, to be entered into at the Closing pursuant to Section 7.7.

1.17 "Exchange Factor" means .0798 or, if the Value of JAKKS Stock on the Closing Date is less than $16.9173, the quotient obtained by dividing $1.35 by the Value of JAKKS Stock on the

Closing Date.

1.18 "Fairness Opinion" means an opinion of Morgan Lewis Gethens & Ahn, Inc., or another investment banking or financial advisory firm reasonably satisfactory to JAKKS and Toymax, to the effect that the Purchase Price and the merger consideration contemplated to be paid pursuant to the Merger Agreement are, on the date hereof, fair, from a financial point of view, to the holders of outstanding shares of Stock.

1.19 "Fractional Share Payment" means an amount in cash payable in lieu of any fractional share of JAKKS Stock that would, but for the provisions of Section 2.2(b), be included in the Stock Payment.

1.20 "GAAP" means generally accepted accounting principles in the United States.

1.21 "Governmental Authority" means any United States or foreign federal, state or local government or governmental authority, agency or instrumentality, any court or arbitration panel of competent jurisdiction or the Nasdaq Stock Market, Inc.

1.22 "HSR Act" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

1.23 "HSR Form" means a Notification and Report Form for Certain Mergers and Acquisitions required to be filed pursuant to the HSR Act in connection with the Acquisition.

1.24 "JAKKS Stock" means the common stock, par value $.001 per share, of JAKKS.

1.25 "Law" means common law and any statute, rule, regulation or ordinance of any Governmental Authority and includes any judicial decision applying or interpreting common law or any other Law.

1.26 "License Agreement" means a license or other agreement pursuant to which Toymax has the right to use or exploit any Trade Right of another Person, which Trade Right is material to the Business.

1.27 "Lien" means any security interest, conditional sale or other title retention agreement, mortgage, pledge, lien, charge, encumbrance or other adverse claim or interest.

1.28 "Lien Report" means a report in customary form of a lien search or survey, covering security interests and other notice filings under the Uniform Commercial Code and tax liens and judgment liens of record in each jurisdiction where Toymax conducts the Business, upon, against or affecting the Assets.

1.29 "Material Adverse Effect" means a material adverse effect on the Business, the Assets or the operations, financial condition or results of operations of Toymax and the Subsidiaries, taken as a whole.

1.30 "Merger" means the statutory merger of TI Subsidiary with and into Toymax,

as contemplated under the Merger Agreement.

1.31 "Merger Agreement" means the Agreement of Merger providing for the merger of TI Subsidiary with and into Toymax, as amended or supplemented, which Merger Agreement is being executed concurrent with the execution of this Agreement.

1.32 "Monogram Transaction" means the transaction consisting of the sale of all or substantially all of the assets of Candy Planet, Co. (a division of Toymax Inc.) and of Monogram International Inc. and related transactions.

1.33 "Notice" means any notice given to, or any declaration, filing, registration or recordation made with, any Person.

1.34 "Order" means any judgment, order, writ, decree, award, directive, ruling or decision of any Governmental Authority.

1.35 "Permit" means any permit, license, certification, qualification, franchise or similar privilege issued or granted by any Governmental Authority.

1.36 "Permitted Lien" means any of the following: (i) statutory landlord's liens and liens for current taxes, assessments and governmental charges not yet due and payable (or being contested in good faith); (ii) zoning laws and ordinances and similar legal requirements; (iii) rights reserved to any Governmental Authority to regulate the affected property and restrictions of general applicability imposed by federal or state securities Laws; (iv) license transfer fees; (v) Liens to which JAKKS has consented; (vi) Liens that will be released or terminated at or prior to Closing; and (vii) other Liens set forth on Schedule 1.36.

1.37 "Person" means any natural person, corporation, joint stock company, limited liability company, partnership, joint venture, association, trust, Governmental Authority or other entity, or any group of the foregoing acting in concert.

1.38 "Proceeding" means any action, suit, arbitration, audit, investigation or other proceeding, at law or in equity, before or by any Governmental Authority.

1.39 "Purchase Price" means the aggregate of the Cash Payment and the Stock Payment.

1.40 "Real Property" means any real property owned by Toymax or in which Toymax holds a leasehold interest.

1.41 "Registration Rights Agreement" means the registration rights agreement, substantially in the form of Exhibit E, to be entered into at the Closing pursuant to Section 7.5.

1.42 "Shares" means shares of Stock owned by a Shareholder.

1.43 "Stock" means the common stock, par value $.01 per share, of Toymax.

1.44 "Stock Payment" means the portion of the Purchase Price payable by delivery of

shares of JAKKS Stock.

1.45 "Subsidiary" means each subsidiary of Toymax, or any of them, as dictated by the context.

1.46 "Tai Nam" means Tai Nam Industrial Company Limited.

1.47 "Tax" means any United States or foreign federal, state or local income, excise, sales, property, withholding, social security or franchise tax or assessment, and any interest, penalty or fine due thereon or with respect thereto.

1.48 "TI Subsidiary" means JP/TII Acquisition Corp., a Delaware corporation.

1.49 [Intentionally Omitted.]

1.50 "Toymax Accountants" means BDO Seidman, LLP, Toymax's independent certified public accountants and auditors.

1.51 "Trade Right" means a patent, claim of copyright, trademark, trade name, brand name, service mark, logo, symbol, trade dress or design, or representation or expression of any thereof, or registration or application for registration thereof, or any other invention, trade secret, technical information, know-how or other proprietary right or intellectual property.

1.52 "Value of JAKKS Stock" on any date means the average of the closing sale price per share of JAKKS Stock as reported on the Nasdaq National Market over the last ten trading days preceding (but not including) the last trading day preceding such date.

2. Purchase of the Toymax Shares; Escrow.

2.1 At the Closing, subject to the terms and conditions of this Agreement, each Shareholder shall sell, assign, transfer and deliver to JAKKS the Shares then owned by such Shareholder.

2.2 At the Closing, subject to the terms and conditions of this Agreement, JAKKS shall pay the Purchase Price to the respective Shareholders, as follows:

(a) the Cash Payment payable to each Shareholder, in an amount equal to the product of $3.00 and the number of Shares owned by such Shareholder on the Closing Date, plus the Fractional Share Payment payable to such Shareholder, if any, and

(b) subject to Sections 2.3 and 2.4, the Stock Payment payable to each Shareholder, in a number of shares of JAKKS Stock equal to the product of the Exchange Factor and the number of Shares owned by such Shareholder on the Closing Date; provided that no fractional shares of JAKKS Stock shall be issued as part of the Stock Payment, but in lieu thereof, the Fractional Share Payment shall be paid in an amount equal to the product of the fraction of the Share that, but for this provision, would have been issued and $18.797 or, if the Value of JAKKS Stock on the Closing Date is less than $16.9173, the Value of JAKKS Stock on the Closing Date.

2.3 If the Value of JAKKS Stock on the Closing Date exceeds $20.6767, JAKKS, at its option, shall be entitled to pay the Purchase Price entirely in cash, in which case, JAKKS shall pay to each Shareholder a cash amount equal to the sum of (i) the Cash Payment and (ii) in lieu of the Stock Payment and the Fractional Share Payment, if any, that would otherwise be payable to such Shareholder (but for this provision), cash in the amount of $1.65 per share of Stock being acquired from such Shareholder hereunder.

2.4 Any other provision hereof notwithstanding, if the determination of the Stock Payment in accordance with Section 2.2 (without regard to this Section 2.4) would result in a number of shares of JAKKS Stock which, together with the number of shares of JAKKS Stock which would be issuable on the Effective Date pursuant to Section 5.2 of the Merger Agreement (assuming that, for the purpose of determining such number of shares of JAKKS Stock, the Value of JAKKS Stock on the Effective Date would equal the Value of JAKKS Stock on the Closing Date), would exceed the maximum number of shares of JAKKS Stock which could be issued without obtaining stockholder approval if and as required pursuant to Nasdaq Stock Market Rule 4350(i)(C) or (D) (the "Nasdaq Rule"), then the number of shares of JAKKS Stock constituting the aggregate Stock Payment under this Agreement shall equal the product of (a) the number of shares of JAKKS Stock which, after giving effect to the limitation imposed by the Nasdaq Rule, are to be included in the aggregate Stock Payment under this Agreement and the Stock Payment under the Merger Agreement, and (b) a fraction, the numerator of which is the number of Shares and the denominator of which is the total number of shares of Stock outstanding immediately prior to the Closing. In such case, JAKKS shall deliver to each Shareholder a pro rata portion of the aggregate Stock Payment based on the number of Shares owned by such Shareholder on the Closing Date, and shall pay to each Shareholder an amount in cash equal to the product of (A) the Value of JAKKS Stock on the Closing Date and (B) the excess of the number of shares of JAKKS Stock which, but for the provisions of this Section 2.4 would have been included in the Stock Payment to such Shareholder over the number of shares of JAKKS Stock to be included in the Stock Payment to such Shareholder after giving effect to the limitation imposed by this Section 2.4.

2.5 (a) Concurrent with the execution of this Agreement, (i) JAKKS is delivering to Feder, Kaszovitz, Isaacson, Weber, Skala, Bass & Rhine LLP ("FKIWSB&R") cash in an amount equal to the aggregate Cash Payment that would be payable to the Shareholders pursuant to Section 2.2(a), calculated based on the number of Shares owned by each Shareholder on the date of this Agreement, to be held in escrow by FKIWSB&R pending the Closing or earlier termination of this Agreement; and (ii) the Shareholders are delivering to Brown Raysman Millstein Felder & Steiner LLP ("BRMF&S" and, together with FKIWSB&R, the "Escrow Agents") stock certificates representing the Shares owned by the Shareholders as of the date hereof, to be held in escrow by BRMF&S pending the Closing or the earlier termination of this Agreement.

(b) JAKKS and the Shareholders hereby appoint the Escrow Agents to serve as escrow agents hereunder in accordance with the terms hereof, and the Escrow Agents hereby accept such appointment. Each of the Escrow Agents agrees to hold and disburse the funds or stock certificates deposited with it hereunder and to not disburse or deliver any of such funds or stock certificates except at the Closing (in accordance with Section 7.4) or otherwise upon three days' prior Notice: (i) signed by JAKKS and delivered to FKIWSB&R and all of the Shareholders, the case of FKIWSB&R, or (ii) signed by all of the Shareholders and delivered to BRMF&S and JAKKS, in the case of BRMF&S.

(c) The Escrow Agents shall have no obligations hereunder except as expressly set forth herein. Neither Escrow Agent shall incur any liability with respect to (a) any action taken or omitted in good faith upon the advice of its counsel given with respect to any questions relating to the duties and responsibilities of the Escrow Agents under this Agreement, or (b) any action taken or omitted in reliance upon any instrument which such Escrow Agent shall in good faith believe to be genuine (including the execution of such instrument, the identity or authority of any Person executing such instrument, its validity and effectiveness, and the truth and accuracy of any information contained therein), to have been signed by a proper Person or Persons and to conform to the provisions of this Agreement. In addition, neither Escrow Agent shall be liable to any Person by reason of any loss of any portion of the funds or the stock certificates deposited with it hereunder other than any such loss that results from such Escrow Agent's gross negligence of willful misconduct, and neither Escrow Agent shall be bound in any way by any contract or agreement between or among the other parties hereto, regardless of whether such Escrow Agent has knowledge of such contract or agreement or of its terms or condition.

(d) If this Agreement is terminated, (i) JAKKS shall be entitled to the release of all funds then held by FKIWSB&R hereunder upon three days' prior Notice signed by JAKKS and delivered to FKIWSB&R and all of the Shareholders; and (ii) the Shareholders shall be entitled to the release of all stock certificates then held by BRMF&S hereunder upon three days' prior Notice signed by the Shareholders and delivered to BRMF&S and JAKKS.

(e) Each Escrow Agent's respective obligations hereunder shall terminate upon the earliest to occur of (a) disbursement or release, in accordance with the terms hereof, of all of the funds or stock certificates deposited with it hereunder, (b) written consent signed by JAKKS and all of the Shareholders, and (c) delivery of all funds or stock certificates then held by its hereunder into a court of competent jurisdiction upon commencement of an interpleader action or other Proceeding with respect to such funds or stock certificates.

2.6 At the Closing:

(a) each Option (as defined in the Merger Agreement) held by David Chu or any Shareholder on the Closing Date shall immediately terminate in accordance with the applicable Amendment or Employment Termination Agreement, as the case may be; and

(b) each Option outstanding on the Closing Date, other than any Option then held by David Chu or any Shareholder, shall be deemed amended by this provision, without any other act or deed by Toymax or the holder of such Option, to provide that such Option shall remain in full force and effect (subject to the provisions hereof), and that on the earliest of the date of termination of this Agreement (if the Merger is abandoned after the Closing Date), the Effective Date or September 30, 2002 (such earliest date, the "Acceleration Date"), such Option shall be fully exercisable with respect to all shares of Stock covered thereby, notwithstanding that pursuant to the provisions thereof (including any provision of any Option Plan (as defined in the Merger Agreement) incorporated by reference therein or otherwise applicable thereto) such Option, but for this provision, would terminate prior to, or would not be vested or exercisable with respect to any shares covered thereby on, the Acceleration Date; and such Option shall remain exercisable during the six-month period following the Acceleration Date (the "New Exercise Period"), notwithstanding that, but for this provision, such Option would, pursuant to the provisions thereof (including any provision of any Option Plan incorporated by

reference therein or otherwise applicable thereto) terminate or cease to be exercisable with respect to any shares covered thereby prior to the expiration of the New Exercise Period. Upon the expiration of the New Exercise Period, each such Option shall terminate.

3. Representations and Warranties of the Shareholders.

The Shareholders, jointly and severally, hereby represent and warrant to JAKKS as follows:

3.1 Toymax is a corporation duly organized, validly existing and in good standing under the Laws of the State of Delaware and has full corporate power and authority to own the Assets and carry on the Business as and in the places where such Assets are now located or such Business is now being conducted. Complete and correct copies of Toymax's Certificate of Incorporation, including all amendments thereto as of the date hereof, and Toymax's Bylaws, including all amendments thereto as of the date hereof, have been delivered or made available to JAKKS. Toymax and each of the Subsidiaries is duly authorized or qualified to transact business as a foreign corporation in each jurisdiction where such authorization or qualification is required under applicable Law in light of the location or character of the Assets or the operation of the Business (except where the failure to be so authorized or qualified would not reasonably be expected to have a Material Adverse Effect), and each such jurisdiction is listed on Schedule 3.1. Toymax's authorized capital stock consists of 5,000,000 shares of Preferred Stock, par value $.01 per share, none of which is outstanding, and 50,000,000 shares of Stock, of which 12,214,678 shares are outstanding. Except as set forth on Schedule I, each Shareholder owns beneficially and of record all of the Shares set forth opposite such Shareholder's name on Schedule I, free and clear of all Liens or any restriction with respect to the voting or disposition thereof (other than Permitted Liens). All of the Shares are duly authorized, validly issued, fully paid and non-assessable. Except as set forth on Schedule 3.1, no shares of capital stock of Toymax are held as treasury stock or reserved for issuance, and there are no agreements, commitments or arrangements providing for the issuance or sale of any thereof, or any issued or outstanding options, warrants or other rights to purchase, or securities or instruments convertible into or exchangeable for, any capital stock of Toymax.

3.2 Toymax has full corporate power and authority, and each Shareholder has the legal capacity, power and authority, to execute and deliver this Agreement and each other Acquisition Agreement to which it is a party and to perform its respective obligations hereunder and thereunder. The execution and delivery by Toymax of this Agreement and each other Acquisition Agreement to which it is a party and the performance of its obligations hereunder and thereunder have been duly authorized by all requisite corporate action on its part. This Agreement has been, and each other Acquisition Agreement to which it is a party will be, duly executed and delivered by Toymax and each of the Shareholders that is a party thereto, and this Agreement is, and each other Acquisition Agreement to which it is a party, when so executed and delivered, will be, a legally valid and binding obligation of Toymax and each of the Shareholders that is a party thereto, enforceable against each of them in accordance with their respective terms, subject to (a) bankruptcy, insolvency, reorganization, moratorium or other similar Laws now or hereafter in effect relating to creditors' rights generally and (b) equitable principles limiting the availability of specific performance, injunctive relief and other equitable remedies. Subject to obtaining the Toymax Consents (as defined in Section 3.3) and compliance with Section 14(f) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and Rule 14f-1 promulgated thereunder, to the Shareholders' knowledge, the execution and delivery of this Agreement by Toymax and the Shareholders do not, and the execution and delivery of

each other Acquisition Agreement by Toymax and the Shareholders and the performance by Toymax and the Shareholders of their respective obligations hereunder and thereunder will not, violate any provision of Toymax's Certificate of Incorporation or Bylaws and do not and will not conflict with or result in any breach of any condition or provision of, or constitute a default under, or create or give rise to any adverse right of termination or cancellation by, or excuse the performance of, any other Person under, any Contract, or result in the creation or imposition of any Lien upon any of the Assets by reason of the terms of, any Contract, Lien or Order relating to the Business to which Toymax, or any Shareholder is a party or is subject or which is binding upon any of them or the Assets.

3.3 Except for the filing by Toymax of an HSR Form and the expiration or early termination of the applicable waiting period under the HSR Act and compliance with Section 14(f) of the Exchange Act and Rule 14f-1 promulgated thereunder, and except as set forth on Schedule 3.3, to the Shareholders' knowledge, no Consent of, or Notice to, any Person is required to be obtained or made by Toymax or any Shareholder in connection with its execution and delivery of this Agreement or any other Acquisition Agreement to which it is a party, or the performance of its obligations hereunder or thereunder (such Consents and Notices set forth on Schedule 3.3 are referred to herein as "Toymax Consents").

3.4 Except as set forth on Schedule 3.4, to the Shareholders' knowledge, no Proceeding in which Toymax, a Subsidiary or any of the Shareholders is a named party is pending, threatened against or affecting the Business, the Assets or the operations of Toymax or any Subsidiary in which an unfavorable Order would reasonably be expected to have a Material Adverse Effect, or would prohibit, invalidate, or make unlawful, in whole or in part, the Acquisition, this Agreement or any other Acquisition Agreement, or the carrying out of the provisions hereof or thereof. To the Shareholders' knowledge, neither Toymax nor any Subsidiary is in default in respect of any Order, nor is there any Order enjoining Toymax, any Subsidiary or any Shareholder in respect of, or the effect of which is to prohibit or restrict Toymax's, any Subsidiary's or any Shareholder's performance of, its obligations hereunder or under any Acquisition Agreement to which it is a party.

3.5 The Shareholders have delivered to JAKKS Toymax's consolidated balance sheet at December 31, 2001 (the "Balance Sheet") and the related consolidated statements or operations and cash flows for Toymax's fiscal period then ended (collectively, the "Financial Statements"), all of which Financial Statements have been prepared in accordance with GAAP, and present fairly in all material respects the consolidated financial position of Toymax and the Subsidiaries at such date and the results of their operations for the period then ended, subject in each case to normal recurring year-end adjustments and to the absence of notes. To the Shareholders' knowledge, Toymax and the Subsidiaries have no material liabilities or obligations of any kind, contingent or otherwise, relating to the Business or the Assets which are not reflected on the Balance Sheet, except as set forth on Schedule 3.5.

3.6 Each of the Shareholders is acquiring the shares of JAKKS Stock constituting the Stock Payment for its own account, for investment and not with a view to, or in connection with, or with any present intention of, any resale or other disposition thereof.

3.7 Each Shareholder (a) is an informed and sophisticated investor, (b) possesses such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of its investment under this Agreement, (c) has engaged and consulted with expert legal,

accounting and tax advisors experienced in the evaluation of transactions such as the Acquisition, and (d) has conducted a review and examination of information provided to it regarding JAKKS, JAKKS Stock, the Acquisition Agreements and the transactions contemplated thereby, including information which such Shareholder considers necessary or advisable to enable it to make an informed decision concerning its acquisition of JAKKS Stock.

3.8 Except as set forth on Schedule 3.8, none of Toymax, any Subsidiary or the Shareholders has employed or engaged any Person to act as a broker, finder or other intermediary in connection with the Acquisition, and no Person is entitled to any fee, commission or other compensation relating to any such employment or engagement by Toymax, a Subsidiary or a Shareholder. Any fee, commission or other compensation payable to any Person is solely the obligation of the Shareholders (and not Toymax or any Subsidiary) and shall be promptly paid in full by the Shareholders (and not Toymax or any Subsidiary).

3.9 No representation or warranty by any Shareholder in this Agreement, any other Acquisition Agreement or any certificate being delivered at the Closing pursuant to Section 7.2(d) contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements or facts contained herein or therein not misleading.

4. Representations and Warranties of JAKKS.

JAKKS hereby represents and warrants to the Shareholders as follows:

4.1 JAKKS is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has full corporate power and authority to own its assets and carry on its business as and in the places where such assets are now owned or such business is now being conducted. Complete and correct copies of JAKKS' Certificate of Incorporation, including all amendments thereto as of the date hereof, and Bylaws, including all amendments thereto as of the date hereof, have been delivered or made available to the Shareholders. JAKKS' authorized capital stock consists of 1,000,000 shares of preferred stock, par value $.001 per share, none of which is outstanding, and 25,000,000 shares of JAKKS Stock, of which 18,826,574 shares are outstanding. Approximately 1,493,600 shares of capital stock of JAKKS are held as treasury stock, and approximately 2,578,940 shares of capital stock of JAKKS are reserved for issuance under agreements, commitments or arrangements providing for the issuance or sale of any thereof, including outstanding options and warrants to purchase JAKKS Stock. When issued in accordance with the terms of this Agreement, the shares of JAKKS Stock constituting the Stock Payment will be duly authorized, validly issued, fully-paid and non-assessable.

4.2 JAKKS has full corporate power and authority to execute and deliver this Agreement and each other Acquisition Agreement to which it is a party and to perform its obligations hereunder and thereunder. The execution and delivery by JAKKS of this Agreement and each other Acquisition Agreement to which it is a party and the performance of its obligations hereunder and thereunder have been duly authorized by all requisite corporate action on its part. This Agreement has been, and each other Acquisition Agreement to which it is a party will be, duly executed and delivered by JAKKS, and this Agreement is, and each other Acquisition Agreement to which it is a party, when so executed and delivered, will be, a legally valid and binding obligation of JAKKS, enforceable against it in accordance with their respective terms, subject to (a) bankruptcy, insolvency, reorganization, moratorium or other

similar Laws now or hereafter in effect relating to creditors' rights generally, and (b) equitable principles limiting the availability of specific performance, injunctive relief and other equitable remedies. The execution and delivery of this Agreement by JAKKS do not, and the execution and delivery of each other Acquisition Agreement by JAKKS and, subject to obtaining the Consent required under the Loan Agreement among JAKKS, Bank of America, N.A. and the other banks party thereto, dated October 12, 2001 (the "JAKKS Loan Agreement"), the performance by JAKKS of its obligations hereunder and thereunder will not, violate any provision of its Certificate of Incorporation or Bylaws and do not and will not conflict with or result in any breach of any condition or provision of, or constitute a default under, or create or give rise to any adverse right of termination or cancellation by, or excuse the performance of, any other Person under, any material agreement to which JAKKS is a party or is subject, or result in the creation or imposition of any Lien upon it or any of its assets or the acceleration of the maturity or date of payment or other performance of any of its obligations or have a material adverse effect on JAKKS' business, assets, operations or financial condition by reason of the terms of, any material agreement, license, lease, indenture, instrument, Lien or Order to which it is a party or is subject or which relates to or is binding upon it or its assets.

4.3 Except for the filing of an HSR Form and the expiration or early termination of the waiting period under the HSR Act, and except for the Consent required under the JAKKS Loan Agreement, to JAKKS' knowledge, no Consent of, or Notice to, any Person is required to be obtained or made by JAKKS in connection with its execution and delivery of this Agreement or any other Acquisition Agreement to which it is a party, or the performance of its obligations hereunder or thereunder.

4.4 No Proceeding is pending, or, to the best of JAKKS' knowledge, threatened, against or affecting its business, assets, operations or financial or other condition in which an unfavorable Order would reasonably be expected to have a material adverse effect on JAKKS' business or assets or to prohibit, invalidate, or make unlawful, in whole or in part, the Acquisition, this Agreement or any other Acquisition Agreement, or the carrying out of the provisions hereof or thereof. JAKKS is not in default in respect of any Order nor is there any Order enjoining it in respect of, or the effect of which is to prohibit or curtail its performance of, its obligations hereunder or thereunder.

4.5 JAKKS is acquiring the Shares for its own account, for investment and not with a view to, or in connection with, or with any present intention of, any resale or other disposition thereof.

4.6 JAKKS (a) is an informed and sophisticated investor, (b) possesses such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of its investment under this Agreement, (c) has engaged and consulted with expert legal, accounting and tax advisors experienced in the evaluation of transactions such as the Acquisition, and (d) has conducted a review and examination of information provided to it regarding the Shareholders, Toymax, the Business, the Assets, the Shares, the Acquisition Agreements and the transactions contemplated thereby, including information which JAKKS considers necessary or advisable to enable it to make an informed decision concerning its purchase of the Shares.

4.7 JAKKS has delivered to the Shareholders a draft of JAKKS' balance sheet as of December 31, 2001, and the related statements of operations and cash flows for JAKKS' fiscal period then ended (collectively, "JAKKS Financial Statements"), all of which JAKKS Financial Statements have been prepared in accordance with GAAP and present fairly in all material respects the financial

position of JAKKS at such date and the results of its operations for the period then ended, subject to normal recurring year-end adjustments and to other adjustments that are not material in the aggregate. JAKKS has no material liabilities or obligations of any kind, contingent or otherwise, that are required by GAAP to be reflected on the balance sheet included in the JAKKS Financial Statements that are not so reflected thereon, except for any such liabilities and obligations that have arisen in the ordinary course of business.

4.8 JAKKS has timely filed all reports, forms, statements and documents required to be filed by it under the Securities Act of 1933, as amended (the "Securities Act"), the Securities and Exchange Act of 1934, as amended, and any applicable rules of the Nasdaq Stock Market, Inc., all of which reports, forms, statements and other documents were, when filed, in material compliance with applicable Laws. When filed, none of such reports, forms, statements and other documents contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

4.9 JAKKS has not employed or engaged any Person to act as a broker, finder or other intermediary in connection with the Acquisition, and no Person is entitled to any fee, commission or other compensation relating to any such employment or engagement by JAKKS. Any fee, commission or other compensation payable to any Person claiming to have been employed or engaged by JAKKS in such capacity is solely the obligation of JAKKS and shall be promptly paid in full by JAKKS.

4.10 No representation or warranty by JAKKS in this Agreement or in any other Acquisition Agreement or in the certificate being delivered at the Closing pursuant to Section 7.3(b) contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements or facts contained herein or therein not misleading.

5. Certain Covenants.

5.1 From and after the date hereof and until the Closing, the parties hereto shall use their respective commercially reasonable efforts, and shall cooperate with each other, to cause the consummation of the Acquisition in accordance with the terms and conditions hereof, including obtaining the Consent of any Governmental Authority (and including the expiration or earlier termination of the waiting period under the HSR Act), or of any other Person with respect to any Contract or otherwise. Without limiting the generality of the foregoing, promptly after the date of this Agreement, each party shall prepare and give (or cause to be prepared and given) any required Notices under any applicable Laws or otherwise to the extent reasonably necessary to consummate the Acquisition. In particular, Toymax and JAKKS shall each use commercially reasonable efforts to file HSR Forms under the HSR Act as soon as practicable after the date hereof and shall file such additional documents and furnish such additional information as the Federal Trade Commission or the Antitrust Division of the Department of Justice may request; provided that no provision hereof shall require JAKKS or Toymax to divest any business or assets or to hold any business or assets separate. Each party hereto shall cooperate and consult with the other parties with regard to, and provide any necessary information and reasonable assistance to each other party in connection with, all Notices given and other information supplied by such party to any Governmental Authority or other Person in connection with obtaining any Consents or giving any Notices in connection with this Agreement or the Acquisition. The filing fees payable in respect of filing all HSR Forms required hereunder shall be

payable by JAKKS.

5.2 From and after the date hereof and until the Closing, without the prior written consent of JAKKS:

(a) no Shareholder shall sell, assign, transfer (including without limitation by gift) or otherwise dispose of any Shares owned of record by such Shareholder, or any interest therein or right thereto; or pledge, hypothecate or otherwise create, incur or suffer to exist any Lien thereon (other than any Permitted Lien); or agree or otherwise become legally obligated to do any thereof; and, unless JAKKS otherwise consents, no such transfer or disposition of Shares to any Person shall be valid or effective as between such Shareholder and such Person unless such Person executes and becomes a party to this Agreement and each other Acquisition Agreement to which the Shareholder (as such) transferring such Shares is a party (and Schedule I hereto shall thereupon be amended accordingly); and

(b) no Shareholder shall acquire any Stock, including without limitation by or through the exercise of any option, warrant or other right to purchase, or the conversion of exchange of any security or instrument convertible or exchangeable for, any Stock.

5.3 From and after the date hereof and until the Closing, except as otherwise provided on Schedule 5.3 or elsewhere herein or as contemplated by the Monogram Transaction, or as JAKKS may otherwise consent (which consent shall not be unreasonably withheld), Toymax shall:

(a) conduct the Business in its ordinary course;

(b) use commercially reasonable efforts to preserve the Business and the Assets and maintain its relationships with customers and other Persons with which it has material business dealings;

(c) not (i) sell, lease, transfer or dispose of any material Asset, other than in the ordinary course of business or the disposal of defective, obsolete or otherwise unusable Assets, or (ii) terminate any Contract, except upon expiration of the term thereof as provided therein and except for any Contract that ceases to be necessary in connection with the operation of the Business;

(d) use commercially reasonable efforts to maintain all material Permits and Consents, other than any such Permits or Consents that cease to be necessary in connection with the operation of the Business;

(e) use its commercially reasonable efforts to maintain in full force and effect (or to replace the same on substantially equivalent terms) all currently applicable insurance relating to the Business or Assets;

(f) except as required under a Contract, Permit, Law or otherwise by any Governmental Authority, or in the ordinary course of business consistent with Toymax's past practices, not increase the compensation or other employment benefits payable to or for the benefit of any employee of Toymax;

(g) except as required under a Contract, Permit, Law or otherwise by any

Governmental Authority, or in the ordinary course of business consistent with Toymax's past practices, not create, incur, assume or suffer any liability or obligation to any Shareholder or any Affiliate thereof;

(h) not amend its Certificate of Incorporation or Bylaws;

(i) not merge or consolidate with any other Person or effect any capital reorganization;

(j) not acquire any business or material assets of any other Person or make any capital expenditure in excess of $500,000, other than in the ordinary course of business;

(k) not issue or reserve for issuance any shares of its capital stock or issue or grant any options, warrants or other rights to purchase, or securities or instruments convertible into or exchangeable for, any capital stock of Toymax, except upon the exercise of options, warrants or rights to purchase or the conversion or exchange of securities outstanding on the date hereof, or agree or otherwise become legally obligated to issue or to grant any thereof;

(l) not declare, set aside or pay any dividends; and

(m) not redeem, repurchase or otherwise reacquire any Shares or retire or cancel any capital stock.

5.4 From and after the date hereof and until the Closing, Toymax shall furnish to JAKKS such information with respect to the Business and Assets as JAKKS may from time to time reasonably request and shall permit JAKKS and its authorized representatives access, at a mutually-agreeable time and during regular business hours and upon reasonable prior Notice to Toymax, to conduct, at JAKKS' sole expense and in a manner that does not interfere with Toymax's operations, a physical inventory of the Assets, to inspect the Real Property, to examine the books and records of Toymax and to make inquiries of responsible Persons designated by Toymax with respect thereto; provided that any information so disclosed or otherwise made available or accessible to JAKKS shall not constitute an additional representation or warranty of Toymax or any Shareholder beyond those expressly set forth in Article 3, and provided further that all such information shall be subject to Section 5.8.

5.5 From and after the date hereof and until the Closing, except for press releases describing the Acquisition to be made by JAKKS and Toymax, respectively, promptly after the execution of this Agreement, each substantially in the form of Exhibit G, no party hereto shall make any press release or other public announcement with respect to this Agreement or the Acquisition without the prior written consent of the other parties (which consent shall not be unreasonably withheld), unless such announcement is required by Law, in which case the other party or parties hereto shall be given Notice of such requirement prior to such announcement and the parties shall consult with each other as to the scope and substance of such disclosure.

5.6 From and after the date hereof and until this agreement is terminated, none of Toymax, any Shareholder, any Affiliate thereof, or any director, officer, employee or other agent or representative of any of them, shall, directly or indirectly, solicit, entertain or consummate any transaction pursuant to any offer or proposal for, affirmatively respond to any inquiry regarding, or

enter into any substantive negotiations or discussions with any Person other than JAKKS with respect to, any transaction involving the sale or other disposition (including without limitation by or through the merger or consolidation of Toymax with any other Person) any of the capital stock of Toymax or of the Business or any of the Assets (other than in the ordinary course of business and other than the Monogram Transaction). The Shareholders shall promptly advise JAKKS of the receipt of any such inquiry, offer or proposal and the material terms thereof.

5.7 JAKKS acknowledges that certain information relating to or concerned with the Business and affairs of Toymax, including without limitation all non-publicly available Trade Rights, product information, customer and supplier lists, marketing and sales data, personnel and financing and Tax matters is proprietary to Toymax, and that its confidentiality is absolutely essential to the operation of the Business. Until the Closing, all of such information shall be subject to that certain Confidentiality and Non-Disclosure Agreement dated as of January 10, 2002, between Toymax and JAKKS and in favor of Toymax (the "Toymax Confidentiality Agreement"), to which the parties hereby agree to be bound and which is incorporated herein by this reference.

5.8 Toymax and the Shareholders acknowledge that certain information relating to or concerned with the business and affairs of JAKKS, including without limitation all non-publicly available Trade Rights, product information, customer and supplier lists, marketing and sales data, personnel and financing and Tax matters is proprietary to JAKKS, and that its confidentiality is absolutely essential to the operation of JAKKS' business. Until the Closing, all of such information shall be subject to that certain Confidentiality and Non-Disclosure Agreement dated as of January 10, 2002, between JAKKS and Toymax and in favor of JAKKS (the "JAKKS Confidentiality Agreement"), to which the parties hereby agree to be bound and which is incorporated herein by this reference.

5.9 As soon as practicable following the date of this Agreement, JAKKS shall prepare and file with the Securities and Exchange Commission ("SEC") a registration statement on Form S-3 covering the shares of JAKKS Stock constituting the Stock Payment (the "Registrable Stock") (or other form suitable for the registration of such shares under the Securities Act), which Form S-3 or other applicable form ("Registration Statement") will comply with the applicable provisions of the Securities Act and the applicable rules promulgated thereunder. JAKKS shall use commercially reasonable efforts to file with the SEC such additional documents and furnish the SEC such additional information as the SEC may request or otherwise respond to the SEC's comments, if any, on the Registration Statement and any such other documents or information. JAKKS shall make such changes in the Registration Statement as are appropriate based on the SEC's comments, if any, and shall use commercially reasonable efforts to cause the Registration Statement to become effective under the Securities Act on the Effective Date. JAKKS shall provide to the Shareholders a draft of the Registration Statement, and shall advise them of any information to be furnished to the SEC, at a reasonably sufficient time in advance in order to allow the Shareholders to review the same and give to JAKKS any comments or suggestions they may have thereon. JAKKS shall also furnish to the Shareholders copies of any correspondence to or from the SEC relating to the Registration Statement and advise Toymax of the SEC's comments, if any, thereon, and shall confer with the Shareholders as to the appropriate response thereto. The Shareholders shall cooperate with JAKKS in connection with the preparation and filing of the Registration Statement and in responding to any SEC comments thereon, and shall provide to JAKKS, at JAKKS' request, any information required to be included in the Registration Statement (including in any amendment or supplement thereto) in accordance with the Securities Act and so that the Registration Statement shall not at any time prior to or at the time it becomes effective contain any

misstatement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. JAKKS shall also use commercially reasonable efforts to register and qualify the Registrable Stock, and to maintain such registration or qualification for so long as the Registration Statement remains effective, under applicable state legal requirements, including state blue-sky laws, for offer and resale to the public. JAKKS shall pay the filing fee(s), if any, applicable to the filing of the Registration Statement with the SEC and obtaining any other registrations or qualifications hereunder. At the Closing, JAKKS and the Shareholders shall enter into the Registration Rights Agreement in order to implement the provisions of this Section 5.9.

5.10 The Shareholders shall cause five members of Toymax's board of directors holding office immediately prior to the Closing to resign, effective upon the later of the Closing or upon compliance with the applicable requirements of Section 14(f) of the Exchange Act. The Shareholders shall cause the remaining directors to (i) cause the number of directors constituting the entire board to be increased to eight, and (ii) elect the then-existing members of JAKKS' board of directors (or their designees) to serve as the remaining six members of Toymax's board of directors. As soon as practicable following the date of this Agreement, Toymax shall prepare and shall file with the SEC, and shall deliver to the holders of Stock who are entitled to receive the same, an information statement, pursuant to Section 14(f) of the Exchange Act and Rule 14f-1 promulgated thereunder.

5.11 In the event that JAKKS does not obtain the consent required under the JAKKS Loan Agreement prior to Closing, or that prior to Closing JAKKS is in default under the JAKKS Loan Agreement or the JAKKS Loan Agreement terminates, JAKKS shall use commercially reasonable efforts to cure any such default, if possible, or, if the JAKKS Loan Agreement is terminated, to obtain comparable alternative financing prior to the Closing; provided that nothing in this provision shall be construed as or imply any condition to JAKKS' obligation to consummate the transactions contemplated hereby.

5.12 Prior to the Closing, each of the Shareholders shall transfer to Toymax any securities of MaxVerse Interactive, Inc. or any other Subsidiary that are held by such Shareholder, without receiving any consideration therefor other than the Purchase Price.

5.13 The Shareholders shall use their respective commercially reasonable efforts to cause each of Steven Lebensfeld and Harvey Goldberg to enter into the applicable Employment Agreement and the applicable Employment Termination Agreement. 5.14 The Shareholders shall use commercially reasonable efforts to cause Tai Nam and its Affiliates to, and Toymax shall and shall cause its applicable Affiliates to, enter into the Amendments.

5.15 Toymax shall deliver or cause to be delivered to JAKKS a Lien Report or Reports, dated not earlier than ten business days prior to the Closing Date, disclosing no material liens (of the type covered by the Lien Report) on the Assets other than Permitted Liens and other Liens disclosed in the Financial Statements, other than such liens that are cured on or prior to the Closing Date.

6. Conditions to Closing.

6.1 The obligation of JAKKS to consummate the Acquisition in accordance herewith shall

be subject to the satisfaction (or waiver) prior to the Closing of each of the following conditions:

(a) the representations and warranties made by the Shareholders herein shall be true in all material respects on and as of the Closing Date;

(b) Toymax and the Shareholders shall have, in all material respects, performed and complied with all obligations and conditions to be performed or complied with by them on or prior to the Closing Date hereunder;

(c) no Order or Law shall be in effect which prohibits consummation of the Acquisition or the Merger, other than any such Order or Law that results from a Proceeding initiated by JAKKS;

(d) each Toymax Consent that is listed on Schedule 6.1 shall have been obtained;

(e) JAKKS and Toymax shall have filed their respective HSR Forms in accordance with the HSR Act and the waiting period thereunder shall have expired or been terminated;

(f) there shall not have occurred, since the date of this Agreement, any Material Adverse Effect, other than as disclosed or contemplated hereunder;

(g) Toymax shall have received the Fairness Opinion, which shall not have been withdrawn, rescinded or adversely updated or modified; and

(h) Toymax, the Shareholders and the other parties thereto (other than JAKKS) shall have executed and/or delivered at the Closing all the documents so to be executed and/or delivered by them and shall have taken all other actions at the Closing so to be taken by them, pursuant to Article 7.

6.2 The obligation of the Shareholders to consummate the Acquisition in accordance herewith shall be subject to the satisfaction (or waiver) prior to or at the Closing of each of the following conditions:

(a) the representations and warranties made by JAKKS herein shall be true in all material respects on and as of the Closing Date;

(b) JAKKS shall have, in all material respects, performed and complied with all obligations and conditions to be performed or complied with by it on or prior to the Closing Date hereunder;

(c) no Order or Law shall be in effect which prohibits the consummation of the Acquisition or the Merger, other than any such Order or Law that results from a Proceeding initiated by JAKKS;

(d) JAKKS and Toymax shall have filed their respective HSR Forms in accordance with the HSR Act and the waiting period thereunder shall have expired or been terminated;

(e) Toymax shall have received the Fairness Opinion, which shall not have been withdrawn, rescinded or adversely updated or modified;

(f) each Toymax Consent of a Governmental Authority that is listed on Schedule 6.1 shall have been obtained;

(g) the Merger Agreement shall be in full force and effect; and

(h) JAKKS and the other parties thereto (other than Toymax and the Shareholders) shall have executed and/or delivered at the Closing all the documents and monies so to be executed and/or delivered by it, and JAKKS shall have taken all other actions at the Closing so to be taken by it, pursuant to Article 7.

7. Closing.

7.1 The Closing shall be held at the offices of Feder, Kaszovitz, Isaacson, Weber, Skala, Bass & Rhine LLP, 750 Lexington Avenue, New York, New York 10022-1200 on the earliest practicable date, and in any event within five days, after the satisfaction (or waiver) of all conditions to the Closing provided in Article 6 (other than any condition that, by its terms, is to be satisfied at the Closing), or at such other place or on such other date, and at such time, as the parties hereto may agree. The execution and/or delivery of each document to be executed and/or delivered at the Closing and each other action to be taken at the Closing shall be subject to the condition that every other document to be executed and/or delivered at the Closing is so executed and/or delivered and every other action to be taken at the Closing is so taken, and all such documents and actions shall be deemed to be executed and/or delivered or taken, as the case may be, simultaneously.

7.2 At the Closing, the Shareholders shall deliver or cause to be delivered to JAKKS:

(a) certificates representing the Shares, each duly endorsed for transfer to JAKKS or together with a duly executed stock power in favor of JAKKS, and with any required stock transfer stamps affixed thereto;

(b) copies of any Toymax Consents listed on Schedule 6.1 that have been obtained and that have not theretofore been delivered to JAKKS;

(c) the resignations of five of Toymax's directors holding office immediately prior to the Closing, which resignations shall be effective upon the later of the Closing and compliance by Toymax with the applicable provisions of Section 14(f) of the Exchange Act and Rule 14f-1 promulgated thereunder; and

(d) a certificate of Toymax's Chief Executive Officer or Chief Financial Officer to the effect that all the conditions to Closing set forth in Sections 6.1(b) (insofar as related to Toymax) and (f) have been satisfied; and a certificate of each of the Shareholders to the effect that all of the conditions to Closing set forth in Sections 6.1(a), (b) (insofar as related to the Shareholders) and (c) have been satisfied, and setting forth any circumstances that exist as of the Closing Date, and any events that have occurred between the date hereof and the Closing Date, that result in any of the Shareholders' representations or warranties contained in Article 3 hereof being untrue in any material

respect; provided that the execution and delivery of such certificate by a Shareholder, by itself, shall not constitute a basis for any liability of a Shareholder for breach of any representation or warranty hereunder, other than as expressly set forth in this Agreement; and

(e) true and correct copies of the resolutions adopted by the board of directors of Toymax approving this Agreement and the Merger Agreement.

7.3 At the Closing, JAKKS shall:

(a) pay and deliver, or cause to be paid and delivered, the Purchase Price to the Shareholders, as set forth in Sections 2.2 and 7.4 and in the manner instructed by the Shareholders in a Notice given to JAKKS prior to the Closing Date; and

(b) deliver to Toymax and the Shareholders a Certificate of JAKKS' Chief Executive Officer to the effect that all the conditions to Closing set forth in Sections 6.2(a), (b) and (c) have been satisfied, and setting forth any circumstances that exist as of the Closing Date, and any events that have occurred between the date hereof and the Closing Date, that result in any of JAKKS' representations or warranties contained in Article 4 hereof being untrue in any material respect.

7.4 At the Closing:

(a) JAKKS and the Shareholders shall give written notice to FKIWSB&R and BRMF&S, signed by JAKKS and each of the Shareholders, (i) instructing BRMF&S to release to JAKKS the stock certificates being held by it in respect of the Shares being acquired by JAKKS pursuant to Section 2.1, and (ii) instructing FKIWSB&R to release to each Shareholder (in the manner set forth in a Notice given by the Shareholders pursuant to Section 7.3(a)) such amount of cash being held by it in respect of the Cash Payment and, if sufficient funds are then available in the escrow account, any Fractional Share Payment payable to such Shareholder; and the Escrow Agents shall promptly comply with such instructions.

(b) If the amount of funds held in escrow by FKIWSB&R pursuant to Section 2.5 is insufficient to pay the Cash Payment or the Fractional Share Payment, if any, JAKKS shall cause FKIWSB&R to pay to each Shareholder that portion of the amount of funds held in escrow on the Closing Date in the same proportion as the number of Shares owned by such Shareholder on the Closing Date bears to the total number of Shares on the Closing Date, and JAKKS shall pay cash in an amount equal to the difference between the amount such Shareholder is entitled to receive on account of the Cash Payment and Fractional Share Payment, if any, and the amount paid to such Shareholder by FKIWSB&R from the escrowed funds.

(c) If, pursuant to Section 2.3, JAKKS has elected to pay the entire Purchase Price in cash or for any other reason, JAKKS is paying all or any portion of the Purchase Price, in addition to the Cash Payment and the Fractional Share Payment, if any, in cash or if JAKKS is required to make any other payment at the Closing to the Shareholders, JAKKS shall cause FKIWSB&R to pay to the Shareholders out of the escrowed funds available therefor (after the payment of the Cash Payment and the Fractional Share Payment, if any) such amounts to which they may be entitled and, if the amount of escrowed funds so available for such payment is insufficient to make such payment, JAKKS shall pay to each Shareholder the balance of the amount to which such Shareholder may be entitled.

(d) Any escrowed funds remaining after all payments are made to the Shareholders pursuant to the foregoing provisions of this Section 7.4 shall be released from escrow and paid over to JAKKS.

7.5 At the Closing, JAKKS and the Shareholders shall each execute and deliver to the others the Registration Rights Agreement.

7.6 [Intentionally omitted.]

7.7 At the Closing JAKKS and, each of Steven Lebensfeld and Harvey Goldberg shall each execute and deliver to the other the applicable Employment Agreement and Employment Termination Agreement.

7.8 At the Closing, Toymax shall, and the Shareholders shall cause Tai Nam to, execute and deliver the Amendments.

8. Additional Covenants.

8.1 No party hereto shall, at any time after the date hereof, directly or indirectly knowingly disparage or demean, or make, encourage, support or concur in any statement (written or oral) which disparages or demeans in any manner, whether for a commercial purpose or otherwise, any other party hereto or any Affiliate thereof, or any stockholder, director, officer, employee or agent of any of them; provided that no provision of this Section 8.1 shall be construed to prohibit or restrict any statement by any Person made in furtherance or defense of any claim or in the course of any Proceeding or the resolution of any dispute pursuant to Section 8.4.

8.2 From and after the Closing Date and until the Effective Date, JAKKS shall use its commercially reasonable efforts to take, and to cause Toymax to take, all such actions as are reasonably necessary to cause the Merger to become effective and to consummate the Merger as provided in the Merger Agreement.

8.3 Prior to the Effective Date, none of the Shareholders shall sell, short-sell or otherwise dispose of any of the shares of JAKKS Stock constituting the Stock Payment; and, during the one-year period following the Effective Date, no Shareholder shall sell, short-sell or otherwise dispose of more than 25% of the shares of JAKKS Stock constituting the Stock Payment received by it hereunder during any quarterly period.

8.4 From and after the Closing Date and until the Effective Date, the newly-constituted board of directors of Toymax (as set forth in Section 5.10) and the officers of Toymax ("JAKKS Management") shall, in accordance with this provision, consult with the officers and directors of Toymax holding office immediately prior to the Closing ("Toymax Management") with respect to any matter significantly affecting Toymax, the Business or the Assets that arises, occurs, has an effect on Toymax, the Business or the Assets or that is otherwise addressed by Toymax's board of directors during such period ("Material Business Matters"). During the period referred to above, JAKKS Management shall: (i) promptly inform the appropriate members of the Toymax Management of any Material Business Matter that comes to its attention, (ii) shall provide to the Toymax Management all material facts and information relating thereto and keep the Toymax Management fully informed

regarding the status of any such Toymax Business Matters and (iii) consult and confer with, and entertain the recommendations and suggestions made by the Toymax Management, regarding any Material Business Matters and shall keep the Toymax Management fully informed regarding the status of any such Toymax Business Matters.

8.5 If JAKKS and the Shareholders, or any of them, at any time, disagree with the determination of any amount made or certified by another party hereto, such party shall, within thirty (30) days of delivery of such determination or certificate, give written Notice (the "Dispute Notice") to the other parties to such effect, setting forth therein any change proposed by it and, in reasonable detail, its objections to such determination and the reasons for such dispute. In such event, unless the parties involved promptly, and, in any event, within thirty (30) days of the giving of the Dispute Notice, resolve all such objections and agree upon the determination of the amount in dispute, the determination thereof shall be promptly referred to their respective regular independent certified public accountants, who shall confer and attempt in good faith to resolve the objections as to such determination set forth in or arising as a consequence of the Dispute Notice. If, within thirty (30) days of such referral, such accountants resolve such dispute and determine the amount, they shall give Notices to the parties involved to such effect, setting forth therein the amount as so determined and the basis therefor, and such determination shall be final and binding on the parties involved. If such accountants do not make such determination within such thirty (30) day period, the parties involved shall refer such dispute to a mutually agreeable nationally-recognized accounting firm that is "independent" with respect to the parties hereto (the "Neutral Accountants"). Unless the Neutral Accountants expressly determine otherwise, each of the parties involved shall submit to the Neutral Accountants (a) within ten (10) days of the engagement thereof, and in such form and manner as they may prescribe, a statement setting forth such party's position with respect to each of the objections or other issues set forth in or arising as a consequence of the Dispute Notice, together with any exhibits or other supporting documents relating thereto, and send a copy thereof to each other party involved, and (b) within ten (10) days thereafter, and in such form and manner as the Neutral Accountants may prescribe, a rebuttal statement responding to the initial statement of each other party, together with any exhibits or other supporting documents relating thereto, and send a copy thereof to each other party involved. The Neutral Accountants shall conduct a hearing, if all the parties involved so request in their respective statements, and may conduct a hearing, whether or not any (but fewer than all) the parties involved so request, if the Neutral Accountants reasonably deem it necessary for the performance of their engagement; provided that any such hearing shall be held only upon reasonable prior written Notice to all parties involved and only if all such parties have an opportunity to appear and present evidence at such hearing. The Neutral Accountants may require any party hereto (whether or not a party to the dispute) to submit or produce additional statements, documents or information, to appear and testify at any hearing or other proceeding, or otherwise to produce tangible or oral evidence to the extent such Neutral Accountants reasonably deem necessary or appropriate for them to determine the amount in dispute. Based on such submissions and the evidence presented at any hearing, the Neutral Accountants shall resolve all obligations and other issues set forth in or arising as a consequence of the Dispute Notice and determine the amount in dispute, and give Notice to the parties involved, setting forth therein such amount and the basis of determination thereof, such determination to be final and binding on the parties involved. Upon the determination of the amount, any payment or adjustment based thereon shall be promptly made in the manner provided herein. The fees and expenses of a party's independent certified public accountants incurred in the determination of such amount as provided herein shall be separately borne by such party. The fees and expenses of the Neutral Accountants incurred, if required pursuant to this Section 8.4, shall be borne and promptly paid equally by JAKKS,

on the one hand, and the Shareholders, on the other.

8.6 JAKKS agrees and acknowledges that it has agreed to the arrangements set forth in Exhibits H-1 and H-2, respectively, with respect to Carmine Russo and Kenneth Price, and that it is anticipated that at the Closing JAKKS and such persons will enter into appropriate agreements reflecting such terms.

9. Termination.

9.1 This Agreement may be terminated at any time prior to the Closing:

(a) by the mutual agreement of JAKKS and the Shareholders;

(b) by any party if the Merger Agreement is terminated; provided that JAKKS shall not be entitled to terminate this Agreement if the Merger Agreement is terminated or abandoned by JAKKS in violation of the terms thereof, and the Shareholders shall not be entitled to terminate this Agreement if the Merger Agreement is terminated or abandoned by Toymax in violation of the terms thereof.

(c) by any party (if such party is not then in breach or default of any of its representations, warranties, covenants or other obligations under this Agreement) by giving written Notice to such effect to the other parties if the Closing shall not have occurred on or before March 31, 2002, or such later date as the parties shall have agreed upon prior to the giving of such Notice;

(d) by JAKKS (if JAKKS is not then in breach or default of any of its representations, warranties, covenants or other obligations under this Agreement), upon written Notice to such effect to the Shareholders in the event of a material breach by or default of any party hereto other than JAKKS, or by any party hereto other than JAKKS (if such party is not then in breach or default of any of its representations, warranties, covenants or other obligations under this Agreement), upon written notice to such effect to JAKKS in the event of a material breach by or default of JAKKS, provided that written Notice of such breach or default is theretofore given to the breaching or defaulting party, and such breach or default is not cured within thirty (30) days of such Notice; or

(e) by any party if any Governmental Authority issues an Order or takes any other action restraining, enjoining or otherwise prohibiting, or seeking material damages in respect of, any transaction contemplated by any Acquisition Agreement, and such Order becomes final and non-appealable, or any Law having the same effect becomes applicable to any party hereto.

9.2 Upon termination of this Agreement pursuant to Section 9.1, all obligations of the parties shall terminate except those under Sections 5.7, 5.8, 8.1 and 9.3, Article 10 and the applicable provisions of Article 11; provided that no such termination shall relieve any party of any liability to another party by reason of any breach of or default under this Agreement, subject to all applicable limitations contained in this Agreement.

9.3 (a) If the Closing does not occur, or does not occur with respect to any Shareholder, as a result of the Shareholders' or such Shareholder's failure to transfer its Shares at the Closing in violation of the terms of this Agreement, or as a result of a breach by the Shareholders or

such Shareholder of any of the representations and warranties contained in the last four sentences of Section 3.1 or in Sections 3.2 through 3.4 (to the extent that a breach of such representation or warranty would result in an impairment of JAKKS' ownership rights in the Shares), the Shareholders (or any Shareholder with respect to which the closing does not occur) shall pay to JAKKS a termination fee (the "Termination Fee") in the amount of the sum of (i) $1,000,000 for each Shareholder with respect to which the Closing does not occur, which shall be payable by wire transfer of immediately available funds to an account designated by JAKKS within five days after the termination of this Agreement or, if the Closing occurs as to any Shareholder, within five days after the Closing; and (ii) if the non-transferring Shareholder(s) sell their Shares to a third party within six months following the termination of this Agreement (or the termination with respect to such Shareholder, if applicable), the amount of 20% of the difference between the total purchase price received for the Shares in such third party sale and the product of $4.50 and the number of Shares sold, which amount shall be payable by wire transfer of immediately available funds to an account designated by JAKKS within five days after the consummation of such sale.

(b) The Termination Fee shall constitute liquidated damages to JAKKS in respect of all losses, liabilities, damages and expenses suffered or incurred by JAKKS by reason of the termination of this Agreement (or the termination with respect to any Shareholder) pursuant to Section 9.3(a), and, notwithstanding any other provision hereof, shall be in lieu of any other remedy or relief otherwise available to JAKKS by reason thereof. The parties hereto acknowledge that it would be impracticable to ascertain the amount of all losses, liabilities, damages and expenses that would be suffered or incurred by JAKKS under the circumstances described in Section 9.3(a) and that the amount of the Termination Fee is a fair and reasonable estimate of such losses, liabilities, damages and expenses and provides a reasonable and certain amount to compensate JAKKS therefor.

10. Indemnification.

10.1 Following the Closing, subject to Sections 10.4, 10.5 and 11.1, the Shareholders, jointly and severally, shall indemnify and defend JAKKS and, after the Closing, Toymax and each stockholder, director, officer, employee and agent of JAKKS and, after the Closing, Toymax against, and hold each of them harmless from, any loss, liability, obligation, damage or expense (including reasonable attorneys' fees and disbursements) which any of them may suffer or incur incidental to any claim or any Proceeding against any of them based upon or resulting from the failure of any of the representations and warranties made by the Shareholders in the last four sentences of Section 3.1 and in Sections 3.2 through 3.4 (to the extent that a breach of such representation or warranty would result in an impairment of JAKKS' ownership rights in the Shares), to be true in all material respects on the date hereof and on the Closing Date.

10.2 JAKKS shall indemnify and defend each Shareholder and, prior to the Closing, Toymax and each director, officer, employee or agent thereof against, and hold each of them harmless from, any loss, liability, obligation, damage or expense (including reasonable attorneys' fees and disbursements) which any of them may suffer or incur incidental to any claim or any Proceeding against any of them based upon or resulting from:

(a) the failure of any representation or warranty made by JAKKS to be true in all material respects on the date hereof and on the Closing Date; or

(b) JAKKS' failure, in all material respects, to perform or to comply with any covenant or condition required hereunder to be performed or complied with by JAKKS.

10.3 JAKKS shall indemnify each Shareholder and each other Person who was an officer or director of Toymax on or after the date of this Agreement against, and hold each of them harmless from, any loss, liability, obligation, damage or expense (including reasonable attorneys' fees and disbursements) which any of them may suffer or incur incidental to any claim or any Proceeding against any of them based on or resulting from:

(a) their approval, execution and delivery of this Agreement and the Merger Agreement and consummation of the Acquisition and the Merger in accordance with the terms hereof and of the Merger Agreement and in accordance with applicable law, but excluding any action constituting fraud or willful misconduct; and

(b) actions taken from and after the Closing with respect to the management and operation of Toymax and the Business by the board of directors of Toymax or by any officer of Toymax at the request or direction of the board.

It is expressly understood and agreed that any Person who may be entitled to indemnification under this Section 10.3 but who is not a party to this Agreement is intended to be a third party beneficiary of the rights created under this Section 10.3.

10.4 Promptly after an indemnified party receives Notice of or otherwise becomes aware of any claim or potential claim, or the commencement or potential commencement of any Proceeding by a third party, involving any loss, liability, obligation, damage or expense referred to in Section 10.1, 10.2 or 10.3, such indemnified party shall, if a claim for indemnification in respect thereof is to be made against an indemnifying party, give written Notice to the latter of the commencement or possibility of such claim or Proceeding, setting forth in reasonable detail the nature thereof and the basis upon which such party seeks or may seek indemnification hereunder; provided that the failure of any indemnified party to give such Notice shall not relieve the indemnifying party of its obligations under such Section, except to the extent that the indemnifying party is actually prejudiced by the failure to give such Notice. In case any such Proceeding is brought against an indemnified party, and provided that proper Notice is duly given, the indemnifying party shall assume and control the defense thereof insofar as such Proceeding involves any loss, liability, obligation, damage or expense in respect of which indemnification may be sought hereunder, with counsel selected by the indemnifying party (and reasonably satisfactory to such indemnified party), and, after Notice from the indemnifying party to such indemnified party of its assumption of the defense thereof, the indemnifying party shall not be liable to such indemnified party for any legal or other expenses subsequently incurred by the indemnified party in connection with the defense thereof (but the indemnified party shall have the right, but not the obligation, to participate at its own cost and expense in such defense by counsel of its own choice) or for any amounts paid or foregone by the indemnified party as a result of the settlement or compromise thereof (without the written consent of the indemnifying party), except that, if both the indemnifying party and the indemnified party are named as parties or subject to such Proceeding and either such party reasonably determines with advice of counsel that a material conflict of interest between such parties may exist in respect of such Proceeding, the indemnifying party may decline to assume the defense on behalf of the indemnified party or the indemnified party may retain the defense on its own behalf, and, in either such case, after Notice to such effect is duly given hereunder to the

other party, the indemnifying party shall be relieved of its obligation to assume the defense on behalf of the indemnified party, but shall be required to pay any legal or other expenses, including without limitation reasonable attorneys' fees and disbursements incurred by the indemnified party in such defense; provided, however, that the indemnifying party shall not be liable for such expenses on account of more than one separate firm of attorneys (and, if necessary, local counsel) at any time representing such indemnified party in connection with any Proceeding or separate Proceedings in the same jurisdiction arising out of or based upon substantially the same allegations or circumstances. If the indemnifying party shall assume the defense of any such Proceeding, the indemnified party shall cooperate with the indemnifying party as reasonably requested by it and shall appear and give testimony, produce documents and other tangible evidence, allow the indemnifying party access to the books and records of the indemnified party and otherwise assist the indemnifying party in conducting such defense. No indemnifying party shall, without the consent of the indemnified party, which consent shall not be unreasonably withheld, consent to entry of any judgment or enter into any settlement or compromise in respect of any claim or Proceeding unless: (i) such judgment, settlement or compromise includes as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of a release from all liability in respect of such claim or Proceeding, and (ii) such judgment, settlement or compromise involves solely monetary damages (and not injunctive or other equitable relief or any admission of guilt or fault). Provided that proper Notice is duly given, if the indemnifying party shall fail promptly and diligently to assume the defense thereof, if and in the manner required hereunder, the indemnified party may respond to, contest and defend against such Proceeding (but the indemnifying party shall have the right to participate at its own cost and expense in such defense by counsel of its own choice) and may make in good faith any compromise or settlement with respect thereto, and recover the entire cost and expense thereof, including, without limitation, reasonable attorneys' fees and disbursements and all amounts paid or foregone as a result of such Proceeding, or the settlement or compromise thereof, from the indemnifying party. Any indemnification required to be made hereunder shall be made by periodic payments of the amount thereof during the course of the investigation or defense, as and when bills or invoices are received or loss, liability, obligation, damage or expense is actually suffered or incurred.

10.5 Any other provision hereof notwithstanding:

(a) no indemnifying party shall be required to indemnify any Person pursuant to Section 10.1 or 10.2(a) (as the case may be) unless and until, and to the extent that, the aggregate amount of all losses, liabilities, obligations, damages and expenses as to which indemnification would be required from all the Shareholders, collectively, under Section 10.1, or JAKKS, under Section 10.2(a), as the case may be, but for the provisions of this Section 10.5, exceeds $350,000;

(b) the aggregate amount required to be paid by the Shareholders under Section 10.1 pursuant to this Article 10 shall not exceed $15,000,000;

(c) if the Closing shall occur, the indemnification obligations provided herein shall terminate with respect to any claim for indemnification arising under Section 10.1 or Section 10.2(a) that is not made prior to the first anniversary of the Closing Date; and

(d) no indemnified party shall be entitled to any indemnification under this Article 10 to the extent that it actually receives or is entitled to receive any amount in respect of any loss, liability, obligation, damage or expense from other sources, including without limitation insurance or

third-party indemnity; provided that such indemnified party shall not be required to commence any Proceeding to collect any such amount.

11. Miscellaneous.

11.1 Survival of Representations and Warranties. No representation or warranty of any party hereto shall survive the Closing or the termination of this Agreement for any reason, except that the representations and warranties of the Shareholders set forth in the last four sentences of Section 3.1, and the representations and warranties of JAKKS set forth in the last three sentences of Section 4.1, shall survive the Closing until, and no party shall be entitled to seek indemnification with respect thereto pursuant to Section 10.1 or 10.2(a) following, the first anniversary of the Closing Date.

11.2 Limitation of Authority. Except as expressly provided herein, no provision hereof shall be deemed to create any partnership, joint venture or joint enterprise or association among the parties hereto, or to authorize or to empower any party hereto to act on behalf of, obligate or bind any other party hereto.

11.3 Fees and Expenses. Each party hereto shall bear such fees, foregone opportunities and expenses as may be incurred by it in connection with this Agreement and the Acquisition.

11.4 Notices. Any Notice or demand required or permitted to be given or made hereunder to or upon any party hereto shall be deemed to have been duly given or made for all purposes if (a) in writing and sent by (i) messenger or reputable overnight courier service against receipt, or (ii) certified or registered mail, postage paid, return receipt requested, or (b) sent by facsimile, provided that the sender receives a printed confirmation of receipt, to such party at the following address:

to JAKKS:	22619 Pacific Coast Highway Malibu, California 90265 Attn: President Fax: (310) 456-7099
	with a copy to:
	Feder, Kaszovitz, Isaacson, Weber, Skala, Bass & Rhine LLP 750 Lexington Avenue New York, New York 10022 Attn: Murray L. Skala, Esq. Fax: (212) 888-7776
to Toymax (prior to the Closing) or any Shareholder at:	Steven A. Lebensfeld c/o Toymax International, Inc. 125 East Bethpage Road Plainview, New York 11803 Fax: (516) 391-9151

with a copy to: Brown Raysman Millstein Felder & Steiner LLP
900 Third Avenue
New York, New York 10022
Attn: Joel M. Handel, Esq.
Fax: (212) 812-3310

to an Escrow Agent: at its respective address set forth herein

or such other address as any party hereto may at any time, or from time to time, direct by Notice given to the other parties in accordance with this Section. Except as otherwise expressly provided herein, the date of giving or making of any such Notice or demand shall be, in the case of clause (a)(i) or (a)(ii), the date of the receipt, or in the case of clause (b), the business day next following the date such Notice or demand is sent.

11.5 Amendment. Except as otherwise expressly provided herein, no amendment of this Agreement shall be valid or effective, unless in writing and signed by or on behalf of the parties hereto.

11.6 Waiver. No course of dealing or omission or delay on the part of any party hereto in asserting or exercising any right hereunder shall constitute or operate as a waiver of any such right. No waiver of any provision hereof shall be effective, unless in writing and signed by or on behalf of the party to be charged therewith. No waiver shall be deemed a continuing waiver or waiver in respect of any other or subsequent breach or default, unless expressly so stated in writing.

11.7 Governing Law. This Agreement shall be governed by, and interpreted and enforced in accordance with, the laws of the State of New York without regard to principles of choice of law or conflict of laws.

11.8 Arbitration. Any claim, dispute or controversy between or among any of the parties hereto (other than a claim, dispute or controversy subject to Section 8.4), shall be submitted to arbitration in New York, New York in accordance with the then current Commercial Arbitration Rules of the American Arbitration Association. JAKKS, on the one hand, and the Shareholders and, prior to the Closing, Toymax, on the other, shall each pay one-half of any filing fees or other administrative costs to be paid in advance of or during such Proceeding. There shall be a single arbitrator. The arbitrator shall render a reasoned decision with respect to such Proceeding which shall include, in addition to the imposition of monetary damages or any other remedy or relief available hereunder, an allocation of the costs thereof. The decision of the arbitrator shall be final and binding upon the parties to such Proceeding, and judgment thereon may be entered in any court of competent jurisdiction. No party hereto shall be liable for punitive damages, unless such party is found to have committed fraud or willful malfeasance against another party hereto.

11.9 Remedies. Notwithstanding the provisions of Section 11.8, in the event of any actual or prospective breach or default by any party hereto, any other party hereto shall be entitled to equitable relief from any court of competent jurisdiction, including remedies in the nature of rescission, injunction and specific performance. Subject to the provisions of Sections 8.4, 9.3 and 11.8 and Article 10, all remedies hereunder are cumulative and not exclusive, and nothing herein shall be deemed to prohibit or limit any party from pursuing any other remedy or relief available at law or in equity for

such actual or prospective breach or default, including the recovery of damages; provided, however, that the indemnification provisions of Article 10 and, if applicable, the Termination Fee set forth in Section 9.3(a), shall be the sole and exclusive remedies, as among the parties hereto, with respect to any claim for monetary damages under this Agreement.

11.10 Severability. The provisions hereof are severable and in the event that any provision of this Agreement shall be determined to be invalid or unenforceable in any respect by a court of competent jurisdiction, the remaining provisions hereof shall not be affected, but shall, subject to the discretion of such court, remain in full force and effect, and any invalid or unenforceable provision shall be deemed, without further action on the part of the parties hereto, amended and limited to the extent necessary to render the same valid and enforceable.

11.11 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original and which together shall constitute one and the same agreement.

11.12 Further Assurances. Each party hereto agrees to cooperate fully with the other parties in connection with preparing and filing any Notices or documents in connection with the Acquisition. Each party hereto shall promptly execute, deliver, file or record such agreements, instruments, certificates and other documents and perform such other and further acts as any other party hereto may reasonably request or as may otherwise be reasonably necessary or proper, to consummate and perfect the Acquisition.

11.13 Binding Effect. Subject to Section 11.14, this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. This Agreement is not intended, and shall not be deemed, to create or confer any right or interest for the benefit of any Person not a party hereto.

11.14 Assignment. This Agreement, and each right, interest and obligation hereunder, may not be assigned by any party hereto without the prior written consent of the other parties hereto, and any purported assignment without such consent shall be void and without effect; provided that any Shareholder may assign its right to receive all or any portion of the Purchase Price without the consent of any other party hereto.

11.15 Titles and Captions. The titles and captions of the Articles and Sections of this Agreement are for convenience of reference only and do not in any way define or interpret the intent of the parties or modify or otherwise affect any of the provisions hereof.

11.16 Grammatical Conventions. Whenever the context so requires, each pronoun or verb used herein shall be construed in the singular or the plural sense and each capitalized term defined herein and each pronoun used herein shall be construed in the masculine, feminine or neuter sense.

11.17 Knowledge. The qualification or limitation of any statement made herein to a Shareholder's "knowledge" or to a matter "known" to a Shareholder refers to such Shareholder's actual knowledge (but not imputed or constructive knowledge), after reasonable inquiry.

11.18 References. The terms "herein," "hereto," "hereof," "hereby" and "hereunder," and other terms of similar import, refer to this Agreement as a whole, and not to any Article, Section

or other part hereof.

11.19 No Presumptions. Each party hereto acknowledges that it has participated, with the advice of counsel, in the preparation of this Agreement. No party hereto is entitled to any presumption with respect to the interpretation of any provision hereof or the resolution of any alleged ambiguity herein based on any claim that any other party hereto drafted or controlled the drafting of this Agreement.

11.20 Exhibits and Schedules. The Exhibits and Schedules hereto are an integral part of this Agreement and are incorporated in their entirety herein by this reference.

11.21 Entire Agreement. This Agreement embodies the entire agreement of the parties hereto with respect to the subject matter hereof and supersedes all prior agreements, commitments or arrangements relating thereto, other than the Toymax Confidentiality Agreement and the JAKKS Confidentiality Agreement, as set forth in Sections 5.7 and 5.8.

IN WITNESS WHEREOF, JAKKS and Toymax, by their respective duly authorized officers, and the other parties hereto have duly executed this Agreement as of the date set forth in the Preamble hereto.

JAKKS PACIFIC, INC.

By: /s/ STEPHEN G. BERMAN

Name: Stephen G. Berman
Title: President

TOYMAX INTERNATIONAL, INC.

By: /s/ STEVEN A. LEBENSFELD

Name: Steven A. Lebensfeld
Title: CEO

SHAREHOLDERS:

BEST PHASE LIMITED

By: /s/ CHU KI KWAN

Name: Chu Ki Kwan
Title: President

HARGO BARBADOS LIMITED

By: /s/ GREGORY A. HINKSON

Name: Gregory A. Hinkson
Title: Director

By: CIBC BANK AND TRUST COMPANY (CAYMAN) LIMITED

Secretary

By: /s/ NEAL GRIFFITH

Name: Neal Griffith
Title: Authorized Signatory

[Signatures continued on following page.]

By: /s/ SHERENE BLACKETT

Name: Sherene Blackett
Title: Authorized Signatory

/s/ STEVEN A. LEBENSFELD

STEVEN A. LEBENSFELD

/s/ HARVEY GOLDBERG

HARVEY GOLDBERG

Solely for purposes of Section 2.3:

FEDER, KASZOVITZ, ISAACSON, WEBER, SKALA, BASS & RHINE LLP

By: /s/ GEOFFREY A. BASS

Name: Geoffrey A. Bass
Title: Partner

BROWN RAYSMAN MILLSTEIN FELDER & STEINER LLP

By: /s/ JOEL M. HANDEL

Name: Joel M. Handel
Title: Partner

[Continuation of Signature Page to Stock Purchase Agreement.]

INDEX TO EXHIBITS AND SCHEDULES

SCHEDULE I

TO

STOCK PURCHASE AGREEMENT

SHAREHOLDERS

SHAREHOLDER	NUMBER OF SHARES
Best Phase Limited	5,730,335
Harvey Goldberg	137,333
Hargo Barbados Limited	1,116,833
Steven A. Lebensfeld	1,115,567
TOTAL	8,100,068

EXHIBIT 2

AGREEMENT OF MERGER

OF

JP/TII ACQUISITION CORP.

WITH AND INTO

TOYMAX INTERNATIONAL, INC.

DATED AS OF FEBRUARY 10, 2002

AGREEMENT OF MERGER

OF

JP/TII ACQUISITION CORP.

WITH AND INTO

TOYMAX INTERNATIONAL, INC.

THIS AGREEMENT OF MERGER dated as of February 10, 2002, by and among JAKKS Pacific, Inc., a Delaware corporation ("JAKKS"), JP/TII Acquisition Corp., a Delaware corporation ("Newco"), and Toymax International Inc., a Delaware corporation ("Toymax")

W I T N E S S E T H :

WHEREAS, concurrently herewith, JAKKS is entering into a Stock Purchase Agreement with certain stockholders of Toymax named therein, pursuant to which, upon the terms and subject to the conditions set forth therein, JAKKS shall acquire a majority of Toymax's outstanding capital stock; and

WHEREAS, subject to the consummation of the transactions provided in the Stock Purchase Agreement, JAKKS desires to become the sole stockholder of Toymax through the merger of Newco with and into Toymax, in which Toymax shall survive as a wholly-owned subsidiary of JAKKS and the other stockholders of Toymax shall receive merger consideration consisting of cash and securities of JAKKS, all on the terms and subject to the conditions hereinafter set forth;

NOW, THEREFORE, in consideration of the premises and the mutual covenants hereinafter set forth, the parties hereto hereby agree as follows:

1. Certain Definitions.

1.1 "Account" means any account receivable or other right to payment arising from the sale of merchandise or services in the Business, any loan or other extension of credit or any other sale, lease, exchange or other disposition of any Assets by, or for the account of, Toymax or a Subsidiary, whether or not in the ordinary course of business.

1.2 "Affiliate" of a Person means another Person directly or indirectly controlling, controlled by, or under common control with, such Person; for this purpose, "control" of a Person means the power (whether or not exercised) to direct the policies, operations or activities of such Person by virtue of the ownership of, or right to vote or direct the manner of voting of, securities of such Person, or pursuant to agreement or Law or otherwise.

1.3 "Agreement" means this Agreement of Merger, as amended or supplemented.

1.4 "Alternative Action" means any action (a) by Toymax's Board of Directors (i) to withdraw its approval or recommendation of the Merger or (ii) to modify or to qualify such approval or recommendation in a manner materially adverse to JAKKS or which would prevent, impede or

materially delay the consummation of the Merger or (iii) to accept or recommend an Alternative Proposal; or (b) by Toymax or any Principal Stockholder to enter into any Alternative Agreement.

1.5 "Alternative Agreement" means any written contract, letter of intent, agreement in principal or similar agreement relating to any Alternative Transaction.

1.6 "Alternative Proposal" means any bona fide bid, offer or other proposal relating to an Alternative Transaction.

1.7 "Alternative Transaction" means (a) any merger, consolidation or other business combination or reorganization pursuant to which a substantial portion of the Business or the Assets (including without limitation any portion that accounts for, or is reasonably expected to generate over the ensuing 12-month period, 10% or more of Toymax's Accounts) is sold or otherwise transferred to, or combined with that or those of, another Person; (b) a transaction as a result of which any Person (other than JAKKS, Toymax or a Subsidiary) becomes the holder, directly or indirectly, of securities of Toymax having 10% or more of the voting power of all voting securities of Toymax; or (c) the acquisition, directly or indirectly, by another Person (other than JAKKS) of control of Toymax, in each case, other than the Merger.

1.8 "Assets" means the assets of Toymax or a Subsidiary, other than any assets of Candy Planet, Co. (a division of Toymax Inc.) and of Monogram International, Inc.

1.9 "Business" means the business operated by Toymax and the Subsidiaries, which consists of creating, designing and marketing innovative and technologically advanced toys and leisure products, but excluding any business operated by Candy Planet, Co. (a division of Toymax Inc.) or Monogram International, Inc.

1.10 "Cash Payment" means the portion of the Merger Consideration payable in cash, in the amount of $3.00 per share of Toymax Common Stock.

1.11 "Certificate" means a certificate that, immediately prior to the Effective Time, shall represent outstanding shares of Toymax Common Stock.

1.12 "Certificate of Merger" means the certificate of merger, substantially in the form of Exhibit A, to be filed pursuant to Section 3.1.

1.13 "Closing" means the closing of the Merger as provided in Section 3.1.

1.14 "Closing Date" means the date of the Closing.

1.15 "Code" means the Internal Revenue Code of 1986, as amended, and the treasury regulations promulgated thereunder.

1.16 "Consent" means any approval, authorization, consent or ratification by or on behalf of any Person that is not a party to this Agreement, or any waiver of, or exemption or variance from, any Material Contract, Permit or Order, that is required to be obtained in connection with the consummation of the transactions contemplated by this Agreement.

1.17 "Constituent Corporation" means Newco or Toymax.

1.18 "DGCL" means the Delaware General Corporation Law, as amended.

1.19 "Dissenting Shares" is defined in Section 5.5.

1.20 "Effective Time" is defined in Section 3.1.

1.21 [Intentionally omitted.]

1.22 "Employee Plan" means an employee benefit plan (including a multi-employer plan) as defined in Section 3(3) of ERISA.

1.23 "ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

1.24 "ERISA Affiliate" means Toymax, a Subsidiary and any other Person that is a trade or business that would be deemed to be, together with Toymax and the Subsidiaries, a "single employer" within the meaning of Section 414 of the Code.

1.25 "Exchange Act" means the Securities Exchange Act of 1934, as amended.

1.26 "Fairness Opinion" means an opinion of Morgan Lewis Gethens & Ahn, Inc., or another investment banking or financial advisory firm reasonably satisfactory to JAKKS and Toymax, to the effect that the Merger Consideration and the consideration being paid under the Stock Purchase Agreement are, on the date hereof, fair, from a financial point of view, to the holders of outstanding shares of Toymax Common Stock.

1.27 "First Closing" means the closing of the purchase of Toymax Common Stock pursuant to the Stock Purchase Agreement.

1.28 "Fractional Share Payment" means an amount in cash payable in lieu of any fractional share of JAKKS Stock that would, but for the provisions of Section 6.2, be included in the Stock Payment.

1.29 "GAAP" means generally accepted accounting principles in the United States.

1.30 "Governmental Authority" means any United States or foreign federal, state or local government or governmental authority, agency or instrumentality, any court or arbitration panel of competent jurisdiction or the Nasdaq Stock Market, Inc.

1.31 "Hazardous Material" means any contaminant, pollutant or toxic or hazardous waste, effluent or other substance or material, including without limitation any radioactive, explosive, flammable, corrosive or infectious substance or material, or any substance or material containing friable asbestos, polychlorinated biphenyls or urea formaldehyde or which is otherwise subject to any Law, Permit or Order relating to the protection of the environment or human health or safety.

1.32 "HSR Act" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as

amended.

1.33 "HSR Form" means a Notification and Report Form for Certain Mergers and Acquisitions required to be filed pursuant to the HSR Act in connection with the Merger.

1.34 "Indebtedness" means, as to Toymax and the Subsidiaries on a consolidated basis (without duplication), (a) indebtedness for borrowed money or the deferred purchase price of property or services in respect of which any such Person is liable as obligor; (b) all obligations evidenced by notes, bonds, debentures or similar instruments; (c) indebtedness secured by any Lien on any Assets regardless of whether Toymax or any Subsidiary shall have assumed or is liable as obligor for such indebtedness; (d) obligations of any such Person under any capital lease; (e) license transfer fees; and (f) any other obligation or liability which would be required under GAAP to be recorded as indebtedness on a consolidated balance sheet of Toymax and the Subsidiaries.

1.35 "JAKKS Option" means an option to purchase shares of JAKKS Stock to be granted pursuant to Section 5.4.

1.36 "JAKKS Stock" means the common stock, par value $.001 per share, of JAKKS.

1.37 "Law" means common law and any statute, rule, regulation or ordinance of any Governmental Authority and includes any judicial decision applying or interpreting common law or any other Law.

1.38 "Lease" means a lease pursuant to which Toymax or a Subsidiary holds a leasehold interest in any Real Property.

1.39 "License Agreement" means a license, royalty agreement or other agreement pursuant to which Toymax or a Subsidiary has the right to use or exploit any Trade Right of another Person, which Trade Right is material to the Business.

1.40 "Lien" means any security interest, conditional sale or other title retention agreement, mortgage, pledge, lien, charge, encumbrance or other adverse claim or interest.

1.41 "Material Adverse Effect" means a material adverse effect on the Business, the Assets, or the operations, financial condition or results of operations of Toymax and the Subsidiaries, taken as a whole.

1.42 "Material Contract" means any material contract to which Toymax or a Subsidiary is a party. For the purposes hereof, a contract is "material" if (a) it is a License Agreement or an employment contract; (b) any such contract that provides for any Person, other than Toymax or a Subsidiary, to use or exploit, or prohibits or limits such other Person's use of, a Trade Right of Toymax or a Subsidiary; (c) any Restrictive Agreement; (d) any such contract that prohibits any Person, other than Toymax or a Subsidiary, from engaging, or curtails or restricts the nature or scope of such other Person's activities, in any line of business or geographic territory; or (e) any such contract (i) that relates to (A) a transaction or series of related transactions involving the expenditure or receipt by Toymax and the Subsidiaries of an amount in excess of $500,000 or the transfer of property with a fair market value in excess $500,000, (B) any Indebtedness in an amount in excess of $500,000, (C) any Lien on any Assets with a fair market value in excess of $500,000 or (D) a transaction not in

the ordinary course of the Business, or (ii) as to which any breach or default thereunder would reasonably be expected to have a Material Adverse Effect.

1.43 "Merger" means the statutory merger of Newco with and into Toymax and the related transactions provided for herein.

1.44 "Merger Consideration" means the consideration, consisting of (subject to Section 5.2) the Cash Payment and the Stock Payment (or any cash payable in lieu thereof, including the Fractional Share Payment), to be paid on account of the Merger in respect of the shares of Toymax Common Stock outstanding at the Effective Time.

1.45 "Merger Document" means this Agreement, the Certificate of Merger and each other agreement, instrument, certificate or other document to be delivered at the Closing pursuant to this Agreement.

1.46 "Monogram Transaction" means the transaction consisting of the sale of all or substantially all of the assets of Candy Planet, Co. (a division of Toymax Inc.) and of Monogram International, Inc., and related transactions.

1.47 "Notice" means any notice given to, or any declaration, filing, registration or recordation made with, any Person.

1.48 "Option" means an option or stock appreciation right granted under any Option Plan or an Other Option.

1.49 "Option Plan" means one of Toymax's stock option plans listed on Schedule 1.49.

1.50 "Order" means any judgment, order, writ, decree, award, directive, ruling or decision of any Governmental Authority.

1.51 "Other Option" means an option, warrant or other right to purchase, or an outstanding security or instrument convertible into or exchangeable for, Toymax Common Stock, listed on Schedule 7.7.

1.52 "Paying Agent" means the Person appointed by JAKKS, as set forth in Section 6.1, to collect and cancel certificates representing shares of Toymax Common Stock outstanding at the Effective Time and to disburse the Merger Consideration.

1.53 "Payment Fund" is defined in Section 6.1.

1.54 "Permit" means any permit, license, certification, qualification, franchise or similar privilege issued or granted by any Governmental Authority.

1.55 "Permitted Lien" means any of the following: (i) statutory landlord's liens and liens for current taxes, assessments and governmental charges not yet due and payable (or being contested in good faith); (ii) zoning laws and ordinances and similar legal requirements; (iii) rights reserved to any Governmental Authority to regulate the affected property and restrictions of general applicability imposed by federal or state securities Laws; (iv) license transfer fees; (v) Liens to which JAKKS has

consented; (vi) Liens that will be released or terminated at or prior to Closing; and (vii) other Liens set forth on Schedule 1.55.

1.56 "Person" means any natural person, corporation, joint stock company, limited liability company, partnership, joint venture, association, trust, Governmental Authority or other entity, or any group of the foregoing acting in concert.

1.57 "Principal Stockholder" means a stockholder of Toymax who is a party to the Stock Purchase Agreement.

1.58 "Proceeding" means any action, suit, arbitration, audit, investigation or other proceeding, at law or in equity, before or by any Governmental Authority.

1.59 "Real Property" means any real property owned by Toymax or in which Toymax holds a leasehold interest.

1.60 "Restrictive Agreement" means an agreement to which Toymax or any Subsidiary is a party that prohibits or limits Toymax's or a Subsidiary's use of a Trade Right of another Person, which Trade Right is material to the operation of the Business, or prohibits Toymax or a Subsidiary from engaging, or materially curtails or restricts the nature or scope of Toymax's or a Subsidiary's activities, in any line of business or geographic territory.

1.61 "SEC" means the U.S. Securities and Exchange Commission.

1.62 "Securities Act" means the Securities Act of 1933, as amended.

1.63 "Stock Payment" means the portion of the Merger Consideration payable by delivery of shares of JAKKS Stock, at the rate of .0798 share of JAKKS Stock per share of Toymax Common Stock or, if the Value of JAKKS Stock on the Effective Date is less than $16.9173, at the rate obtained by dividing $1.35 by the Value of JAKKS Stock on the Effective Date.

1.64 "Stock Purchase Agreement" means the Stock Purchase Agreement of even date herewith among JAKKS, Toymax and the Principal Stockholders.

1.65 "Stockholder Approval" means the adoption, by the affirmative vote of the holders of a majority of shares of Toymax Common Stock outstanding on the record date for the Stockholders' Meeting, of resolutions, in form and substance satisfactory to Toymax, ratifying the Stock Purchase Agreement and adopting this Agreement and approving the Merger and ratifying the transactions contemplated by the Stock Purchase Agreement.

1.66 "Stockholders' Meeting" means a special meeting of Toymax's stockholders (including any postponement or adjournment thereof) to be held, pursuant to Notice, to consider and vote upon adoption of the Stock Purchase Agreement and this Agreement and approval of the Merger and the transactions contemplated by the Stock Purchase Agreement.

1.67 "Subsidiary" means a Person listed on Schedule 1.67.

1.68 "Superior Proposal" is defined in Section 9.6.

1.69 "Surviving Corporation" means, from and after the Effective Time, Toymax, as the surviving corporation of the Merger.

1.70 "Tax" means any United States or foreign federal, state or local income, excise, sales, property, withholding, social security or franchise tax or assessment, and any interest, penalty or fine due thereon or with respect thereto.

1.71 "Toymax Common Stock" means the common stock, par value $.01 per share, of Toymax.

1.72 "Trade Right" means a patent, claim of copyright, trademark, trade name, brand name, service mark, logo, symbol, trade dress or design, or representation or expression of any thereof, or registration or application for registration thereof, or any other invention, trade secret, technical information, know-how or other proprietary right or intellectual property.

1.73 "Value of JAKKS Stock" on any date means the average of the closing sale price per share of JAKKS Stock as reported on the Nasdaq National Market over the last ten trading days preceding (but not including) the last trading day preceding such date.

2. The Constituent Corporations.

The name and the jurisdiction of incorporation of each Constituent Corporation are as follows:

Name	Place of Incorporation
Toymax International, Inc.	Delaware
JP/TII Acquisition Corp.	Delaware

The surviving corporation is Toymax.

3. The Merger.

3.1 Subject to the satisfaction of the conditions set forth in Article 10, Toymax, as the surviving corporation of the Merger, shall file the Certificate of Merger in accordance with DGCL Section 251(c), and the Merger shall be effective as of the date and time set forth therein (the "Effective Time").

3.2 At the Effective Time, Newco shall be merged with and into Toymax, and the Constituent Corporations shall thereupon become and constitute a single corporation. Toymax shall be the surviving corporation of the Merger and the separate existence of Newco shall cease. Except as otherwise provided by Law, the Surviving Corporation shall thereupon, without further act or deed, succeed to all the rights, privileges, immunities, powers and purposes of each of the Constituent Corporations; acquire all the business, property, franchises, claims and causes of action and every other asset of each of the Constituent Corporations; and assume and be subject to all the debts and liabilities of each of the Constituent Corporations.

3.3 The directors, officers, employees and agents of Newco and the Surviving Corporation shall be authorized, at and after the Effective Time, to execute and deliver, in the name of Toymax or Newco, any assignments, bills of sale, deeds or other instruments and to take such other actions as are reasonably necessary or appropriate to vest in the Surviving Corporation, as a result of, or in connection with, the Merger, all right, title and interest in and to the Assets and to perfect and to confirm the same.

4. Certificate of Incorporation; Bylaws; and Directors and Officers of the Surviving Corporation.

4.1 From and after the Effective Time, the Certificate of Incorporation of Newco shall continue in full force and effect as the Certificate of Incorporation of the Surviving Corporation, unless and until amended or restated in the manner provided by applicable Law.

4.2 From and after the Effective Time, the Bylaws of Newco shall continue in full force and effect as the Bylaws of the Surviving Corporation, unless and until revoked or amended in the manner provided by applicable Law, the Surviving Corporation's Certificate of Incorporation or such Bylaws.

4.3 From and after the Effective Time, the number of Persons constituting the entire Board of Directors of the Surviving Corporation shall be two, and the incumbent directors of Newco immediately prior to the Effective Time shall thereupon become the directors of the Surviving Corporation.

4.4 At the Effective Time, all the incumbent officers of Toymax shall resign (or be removed) and the incumbent officers of Newco immediately prior to the Effective Time shall become the officers of the Surviving Corporation effective as of the Effective Time, it being expressly understood that no such resignation shall constitute a breach under any applicable employment contract or arrangement.

5. Merger Consideration; Conversion of Shares.

5.1 At the Effective Time, by virtue of the Merger and without any further act or deed by

any Person, each share of common stock of Newco then outstanding shall be converted into one share of Toymax Common Stock, all of which shares shall be validly issued, fully paid and nonassessable and shall thereafter constitute all of the issued and outstanding capital stock of the Surviving Corporation.

5.2 Subject to Sections 5.5 and 5.6, at the Effective Time, by virtue of the Merger and without any further act or deed by any Person, each share of Toymax Common Stock then outstanding (other than any such share then owned by Toymax, a Subsidiary, JAKKS or Newco) shall cease to be outstanding and shall be retired and cancelled, and the holder of each such share immediately prior to the Effective Time shall cease forthwith to have any right with respect to any capital stock of the Surviving Corporation, or any interest therein or in the Assets, but shall thereupon become entitled to receive the Merger Consideration in respect of such share. Notwithstanding anything contained herein to the contrary, if the Value of JAKKS Stock on the Effective Date exceeds $20.6767, JAKKS, at its option, shall be entitled to pay the Merger Consideration entirely in cash, in which case, JAKKS shall pay to each holder of Toymax Common Stock at the Effective Time a cash amount equal to the sum of (i) the Cash Payment and (ii) in lieu of the Stock Payment and the Fractional Share Payment, if any, that would otherwise be payable to such holder (but for this provision), cash in the amount of $1.65 per share of Toymax Common Stock.

5.3 At the Effective Time, by virtue of the Merger and without any further act or deed by any Person, each share of Toymax Common Stock then outstanding owned by Toymax, a Subsidiary, JAKKS or Newco shall cease to be outstanding and shall be retired and cancelled, and no Merger Consideration shall be payable in respect thereof.

5.4 At the Effective Time, by virtue of the Merger and without any further act or deed by any Person, each Option outstanding at the Effective Time shall expire and terminate, and the holder thereof immediately prior to the Effective Time shall cease forthwith to have any right with respect to any capital stock of the Surviving Corporation, or any interest therein or in the Assets, except that the holder of each Option on the Effective Date shall be entitled to receive a JAKKS Option or cash payment, based on the formula set forth on Schedule 5.4.

5.5 Any other provision of this Article 5 notwithstanding, any outstanding shares of Toymax Common Stock, the holder of which asserts and perfects the right to receive payment for shares pursuant to DGCL Section 262 (the "Dissenting Shares"), shall not be subject to the foregoing provisions of this Article, and the holder thereof shall have only such rights as are granted to dissenting stockholders under said DGCL Section 262; provided, however, that Dissenting Shares as to which the holder thereof subsequently withdraws his demand for payment or fails to perfect his dissenter's rights before payment thereof shall thereupon be subject to Section 5.2 in the same manner as provided herein for other outstanding shares of Toymax Common Stock (except as to the time of payment, which shall be as promptly as practicable after withdrawal of such demand or failure to perfect his dissenter's rights). Toymax shall give to JAKKS prompt notice of any demands received from holders of Dissenting Shares for payment of the value of such shares, and JAKKS shall have the exclusive right to conduct all negotiations and proceedings with respect to any such demands. Toymax shall not, except with the prior written consent of JAKKS, voluntarily make any payment with respect to, or compromise or settle, or offer to compromise or settle, any such demand for payment. The assertion of any demand for payment by a holder of Dissenting Shares shall not prevent, interfere with or delay the consummation of the Merger and the other transactions contemplated hereby, except as provided by DGCL Section 262 or as a court of competent jurisdiction may otherwise Order.

5.6 Any other provision hereof notwithstanding, if the determination of the Stock Payment in accordance with Section 1.63 (without regard to this Section 5.6) would result in a number of shares of JAKKS Stock which, together with the number of shares of JAKKS Stock issued at the First Closing pursuant to the Stock Purchase Agreement, would exceed the maximum number of shares of JAKKS Stock which could be issued without obtaining stockholder approval if and as required pursuant to Nasdaq Stock Market Rule 4350(i)(C) or (D) (the "Nasdaq Rule"), then, unless such stockholder approval shall have been obtained prior to the Effective Date, the number of shares of JAKKS Stock constituting the aggregate Stock Payment under this Agreement shall equal the excess of the maximum number of shares of JAKKS Stock that could be issued in connection with the Merger (including for this purpose the purchase of shares of Toymax Common Stock pursuant to the Stock Purchase Agreement) without obtaining stockholder approval pursuant to the Nasdaq Rule over the number of shares of JAKKS Stock issued at the First Closing pursuant to the Stock Purchase Agreement. In such case, each holder of Toymax Common Stock immediately prior to the Effective Date shall be entitled to receive, in respect of each such share, the fraction of a share of JAKKS Stock equal to the quotient of the number of shares of JAKKS Stock then so issuable pursuant to the Nasdaq Rule divided by the total number of shares of Toymax Common Stock outstanding immediately prior to the Effective Date. JAKKS shall pay to each holder of Toymax Common Stock immediately prior to the Effective Date an amount in cash equal to the product of (A) the Value of JAKKS Stock on the Effective Date and (B) the excess of the number of shares of JAKKS Stock which, but for the provisions of this Section 5.6, would have been included in the Stock Payment to such holder over the number of shares of JAKKS Stock to be included in the Stock Payment to such holder after giving effect to the limitation imposed by this Section 5.6.

6. Payment Procedures.

6.1 Prior to the Closing Date, JAKKS shall appoint American Stock Transfer and Trust Company or another Person (reasonably acceptable to Toymax), to act as the Paying Agent. Prior to or at the Closing, JAKKS shall deposit with the Paying Agent, in trust for the benefit of the holders of Toymax Common Stock outstanding at the Effective Time, cash in an amount sufficient to pay the Cash Payment, the Fractional Share Payment, any payment required pursuant to Section 5.6 or, if applicable, pursuant to Section 5.2, the total Merger Consideration (the "Payment Fund"), and shall enter into a written agreement with the Paying Agent under which (i) the Paying Agent shall be required to invest the Payment Fund as directed by JAKKS; (ii) any interest, dividends or other income thereon shall be added to and constitute a portion of the Payment Fund; (iii) if at any time the amount of the Payment Fund shall exceed the amount of the Cash Payment remaining to be paid, the Paying Agent shall be required to, upon request by JAKKS, remit to JAKKS cash in an amount less than or equal to the amount of such excess; and (iv) if at any time the amount of the Payment Fund shall be less than the amount of the Cash Payment remaining to be paid, the Paying Agent shall promptly give to JAKKS Notice to such effect and JAKKS shall promptly deliver to the Paying Agent funds in an amount equal to or greater than the amount of such deficiency. At, or as promptly as practicable after, the Effective Time, JAKKS shall authorize and direct the Paying Agent, as transfer agent and registrar for the JAKKS Stock, to issue certificates representing the Stock Payment to be made to each holder of Toymax Common Stock outstanding at the Effective Time.

6.2 JAKKS shall cause the Paying Agent, promptly after the Effective Time, to mail to each holder of Toymax Common Stock at the Effective Time, at such holder's address as shown on Toymax's regular stockholders list, (a) a letter of transmittal, in customary form reasonably acceptable to Toymax and the Paying Agent, which shall state that (i) such holder is entitled to receive the Merger

Consideration in respect of the shares of Toymax Common Stock so held by such holder upon surrender of his Certificate or Certificates, as specified therein, including the amount of the Cash Payment, the amount of the Fractional Share Payment, any payment required pursuant to Section 5.6 and the number of whole shares of JAKKS Stock comprising the Stock Payment, and (ii) such surrender shall be effected, and risk of loss and title to such Certificate or Certificates shall pass only upon proper delivery thereof to the Paying Agent, and (b) instructions specifying the place at which and the manner in which such Certificate or Certificates are so to be delivered. No fractional share of JAKKS Stock shall be issued as part of the Merger Consideration, but in lieu thereof, the Fractional Share Payment shall be paid in an amount equal to the product of the fraction of the share that, but for this provision, would have been issued and $18.797 or, if the Value of JAKKS Stock on the Effective Date is less than $16.9173, the Value of JAKKS Stock on the Effective Date. Upon such surrender of any such Certificate, together which such letter of transmittal, duly completed and executed in accordance with the instructions thereto, and the delivery of such other documents as may reasonably be required by the Paying Agent, the holder of such Certificate shall be entitled to receive the Merger Consideration payable in respect of the shares of Toymax Common Stock represented by such Certificate. JAKKS shall thereupon cause the Paying Agent to promptly mail to such holder at such holder's address as shown on Toymax's regular stockholders list or, if a different address is indicated on the letter of transmittal, such other address (i) a check payable to the order of the holder or, if a different Person is indicated in the letter of transmittal, such other Person, in an amount equal to the sum of the Cash Payment, the Fractional Share Payment and any payment required pursuant to Section 5.6, or, if applicable in accordance with Section 5.2, the total Merger Consideration, and (ii) a certificate representing the whole number of shares of JAKKS Stock included in the Stock Payment registered in the name of the holder or, if a different Person is indicated in the letter of transmittal and there is delivered to the Paying Agent such additional documents as the Paying Agent may reasonably request to evidence compliance with applicable securities and other Law and the payment in full of any applicable stock transfer Taxes, such other Person. No interest shall accrue for the benefit of, or be payable to, any such holder on account of the Merger Consideration payable in respect of such shares of Toymax Common Stock. In the event of a transfer of ownership of any share of Toymax Common Stock which is not registered in the stock transfer records for the Toymax Common Stock, the Paying Agent shall be entitled to, and JAKKS shall cause the Paying Agent to, pay the Merger Consideration and mail a check and stock certificate therefor to the transferee thereof, if the Certificate representing such shares is presented to the Paying Agent, together with such documents as the Paying Agent may reasonable request to evidence such transfer and the payment in full of any applicable stock transfer Taxes.

6.3 Notwithstanding the failure of any Certificate to be surrendered as hereinabove provided, each such Certificate, from and after the Effective Time, shall not represent any interest in the Surviving Corporation, or any Assets thereof, but shall represent only the right of the holder thereof at the Effective Time to receive the Merger Consideration payable in respect thereof upon surrender of such Certificate pursuant hereto. The stock transfer books of Toymax shall be closed immediately at the Effective Time and no transfer of shares of Toymax Common Stock shall be effective or registered thereafter.

6.4 If any Certificate shall have been lost, stolen or destroyed, upon the making of an affidavit to such effect by the Person claiming to be the holder of such Certificate and, if required by JAKKS, the posting by such Person of a bond as an indemnity against any claim that may be made against it with respect to such Certificate, JAKKS shall cause the Paying Agent to pay to such Person the Merger Consideration with respect to the shares represented by such Certificate.

6.5 Promptly after the Effective Time, JAKKS shall grant to each holder of an Eligible Option a JAKKS Option payable in respect thereof and issue and mail to such holder, at the address shown in the option agreement or certificate relating to such Eligible Option, a stock option agreement covering such JAKKS Option.

6.6 The Paying Agent shall be entitled to deduct and withhold from the amount of the Merger Consideration otherwise payable pursuant to this Agreement to any holder of shares of Toymax Common Stock at the Effective Time or any holder of an Eligible Option such amounts as it is required to deduct and withhold with respect to the payment of the Merger Consideration or the issuance of the JAKKS Option under the Code or any corresponding provision of any other Law relating to Taxes. To the extent that any amount is so withheld, such amount shall be deemed for all purposes of this Agreement to have been paid as part of the Merger Consideration to the holder of the shares of Toymax Common Stock at the Effective Time or to have been paid to the holder of the Eligible Option that would otherwise have been entitled actually to receive such amount.

6.7 None of JAKKS, the Surviving Corporation, or the Paying Agent, or any officer, employee or agent thereof, shall be liable to any Person in respect of any Merger Consideration that is delivered to a public official pursuant to and in accordance with any applicable abandoned property, escheat or similar Law.

6.8 If any portion of the Payment Fund remains undistributed six months after the Effective Time, JAKKS shall ensure that the balance thereof shall be delivered to JAKKS or to the Person designated by JAKKS, and any holder of a Certificate that shall not have theretofore complied with the provisions of this Article for the surrender of such Certificate and that shall not have received the Merger Consideration payable in respect thereof shall thereafter look only to JAKKS for the payment of such Merger Consideration. Any portion of the Merger Consideration remaining unclaimed by holders of shares of Toymax Common Stock at the Effective Time five years after the Effective Time (or such earlier date as such amount would otherwise escheat to or become the property of any Governmental Authority) shall, to the fullest extent permitted by Law, become the property of the Surviving Corporation, free and clear of any claims or interests of any Person previously entitled thereto.

7. Representations and Warranties of Toymax.

Toymax hereby represents and warrants to JAKKS as follows:

7.1 Toymax is a corporation duly organized, validly existing and in good standing under the Laws of the State of Delaware and has the full corporate power and authority to own its Assets and carry on the Business as and in the places where such Assets are now located or such Business is now conducted. Complete and correct copies of Toymax's Certificate of Incorporation, including all amendments thereto as of the date hereof, and Toymax's Bylaws, including all amendments thereto as of the date hereof, have been delivered or made available to JAKKS. Toymax is duly authorized or qualified to transact business as a foreign corporation in each jurisdiction where such authorization or qualification is required under applicable Law in light of the location or character of its Assets or the operation of the Business (except where the failure to be so authorized or qualified would not reasonably be expected to have a Material Adverse Effect), and each such jurisdiction is listed on Schedule 7.1.

7.2 Toymax has full corporate power and authority to execute and deliver this Agreement

and each other Merger Document to which it is a party and to assume and perform its obligations hereunder and thereunder; provided that Toymax cannot consummate the Merger unless and until it receives the requisite shareholder approval. The execution and delivery of this Agreement and each other Merger Document to which it is a party by Toymax and the performance of its obligations hereunder and thereunder have been duly authorized by all requisite corporate action on the part of Toymax, except for the Stockholder Approval. This Agreement has been, and each other Merger Document to which it is a party will be, duly executed and delivered by Toymax, and this Agreement is, and each other Merger Document to which it is a party, when so executed and delivered, will be, a legally valid and binding obligation of Toymax, enforceable against it in accordance with their respective terms, subject to (a) bankruptcy, insolvency, reorganization, moratorium or other similar Laws now or hereafter in effect relating to creditors' rights generally and (b) equitable principles limiting the availability of specific performance, injunctive relief and other equitable remedies. Subject to obtaining the Stockholder Approval, the filing by Toymax of an HSR Form and the expiration or early termination of the waiting period under the HSR Act, the filing by Toymax of the proxy materials relating to the Stockholders' Meeting with the SEC pursuant to Section 14 of the Exchange Act, the filing of the Certificate of Merger with the Secretary of State of Delaware, and to obtaining any Toymax Consents (as defined in Section 7.5), the execution and delivery of this Agreement by Toymax do not, and the execution and delivery of each other Merger Document by Toymax and the performance by Toymax of its obligations hereunder and thereunder will not, violate any applicable Law or any provision of Toymax's Certificate of Incorporation or Bylaws, and do not and will not conflict with or result in any breach of any condition or provision of, or constitute a default under, or create or give rise to any adverse right of termination or cancellation by, or excuse the performance of, any other Person under, any Material Contract, or result in the creation or imposition of any Lien upon any of the Assets, other than any violation, conflict, breach, default, right of termination or cancellation, excuse of performance or Lien that, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect.

7.3 As of the date hereof Toymax has engaged Morgan Lewis Gethens & Ahn, Inc. to render a Fairness Opinion.

7.4 Toymax's Board of Directors has unanimously (a) determined that this Agreement and the Merger are advisable and in the best interests of Toymax and its stockholders, (b) approved this Agreement and the Merger and (c) adopted resolutions recommending that Toymax's stockholders adopt this Agreement and approve the Merger and directing that this Agreement and the Merger be submitted for consideration by, and to the vote of, Toymax's stockholders at the Stockholders' Meeting, to be duly called pursuant to Notice for such purpose, in each case, subject to its receipt of a Fairness Opinion, and none of the foregoing actions has been rescinded or amended as of the date hereof. The holders of record of Toymax Common Stock on the record date for the Stockholders' Meeting shall be the only Persons entitled under applicable Law and Toymax's Certificate of Incorporation and Bylaws to notice of, and to vote at, the Stockholders' Meeting.

7.5 Except for the filing by Toymax of an HSR Form and the expiration or early termination of the waiting period under the HSR Act; the filing by Toymax of the proxy materials relating to the Stockholders' Meeting with the SEC pursuant to Section 14 of the Exchange Act; and the filing of the Certificate of Merger with the Secretary of State of Delaware, and except as set forth on Schedule 7.5, and to Toymax's knowledge, no Consent of, or Notice to, any Person is required as to Toymax in connection with its execution and delivery of this Agreement or any other Merger Document to which it is a party, or the performance of its obligations hereunder or thereunder, or the

consummation of the Merger (such Consents and Notices set forth on Schedule 7.5 are referred to herein as "Toymax Consents"), except where the failure to give such Notices or obtain such consents would not reasonably be expected to have a Material Adverse Effect.

7.6 Except as set forth on Schedule 7.6, no Proceeding in which Toymax or a Subsidiary is a named party is pending or, to Toymax's knowledge, threatened against or affecting the Business, the Assets or Toymax's or any Subsidiary's operations in which an unfavorable Order would reasonably be expected to have a Material Adverse Effect, or would prohibit, invalidate or make unlawful, in whole or in part, this Agreement, or the carrying out of the provisions hereof or thereof or the transactions contemplated hereby. None of Toymax or any Subsidiary is in default in respect of any Order, which default would reasonably be expected to have a Material Adverse Effect, nor is there any Order enjoining Toymax in respect of, or the effect of which is to prohibit or restrict Toymax's performance of, its obligations under this Agreement.

7.7 The entire authorized capital stock of Toymax consists of 50,000,000 shares of Toymax Common Stock, of which 12,214,678 shares are outstanding (and no shares are held in treasury), and 5,000,000 shares of series preferred stock, par value $.01 per share, none of which have been issued. All outstanding shares of Toymax Common Stock are duly authorized, validly issued, fully paid and nonassessable. Except as set forth on Schedule 7.7, and except for the Stock Purchase Agreement or as contemplated hereby, Toymax is not a party to any voting agreement or trust or other agreement, commitment or arrangement with respect to the voting or disposition of its capital stock, nor, to Toymax's knowledge, is there any such trust, agreement, commitment or arrangement. Except as set forth on Schedule 7.7, Toymax is not prohibited or restricted from paying any dividend upon or making any other distribution in respect of its capital stock (other than compliance with the applicable provisions of the DGCL), nor is Toymax obligated to redeem, purchase or otherwise acquire, or to pay any dividend upon or make any distribution in respect of, any of its outstanding capital stock. Except for the Option Plans (and the Options granted thereunder) and the Other Options, there are no (a) agreements, commitments or arrangements providing for the issuance or sale of any of Toymax's capital stock, or (b) any options, warrants or rights to purchase, or securities or instruments convertible into or exchangeable for, any of Toymax's capital stock. The Option Plans were duly authorized and adopted by Toymax (including the approval of Toymax's Board of Directors and stockholders) and all Options granted under any such Option Plan were properly granted in accordance therewith and with applicable Law. All Other Options currently unexercised were duly authorized and granted by all requisite corporate action on the part of Toymax and in accordance with applicable Law. A sufficient number of shares of Toymax Common Stock have been duly reserved for issuance upon the exercise of Options granted under the Option Plans or Other Options, and no other shares of Toymax's capital stock are reserved for issuance. Schedule 7.7 sets forth a complete and correct list of all Options, including, as to each, the holder thereof, the date of grant thereof, the total number of shares of Toymax Common Stock subject thereto, the dates on which and the number of such shares as to which such Option becomes exercisable, and the exercise price thereof. All shares of Toymax Common Stock issuable upon the exercise of Options, if and when issued and delivered in accordance with the terms thereof, will be duly authorized, validly issued, fully paid and nonassessable.

7.8 The entities set forth on Schedule 1.67 constitute all subsidiaries of Toymax. Each Subsidiary is a corporation duly organized, validly existing and in good standing under the Laws of its jurisdiction of incorporation, and has full corporate power and authority to own its Assets and carry on its business as and in the places where such Assets are located or such business is conducted. Complete and correct copies of the certificate or articles of incorporation or organization of each Subsidiary,

including all amendments thereto as of the date hereof, and the Bylaws of each Subsidiary, have been delivered or made available to JAKKS. Each Subsidiary is duly authorized or qualified to transact business as a foreign corporation in each jurisdiction where required under applicable Law in light of the location or character of its Assets or the operation of its business (except where the failure to be so authorized or qualified would not reasonably be expected to have a Material Adverse Effect), and each such jurisdiction is listed on Schedule 7.8. Except as set forth on Schedule 7.8, Toymax owns beneficially and of record all of the outstanding shares of capital stock of each Subsidiary free and clear of all Liens or any restriction with respect to the voting or disposition thereof (other than Permitted Liens), and all such shares are duly authorized, validly issued, fully paid and nonassessable. Except as set forth in this Agreement or on Schedule 7.8, no Subsidiary is prohibited or restricted from paying any dividend upon or making any other distribution in respect of its capital stock (other than compliance with the applicable provisions of the DGCL), nor is any Subsidiary obligated to redeem, purchase or otherwise acquire, or to pay any dividend upon or make any distribution in respect of, any of its outstanding capital stock. As of the date hereof, there are no (a) agreements, commitments or arrangements providing for the issuance or sale of any capital stock or any Subsidiary, or (b) any options, warrants or rights to purchase, or securities or instruments convertible into or exchangeable for, any capital stock of any Subsidiary. No shares of capital stock of any Subsidiary are reserved for issuance. None of Toymax or any Subsidiary owns or has subscribed for, or is subject to any obligation to purchase or otherwise acquire, directly or indirectly, (a) any capital stock of, or other equity interest or participation in, or (b) any option, warrant or other right to purchase, or any security or instrument convertible into or exchangeable for, any capital stock of, any Person, other than a Subsidiary.

7.9 Toymax is required to file reports pursuant to Section 13 of the Exchange Act, and Toymax has timely filed all reports, forms, statements and documents required to be filed by it under the Securities Act, the Exchange Act and any applicable rules of the Nasdaq Stock Market, Inc., all of which reports, forms, statements and other documents are in material compliance with applicable Laws. When filed, none of such reports, forms, statements and other documents (including related notes and schedules) contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. Each of the consolidated financial statements for the past three years contained in such reports, forms, statements and other documents were prepared in accordance with GAAP applied on a consistent basis, and each such financial statement presented fairly in all material respects the consolidated financial position of Toymax and the Subsidiaries at the dates and their consolidated results of operations and cash flows for each of the respective periods indicated, subject, in the case of interim financial statements, to normal recurring year-end adjustments and the absence of notes. To Toymax's knowledge, none of Toymax or any Subsidiary has any material liability or obligation of any kind, contingent or otherwise, relating to the Business or its Assets, but which is not reflected on Toymax's consolidated balance sheet at December 31, 2001 or the notes thereto or set forth on Schedule 7.9.

7.10 Except as set forth on Schedule 7.10, and other than in connection with the Monogram Transaction, since December 31, 2001, there has been no material adverse change in the Business or the Assets or Toymax's or any Subsidiary's operations, financial condition or results of operations, nor has there been commenced any Proceeding in which an unfavorable Order would reasonably be expected to have a Material Adverse Effect, and none of Toymax or any Subsidiary has:

(a) incurred any material damage, destruction or similar loss, whether or not

covered by insurance, materially affecting the Business or the Assets;

(b) other than in the ordinary course of business, sold, assigned or transferred a material portion of the Assets or any interest therein, other than the disposal of defective, obsolete or otherwise unusable Assets;

(c) incurred any Indebtedness or other material obligation or liability relating to the Business or the Assets, except in the ordinary course of business, or paid, satisfied or discharged any material obligation or liability relating to the Business or the Assets prior to the due date or maturity thereof, except current obligations and liabilities in the ordinary course of business;

(d) other than in the ordinary course of business, created, incurred, assumed, granted or suffered to exist any Lien on any material Asset (other than any Permitted Lien);

(e) other than in the ordinary course of business, waived any right of material value or cancelled, forgiven or discharged any material debt owed to it or material claim in its favor; or

(f) effected any material transaction relating to the Business or the Assets other than in the ordinary course of business.

7.11 Toymax or a Subsidiary, as the case may be, owns all of the Assets free and clear of all Liens, except for Permitted Liens and the Liens listed on Schedule 7.11, all of which were created in the ordinary course of business. The Assets consisting of equipment and other tangible property are in sufficiently good operating condition (normal wear and tear excepted) to be used to conduct the Business.

7.12 Except as set forth on Schedule 7.12, there is no breach or default by Toymax or a Subsidiary or, to Toymax's knowledge, by any other party under any Material Contract, each of which is in full force and effect, other than any breach or default that would not reasonably be expected to have a Material Adverse Effect. True and complete copies of all Material Contracts have been delivered or made available to JAKKS.

7.13 Except as set forth on Schedule 7.13, inventory included in the Assets consists solely of merchandise usable or saleable in the ordinary course of business. Since December 31, 2001, there has been no material change in the inventory reflected in Toymax's consolidated balance sheet at December 31, 2001, except in the ordinary course of business.

7.14 Except as set forth on Schedule 7.14, the Accounts result from bona fide sales to non-Affiliate customers of Toymax or a Subsidiary in the ordinary course of business.

7.15 Other than any Toymax Consents, each of Toymax and each Subsidiary has all Permits and all Consents of Governmental Authorities required for it to conduct the Business as presently conducted or which it is otherwise required to have under applicable Law, except such Permits or Consents which the failure to have would not reasonably be expected to have a Material Adverse Effect. All such Permits and Consents are in full force and effect and no cancellation or suspension of any thereof is pending or, to Toymax's knowledge, threatened. Except as set forth on Schedule 7.15, and subject to obtaining any applicable Toymax Consents, the applicability and validity of each such Permit or Consent will not be adversely affected by the consummation of the transactions contemplated

by this Agreement. To Toymax's knowledge, Toymax and each Subsidiary is in compliance with each Law applicable to it and the Business, including without limitation with respect to occupational safety, environmental protection and employment practices, except for such noncompliance which would not, in the aggregate, reasonably be expected to have a Material Adverse Effect, and none of them has received any written Notice alleging or asserting any material violation of or noncompliance with any such Law.

7.16 Schedule 7.16 is a complete and correct list and a brief description (including, if applicable, date of application, filing or registration, as the case may be, and the registration and application number) of each Trade Right that is a patent or registered trademark, trade name, service mark or copyright or any currently pending application therefor, in which Toymax or a Subsidiary has any right or interest, whether through any License Agreement or otherwise. Except as otherwise listed on Schedule 7.16, none of Toymax or any Subsidiary is a licensor or a licensee in respect of any such Trade Right. Except as otherwise set forth on Schedule 7.16, to Toymax's knowledge, no Trade Right of Toymax or a Subsidiary relating to the Business conflicts with or infringes on, and there has been no misappropriation or unauthorized use by Toymax or a Subsidiary of, any Trade Right of any other Person, and, to Toymax's knowledge, no Trade Right of any other Person conflicts with or infringes on, and there has been no misappropriation or unauthorized use by any other Person of, any Trade Right of Toymax or a Subsidiary.

7.17 Schedule 7.17 sets forth a brief description of the Real Property, including the location or address and the current uses thereof by Toymax. Each Lease is legal, valid and binding as between Toymax or a Subsidiary, as the case may be, and each other party thereto, and Toymax or the applicable Subsidiary, as the case may be, is a tenant in good standing thereunder, free of any material breach or default whatsoever and quietly enjoys the Real Property subject thereto. None of Toymax or any Subsidiary has assigned any interest in any Lease or sublet any Real Property, nor is any Real Property used or occupied by any other Person. Toymax or a Subsidiary, as the case may be, has legal and valid occupancy Permits for the Real Property to the extent required under applicable Law. No improvement, fixture or equipment on the Real Property, nor the lease, use or occupancy thereof, is in violation of any applicable Law, other than any such violation that does not materially impair the lease, use or occupancy of such Real Property. No Real Property (a) is subject to any Law, Order or Lien which would materially adversely affect its use or value for the purposes now made of it or (b) has been condemned or otherwise taken, and, to Toymax's knowledge, no condemnation or other taking of any Real Property is pending or threatened.

7.18 Except as set forth on Schedule 7.18, no Hazardous Material has been generated, used, stored, treated, released or disposed of at, or transported to or from, the Real Property or in connection with the Business by Toymax, other than in substantial compliance with applicable Law, and, to Toymax's knowledge, no Law, License, Order or Proceeding applicable to Toymax or any Subsidiary or any Assets requires any clean-up or remediation or participation in or contribution to any such clean-up or remediation.

7.19 Toymax has duly filed all Tax returns and reports required to have been filed by it to the date hereof, each of which is complete and correct in all material respects, and Toymax has paid all Taxes due to any Governmental Authority required to have been paid by it on or prior to the date hereof and has created sufficient reserves or made provision for all Taxes accrued but not yet due and payable by it. Toymax has paid to the proper Governmental Authorities all customs, duties and similar or related charges required to be paid by it on or prior to the date hereof with respect to the importation

of goods into the United States. No Governmental Authority is now asserting or, to Toymax's knowledge, threatening to assert, any deficiency or assessment for additional Taxes with respect to Toymax, nor, to Toymax's knowledge, is there any basis for any such deficiency or assessment. Except as set forth on Schedule 7.19, Toymax has not been audited by any Governmental Authority with respect to any fiscal year for which Toymax has filed a Tax return and for which the applicable statute of limitations has not expired, and, to Toymax's knowledge, no such audit has been threatened or proposed. Toymax has not waived or consented to any tolling of any limitation period with respect to any Tax liability. Toymax and the Subsidiaries are, for federal income tax purposes, members of an affiliated group, which includes no other Person, and no Subsidiary files any separate return with respect to any Tax. Toymax has delivered or made available to JAKKS complete and correct copies of the Tax returns of Toymax for each of its three most recently ended fiscal years for which Tax returns have been filed and any subsequent period for which a return was filed.

7.20 Schedule 7.20 sets forth a complete and correct list of all Employee Plans either maintained by or to which contributions have been made by any ERISA Affiliate. Except as set forth on Schedule 7.20, no ERISA Affiliate has any outstanding material liability on account of any such Employee Plan for (a) delinquent contributions owed under any such Employee Plan with respect to periods prior to the date hereof; (b) fiduciary breaches by any ERISA Affiliate under ERISA or any other applicable Law; or (c) income Taxes by reason of non-qualification of any such Employee Plan which is intended by Toymax to be tax-qualified under Section 401(a) of the Code. With respect to each such Employee Plan, Toymax has delivered or made available to JAKKS copies of (i) the plan, related trust documents and amendments thereto, (ii) the most recent summary plan description and, as applicable, annual report, and (iii) as applicable, the most recent actuarial valuation. No event has occurred for which, and there exists no condition or set of circumstances under which, any ERISA Affiliate or any such Employee Plan could reasonably be expected to be subject to any material liability under Section 502(i) of ERISA or Section 4975 of the Code. With respect to each such Employee Plan, (I) such Employee Plan is in substantial compliance in all material respects with the requirements prescribed by all applicable Laws, including without limitation ERISA and the Code, and Orders, and (II) there is no Proceeding (other than routine claims for benefits) pending or, to Toymax's knowledge, threatened, with respect to any such Employee Plan or against the assets of any such Employee Plan. No ERISA Affiliate has any currently outstanding material liability under Title IV of ERISA (other than for the payment of Pension Benefit Guaranty Corporation premiums) or Section 412(f) or (n) of the Code.

7.21 Except as set forth on Schedule 7.21, none of Toymax or any Subsidiary is a party to any collective bargaining, union representation or other labor contract; none of Toymax or any Subsidiary has received any Notice from any labor union that such union represents or intends to represent any of the employees of Toymax or any Subsidiary; and, to Toymax's knowledge, no strike or work interruption by any of its or any Subsidiary's employees is planned, threatened or imminent. At no time during the past five years has Toymax or any Subsidiary experienced any strikes, work stoppages or demands for collective bargaining by any union or labor organization, or been involved in or the subject of any grievance, dispute or controversy by or with any union or labor organization or, to Toymax's knowledge, any pending or threatened Proceedings based on or related to any employment grievance, dispute or controversy or received any Notice of any of the foregoing.

7.22 Except as set forth on Schedule 7.22, no director, officer or employee of Toymax or a Subsidiary is or will become entitled to receive any severance pay or any additional compensation or benefit on account of this Agreement or the Merger, nor shall entering into this Agreement or the

consummation of the Merger result in the acceleration of the time of vesting or payment of any compensation or benefit, except as provided in Section 5.4. Except as set forth on Schedule 7.22, no Affiliate of Toymax or any Subsidiary or any relative, associate or agent thereof has any interest in any Assets, including without limitation any contract for the furnishing of services by, or rental of real or personal property from or to, or requiring payments to, any such Affiliate.

7.23 Schedule 7.23 is a complete and correct list of the names and addresses of the five largest customers of Toymax and the Subsidiaries during Toymax's fiscal year ended March 31, 2001 and the total sales to or purchases from such customers or suppliers made by Toymax and the Subsidiaries during such fiscal year. As of the date hereof, no customer of Toymax and the Subsidiaries representing in excess of 5% of their aggregate sales during such fiscal year has advised Toymax or any Subsidiary that it intends to terminate, discontinue or substantially reduce its business with Toymax or any Subsidiary.

7.24 All insurance maintained by Toymax or any Subsidiary is in full force and effect. To Toymax's knowledge, no insurer intends to cancel or refuse to renew any such insurance and, to Toymax's knowledge, there is no basis for any such cancellation or non-renewal. No insurer has disputed any claim made under any policy and, to Toymax's knowledge, no event has occurred and no circumstance exists which would excuse the performance by any insurer of any of its obligations under any such policy with respect to such claim. Since December 31, 1999, none of Toymax or any Subsidiary has been refused any insurance for which it has applied, nor has any insurance carried by Toymax or any Subsidiary been cancelled (other than at the request of Toymax or a Subsidiary or upon the normal expiration of the applicable policy).

7.25 Except as set forth on Schedule 7.25, (a) none of Toymax or any Subsidiary, or any Affiliate thereof, has employed or engaged any Person to act as a broker, finder or other intermediary in connection with the transactions contemplated hereby, and (b) no Person is entitled to any fee, commission or other compensation relating to any such employment or engagement by Toymax or any Subsidiary.

7.26 No representation or warranty by Toymax in this Agreement, the Certificate of Merger or the certificate being delivered at Closing by Toymax pursuant to Section 11.2(b) contains or will contain any untrue statement of a material fact or omits to state a material fact necessary to make the statements contained herein or therein, in the light of the circumstances under which they were made, not misleading.

8. Representations and Warranties of JAKKS.

JAKKS hereby represents and warrants to Toymax as follows:

8.1 Each of JAKKS and Newco is a corporation duly organized, validly existing and in good standing under the Laws of the State of Delaware, and each has full corporate power and authority to own its assets and carry on its business as and in the places where such assets are located or such business is conducted. Complete and correct copies of JAKKS' and Newco's respective Certificates of Incorporation, including all amendments thereto as of the date hereof, and their respective Bylaws, including all amendments thereto as of the date hereof, have been delivered or made available to Toymax. Newco has not conducted any business to date (other than in connection with its organization and entering into this Agreement) and is not required to have a Permit to transact business as a foreign

corporation in any jurisdiction. JAKKS owns beneficially and of record all of the outstanding shares of Newco's capital stock free and clear of all Liens or any restriction with respect to the voting or disposition thereof (other than restrictions of general applicability imposed by federal or state securities Laws), and all such shares are duly authorized, validly issued, fully paid and nonassessable.

8.2 Each of JAKKS and Newco has full corporate power and authority to execute and deliver this Agreement and each other Merger Document to which it is a party and to assume and perform its obligations hereunder and thereunder. The execution and delivery of this Agreement and each other Merger Document to which it is a party by JAKKS and Newco and the performance of their respective obligations hereunder and thereunder have been duly authorized by all requisite corporate action on the part of each of them (including without limitation the adoption of this Agreement and the approval of the Merger by JAKKS, as the sole stockholder of Newco). This Agreement has been, and each other Merger Document to which it is a party will be, duly executed and delivered by JAKKS and Newco, respectively, and this Agreement is, and each other Merger Document to which it is a party, when so executed and delivered, will be, a legally valid and binding obligation of JAKKS and Newco, respectively, enforceable against each of them in accordance with their respective terms, subject to (a) bankruptcy, insolvency, reorganization, moratorium or other similar Laws now or hereafter in effect relating to creditors' rights generally, and (b) equitable principles limiting the availability of specific performance, injunctive relief and other equitable remedies. Subject to the filing by JAKKS of an HSR Form and the expiration or early termination of the waiting period under the HSR Act; the filing of a statement on Schedule 13D under the Exchange Act; the filing of a Current Report on Form 8-K under the Exchange Act; the filing of a Transaction Statement on Schedule 13E-3 under the Exchange Act; the filing and effectiveness under the Securities Act of a registration statement on Form S-4 (or other form suitable for the registration under such Act of the JAKKS Stock included in the Stock Payment); and the filing of the Certificate of Merger with the Secretary of State of Delaware, the execution and delivery of this Agreement by JAKKS and Newco do not, and the execution and delivery of each other Merger Document by JAKKS and Newco and, subject to obtaining the Consent required under the Loan Agreement among JAKKS, Bank of America, N.A. and the other banks party thereto, dated October 12, 2001 (the "JAKKS Loan Agreement"), the performance by JAKKS and Newco of their respective obligations hereunder and thereunder will not, violate any applicable Law or any provision of their respective Certificates of Incorporation or Bylaws and do not and will not conflict with or result in any breach of any condition or provision of, or constitute a default under, or create or give rise to any adverse right of termination or cancellation by, or excuse the performance of, any other Person, or result in the creation or imposition of any Lien upon either of them or any of their respective assets or the acceleration of the maturity or date of payment or other performance of any obligation of either of them, other than any violation, conflict, breach, default, right of termination or cancellation, excuse of performance, Lien or acceleration that, individually or in the aggregate, would not reasonably be expected to have a material adverse effect on JAKKS, its business, assets or financial condition.

8.3 Except for the filing by JAKKS of an HSR Form and the expiration or early termination of the waiting period under the HSR Act; the filing of a statement on Schedule 13D under the Exchange Act; the filing of a Current Report on Form 8-K under the Exchange Act; the filing of a Transaction Statement on Schedule 13E-3 under the Exchange Act; the filing and effectiveness under the Securities Act of a registration statement on Form S-4 (or other form suitable for the registration under such Act of the JAKKS Stock included in the Stock Payment), obtaining the Consent required under the JAKKS Loan Agreement and the filing of the Certificate of Merger with the Secretary of State of Delaware, no Consent of, or Notice to, any Person is required as to JAKKS or Newco in connection with its execution and delivery of this Agreement or any other Merger Document to which it

is a party, or the performance of its respective obligations hereunder or thereunder, or the consummation of the Merger.

8.4 No Proceeding is pending, or, to JAKKS' knowledge, threatened against or affecting the business, assets or operations of JAKKS or Newco in which an unfavorable Order would prohibit, invalidate or make unlawful, in whole or in part, this Agreement or any other Merger Document, or the carrying out of the provisions hereof or thereof or the transactions contemplated hereby or thereby. There is no Order enjoining JAKKS or Newco in respect of, or the effect of which is to prohibit or curtail their performance of, their respective obligations under this Agreement or any other Merger Document.

8.5 JAKKS has delivered to the Shareholders a draft of JAKKS' balance sheet as of December 31, 2001, and of the related statements of operations and cash flows for JAKKS' fiscal period then ended (collectively, "JAKKS Financial Statements"), all of which JAKKS Financial Statements have been prepared in accordance with GAAP, and present fairly in all material respects the financial position of JAKKS at such date and the results of its operations for the period then ended, subject to normal recurring year-end adjustments and other adjustments that are not material in the aggregate. JAKKS has no material liabilities or obligations of any kind, contingent or otherwise, that are required by GAAP to be reflected on the balance sheet included in the JAKKS Financial Statements that are not so reflected thereon, except for any such liabilities or obligations that have arisen in the ordinary course of business.

8.6 JAKKS has timely filed all reports, forms, statements and documents required to be filed by it under the Securities Act of 1933, as amended, the Securities and Exchange Act of 1934, as amended, and any applicable rules of the Nasdaq Stock Market, Inc., all of which reports, forms, statements and other documents were, when filed, in material compliance with applicable Laws. When filed, none of such reports, forms, statements and other documents contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

8.7 Neither JAKKS nor Newco has employed or engaged any Person to act as a broker, finder or other intermediary in connection with the transactions contemplated hereby, and no Person is entitled to any fee, commission or other compensation relating to any such employment or engagement by JAKKS or Newco.

8.8 The shares of JAKKS Stock included in the Merger Consideration have been duly authorized and, when issued in accordance with the provisions hereof, shall be validly issued, fully paid and nonassessable.

8.9 No representation or warranty by JAKKS in this Agreement, the Certificate of Merger or the certificate being delivered at Closing by JAKKS pursuant to Section 11.3(c) contains or will contain any untrue statement of a material fact or omits to state a material fact necessary to make the statements contained herein or therein, in the light of the circumstances under which they were made, not misleading.

9. Certain Covenants.

9.1 From and after the date hereof and until the Closing or the termination of this

Agreement, the parties hereto shall use their respective commercially reasonable efforts, and shall cooperate with each other, to cause the consummation of the Merger in accordance with the terms and conditions hereof, including without limitation giving any Notice to or obtaining the Consent of any Governmental Authority, or any other Person with respect to any Material Contract or otherwise. In particular, Toymax and JAKKS shall use their respective commercially reasonable efforts to file HSR Forms under the HSR Act as soon as practicable after the date hereof and to obtain early termination of the waiting period, including without limitation filing such additional documents and furnishing such additional information as the Federal Trade Commission or the Antitrust Division of the Department of Justice may request; provided that no provision hereof shall require JAKKS or Toymax to divest any business or assets or to hold any business or assets separate. The filing fees payable in respect of the filing of all HSR Forms required hereunder shall be payable by JAKKS.

9.2 As soon as practicable after the First Closing, Toymax shall prepare and file with the SEC preliminary proxy materials relating to the Stockholders' Meeting, including the Notice of such meeting, proxy statement and form of proxy, in accordance with the applicable provisions of the Exchange Act, shall use commercially reasonable efforts to file with the SEC such additional documents and furnish to the SEC such additional information as the SEC may request and otherwise respond to the SEC's comments, if any, on the preliminary proxy materials and any such other documents or information. Toymax shall make such changes in the proxy materials as are appropriate based on the SEC's comments, if any, and shall cause the proxy materials to comply as to form in all material respects with the requirements of the Exchange Act and shall prepare and file definitive proxy materials in accordance with the applicable provisions of the Exchange Act. Toymax shall provide to JAKKS a draft of any proxy materials or other document to be filed with the SEC in connection with the Stockholders' Meeting or the Merger and advise it of any information to be furnished to the SEC at a reasonably sufficient time in advance in order to allow JAKKS to review the same and give to Toymax any comments or suggestions it may have thereon. Toymax shall also furnish to JAKKS copies of any correspondence to or from the SEC relating to the proxy materials and advise JAKKS of the SEC's comments, if any, thereon, and shall confer with JAKKS as to the appropriate response thereto. Toymax shall pay the filing fee, if any, applicable to the filing of the proxy materials with the SEC. JAKKS shall cooperate with Toymax in connection with the preparation and filing of the proxy materials and in responding to any SEC comments thereon, and shall provide to Toymax, at Toymax's request, any information required to be included in the proxy materials (including in any amendment or supplement thereto) in accordance with the Exchange Act and so that the definitive proxy materials shall not at any time prior to or at the Effective Time contain any misstatement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

9.3 As soon as practicable after the First Closing, JAKKS shall prepare and file with the SEC a statement on Schedule 13D and a Current Report on Form 8-K with respect to its purchase of Toymax Common Stock at the First Closing, in accordance with the applicable provisions of the Exchange Act; a Transaction Statement on Schedule 13E-3 relating to the Merger, in accordance with the applicable provisions of the Exchange Act; and a registration statement on Form S-4 covering the shares of JAKKS Stock included in the Merger Consideration (or other form suitable for the registration of such shares under the Securities Act), which Form S-4 or other applicable form will include the proxy statement to be prepared by Toymax pursuant to Section 9.2, in accordance with the applicable provisions of the Securities Act. JAKKS shall use commercially reasonable efforts to file with the SEC such additional documents and furnish to the SEC such additional information as the SEC may request and otherwise respond to the SEC's comments, if any, on the registration statement and any such other

documents or information. JAKKS shall make such changes in the registration statement as are appropriate based on the SEC's comments, if any, and shall use its best efforts to cause the registration statement to become effective under the Securities Act. JAKKS shall provide to Toymax a draft of the registration statement or other document to be filed with the SEC in connection with the Merger and advise it of any information to be furnished to the SEC at a reasonably sufficient time in advance in order to allow Toymax to review the same and give to JAKKS any comments or suggestions it may have thereon. JAKKS shall also furnish to Toymax copies of any correspondence to or from the SEC relating to the registration statement and advise Toymax of the SEC's comments, if any, thereon, and shall confer with Toymax as to the appropriate response thereto. JAKKS shall pay the filing fee, if any, applicable to the filing of the registration statement with the SEC. Toymax shall cooperate with JAKKS in connection with the preparation and filing of the registration statement and in responding to any SEC comments thereon, and shall provide to JAKKS, at JAKKS' request, any information required to be included in the registration statement (including in any amendment or supplement thereto) in accordance with the Securities Act and so that the registration statement shall not at any time prior to or at the Effective Time contain any misstatement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

9.4 Toymax shall take all actions required to call, give Notice of, and hold the Stockholders' Meeting as soon as reasonably practicable after the date hereof, including printing and mailing definitive proxy materials. Toymax shall also use commercially reasonable efforts to solicit the Stockholder Approval, including without limitation including in the definitive proxy materials the recommendation of Toymax's Board of Directors in favor of the adoption of this Agreement, the approval of the Merger and the ratification of the Stock Purchase Agreement, unless such recommendation or the inclusion thereof in the definitive proxy materials would cause any of Toymax's directors to breach his fiduciary duty or cause Toymax or any of its directors, officers, employees or agents to violate any applicable Law.

9.5 Except as may be required pursuant to Section 9.6, from and after the date hereof and until this Agreement is terminated, none of Toymax, any Subsidiary, any Principal Stockholder, any Affiliate thereof, or any director, officer, employee or other agent or representative of any of them, shall, directly or indirectly, solicit any inquiry, offer or proposal from any Person other than JAKKS with respect to any transaction involving any sale or other disposition of the Business or of all or substantially all of the Assets (other than in the ordinary course of business) or of all or substantially all of the capital stock of Toymax or any Subsidiary. Toymax shall promptly advise JAKKS of the receipt of any such inquiry, offer or proposal and the material terms thereof.

9.6 Toymax shall not take any Alternative Action, except, subject to the provisions of this Section and the payment of the Termination Fee, if applicable, with respect to any Alternative Proposal that (a) is made in writing, (b) Toymax's Board of Directors determines in good faith in the exercise of its business judgment is reasonably capable of being completed on the terms proposed and if so completed would result in an Alternative Transaction that, from a financial point of view, would be superior and more beneficial to Toymax's stockholders than the Merger, and (c) Toymax's Board of Directors determines in good faith that its failure to consider such Alternative Proposal or to withdraw, modify or qualify its approval or recommendation of the Merger would cause it to violate its fiduciary duties under applicable Law (a "Superior Proposal"). Prior to entering into any negotiations or discussions with any other Person with respect to, or furnishing confidential information or otherwise responding to, any Superior Proposal, Toymax shall enter into a confidentiality agreement with such

Person (which agreement may not include any provision granting to such Person an exclusive right to negotiate with Toymax with respect to an Alternative Transaction). No provision hereof shall preclude Toymax or its Board of Directors from complying with the requirements of Rule 14d-9 or Rule 14e-2 under the Exchange Act with regard to the Merger or any Alternative Proposal. Subject to Toymax's compliance with the conditions of this Section 9.6, prior to obtaining the Stockholder Approval, Toymax's Board of Directors may withdraw its approval or recommendation of the Merger, or modify or qualify such approval or recommendation, or approve or recommend a Superior Proposal if Toymax shall give to JAKKS written Notice thereof at least five (5) business days prior thereto. Unless this Agreement is terminated in accordance with Article 12 prior to the Stockholders' Meeting, notwithstanding Toymax's receipt of any Alternative Proposal or any Alternative Action, Toymax shall hold the Stockholders' Meeting and call for a vote of its stockholders for the adoption of this Agreement and the approval of the Merger.

9.7 Except as set forth on Schedule 9.7, from and after the date hereof and until the Closing, except as otherwise provided elsewhere herein or as contemplated by the Monogram Transaction, or as JAKKS may otherwise consent (which consent may not be unreasonably withheld), Toymax and each Subsidiary shall:

(a) conduct the Business in its ordinary course;

(b) use commercially reasonable efforts to preserve the Business and Assets and maintain their respective relationships with customers and other Persons with which they have material business dealings;

(c) not enter into any Restrictive Agreement that would materially adversely affect the operation of the Business;

(d) not (i) sell, lease, transfer or dispose of any material Asset, other than sales in the ordinary course of business or the disposal of defective, obsolete or otherwise unusable Assets or (ii) terminate any Material Contract, except upon expiration of the term thereof as provided therein and except for any Material Contract that ceases to be necessary in connection with the operation of the Business;

(e) use commercially reasonable efforts to maintain all material Permits and Consents, other than any such Permits or Consents that cease to be necessary in connection with the operation of the Business, and to comply in all material respects with all applicable Orders;

(f) use commercially reasonable efforts to maintain in full force and effect (or to replace on substantially equivalent terms) all currently applicable material insurance relating to the Business or the Assets;

(g) except as required under any Material Contract, Permit or Law applicable to Toymax or a Subsidiary or otherwise by a Governmental Authority, or in the ordinary course of business consistent with its past practices, not increase the compensation or other employment benefits payable to or for the benefit of any employee, or enter into, adopt or materially modify any Employee Plan or other agreement, plan, commitment or arrangement to provide to any employee or other Person any deferred compensation, retirement, severance or other similar payment or benefit;

(h) not make any loan or advance or otherwise extend any credit to any director or officer of Toymax or a Subsidiary or any Affiliate of any such director or officer;

(i) not amend its certificate or articles of incorporation or organization or Bylaws;

(j) not merge or consolidate with any other Person or purchase or otherwise acquire any securities of, or other equity interest or participation in, any Person (other than a Subsidiary) or create any joint venture;

(k) other than pursuant to Toymax's current credit facility and other than advances by Affiliates, not incur or assume any Indebtedness in an amount in excess of $500,000;

(l) not acquire (other than in the ordinary course of business) the business or assets, substantially as a whole, of any other Person, or make any capital expenditure in excess of $500,000;

(m) not declare, set aside or pay any dividend or make any other distribution in cash, securities or other property, on or in respect of any capital stock (other than a cash dividend or distribution by any Subsidiary to Toymax or any other Subsidiary);

(n) not split or reverse-split any capital stock or effect any other recapitalization or capital reorganization, or issue or reserve for issuance any capital stock, other than upon the exercise of an Option outstanding on the date hereof in accordance with the terms thereof, or issue or grant any option, warrant or right to purchase, or security or instrument convertible into or exercisable for, any capital stock; and

(o) not enter into, adopt or assume any agreement, commitment or arrangement which obligates Toymax or any Subsidiary to act or to refrain from acting in violation of, or in a manner inconsistent with, any of the foregoing.

9.8 From and after the date hereof and until the Closing, Toymax shall furnish to JAKKS such information with respect to the Business and Assets as JAKKS may from time to time reasonably request and shall permit JAKKS and its authorized representatives access, at a mutually-agreeable time during regular business hours and upon reasonable prior Notice to Toymax, to conduct, at JAKKS' sole expense and in a manner that does not interfere with Toymax's operations, a physical inventory of the Assets, to inspect the Real Property, to examine the books and records of Toymax or any Subsidiary and to make inquiries of responsible Persons designated by Toymax with respect thereto; provided that any information so disclosed or otherwise made available or accessible to JAKKS shall not constitute an additional representation or warranty of Toymax beyond those expressly set forth in Article 7; and provided further that all such information shall be subject to Section 9.10.

9.9 From and after the date hereof and until the Closing, no party hereto shall make any press release or other public announcement with respect to this Agreement or the Merger, without the prior written consent of the other parties (which consent shall not be unreasonably withheld), unless such announcement is required by Law, in which case the other parties shall be given Notice of such requirement prior to such announcement and the parties shall consult with each other as to the scope and substance of such disclosure.

9.10 JAKKS and Newco acknowledge that certain information relating to or concerned with the Business and the affairs of Toymax and the Subsidiaries, including without limitation all non-publicly available Trade Rights, product information, customer and supplier lists, marketing and sales data, personnel and financing and Tax matters is proprietary to Toymax and/or its subsidiaries and that its confidentiality is absolutely essential to the operation of the Business. Until the Closing, all of such information shall be subject to that certain Confidentiality and Non-Disclosure Agreement dated as of January 10, 2002, between Toymax and JAKKS (the "Confidentiality Agreement") to which the parties hereby agree to be bound and which is incorporated herein by this reference.

9.11 From and after the Effective Time, JAKKS shall:

(a) cause the Surviving Corporation to, and the Surviving Corporation shall, subject to any condition or limitation provided by DGCL Section 145 or other applicable Law, at all times during the period of the longer of six years following the Closing Date and the statute of limitations applicable to any matter for which indemnification may be made hereunder, indemnify each Person who at any time prior to the Effective Time shall have been a director or officer of Toymax or a Subsidiary and hold each such Person harmless from and against any loss, liability, obligation, damage or expense, including reasonable attorneys' fees and disbursements, which any of them may suffer or incur in connection with any claim or Proceeding against any of them based upon or resulting from any act or omission occurring at or prior to the Effective Time, including any acts or omissions in connection with this Agreement or the Merger, in the same manner and to the same extent as is provided in the certificate or articles of incorporation or organization, Bylaws and any indemnification agreement of Toymax or the applicable Subsidiary, on the date hereof;

(b) cause the Surviving Corporation's Bylaws at all times during the six-year period following the Closing Date to include provision for such indemnification and a provision regarding the elimination or limitation of liability of all such Persons in the manner and to the extent provided in the certificate or articles of incorporation or organization, or the Bylaws of Toymax or the applicable Subsidiary; and

(c) cause to be maintained throughout such six-year period directors' and officers' liability insurance substantially equivalent to that provided to such Persons by Toymax on the date hereof and otherwise consistent with the requirements of this provision.

10. Conditions to Closing.

10.1 The obligation of the parties hereto to consummate the Merger in accordance herewith shall be subject to the satisfaction (or waiver) at or prior to the Closing of each of the following conditions:

(a) Toymax shall have received a Fairness Opinion, which shall not have been withdrawn, rescinded or adversely updated or modified;

(b) JAKKS' purchase of Toymax Common Stock from the Principal Stockholders pursuant to the Stock Purchase Agreement shall have been consummated;

(c) the Stockholder Approval shall have been obtained and be in effect;

(d) the waiting period under the HSR Act shall have expired or been terminated;

(e) no Order or Law shall be in effect which (i) makes illegal or prohibits consummation of the Merger or (ii) would reasonably be expected to have a Material Adverse Effect, and no Proceeding which could result in the enactment or adoption of any such Law or the issuance of any such Order shall be pending; and

(f) except for the filing of the Certificate of Merger, each Consent of, or Notice to, any Governmental Authority required for the consummation of the Merger and for the Surviving Corporation to conduct the Business that is set forth on Schedule 10.1 shall have been obtained or made, as the case may be.

10.2 The obligations of JAKKS and Newco to consummate the Merger in accordance herewith shall also be subject to the satisfaction (or waiver) at the Closing of each of the following conditions:

(a) each of the representations and warranties made by Toymax herein that is qualified by "materiality" or "Material Adverse Effect" shall be true, and each of the representations and warranties made by Toymax herein that is not so qualified shall be true in all material respects, at and as of the Closing Date;

(b) Toymax shall have, in all material respects, performed and complied with all obligations and conditions contained herein that are to be performed or complied with by it at or prior to the Closing;

(c) since the date of this Agreement, no event shall have occurred and no circumstances shall have existed which has had or would have a Material Adverse Effect;

(d) each holder of an Option that does not by its terms or pursuant to the Option Plan under which it is granted or Section 5.4 terminate at the Effective Time shall have executed and delivered to JAKKS an agreement terminating such Option effective as of the Effective Time; and

(e) Toymax and the Subsidiaries shall have executed and/or delivered at the Closing all the documents so to be executed and/or delivered by them and shall have taken all other actions at the Closing required to be taken by them pursuant to Article 11.

10.3 The obligation of Toymax to consummate the Merger in accordance herewith shall also be subject to the satisfaction (or waiver) at the Closing of each of the following conditions:

(a) each of the representations and warranties made by JAKKS herein that is qualified by "materiality" or "Material Adverse Effect" shall be true, and each of the representations and warranties made by JAKKS herein that is not so qualified shall be true in all material respects, at and as of the Closing Date;

(b) JAKKS and Newco shall have, in all material respects, performed and complied with all obligations and conditions contained herein that are to be performed or complied with by them at or prior to the Closing; and

(c) JAKKS and Newco shall have executed and/or delivered at the Closing all the documents so to have been executed and/or delivered by them and shall have taken all other actions at the Closing required to have been taken by them pursuant to Article 11.

11. Closing.

11.1 The Closing shall be held at the offices of Feder, Kaszovitz, Isaacson, Weber, Skala & Bass LLP, 750 Lexington Avenue, New York, New York 10022 on the earliest practicable date, and in any event on or before the second business day, after the satisfaction (or waiver) or all conditions to closing provided in Article 10 (other than any condition which, by its terms, is to be satisfied at the Closing), or at such other place or on such other date, and at such time, as the parties hereto may agree. The execution and/or delivery of each document to be executed and/or delivered at the Closing and each other action to be taken at the Closing shall be subject to the condition that every other document to be executed and/or delivered at the Closing is so executed and/or delivered and every other action to be taken at the Closing is so taken, and all such documents and actions shall be deemed to be executed and/or delivered or taken, as the case may be, simultaneously.

11.2 At the Closing, Toymax shall:

(a) deliver to JAKKS the resignations, effective at the Effective Time, of all of the respective directors and officers immediately prior to the Effective Time of Toymax and each Subsidiary (it being expressly understood that no such resignation shall constitute a breach under any applicable employment contract or arrangement);

(b) deliver to JAKKS a certificate of Toymax's chief executive officer or chief financial officer to the effect that the conditions set forth in Sections 10.2(a), (b) and (c) have been satisfied, and setting forth any circumstances that exist as of the Closing Date, and events that have occurred between the date hereof and the Closing Date, that result in any of Toymax's representations or warranties contained in Article 7 hereof being untrue in any material respect;

(c) deliver to JAKKS the agreements referred to in Section 10.2(d); and

(d) deliver to JAKKS such other agreements, instruments, certificates and documents as JAKKS may reasonably request to effect the consummation of the Merger.

11.3 At the Closing, JAKKS shall:

(a) cause the Certificate of Merger to be filed with the Secretary of State of Delaware;

(b) deliver to the Paying Agent written Notice of the effectiveness of the Merger, authorizing the Paying Agent to pay the Merger Consideration;

(c) deliver to Toymax a certificate of JAKKS' chief executive officer or chief financial officer to the effect that the conditions set forth in Sections 10.3(a) and (b) have been satisfied, and setting forth any facts or circumstances that exist as of the Closing Date, and events that have occurred between the date hereof and the Closing Date, that result in any of JAKKS' representations

or warranties contained in Article 8 hereof being untrue in any material respect; and

(d) deliver to Toymax such other agreements, instruments, certificates and documents as Toymax may reasonably request to effect the consummation of the Merger.

12. Termination.

12.1 This Agreement may be terminated at any time prior to the Closing:

(a) by the mutual agreement of JAKKS and Toymax;

(b) by Toymax, if Toymax shall not have received a Fairness Opinion on or before March 31, 2002, or if the Fairness Opinion is withdrawn, rescinded or adversely updated or modified;

(c) if the Closing shall not have occurred on or before September 30, 2002, or such later date to which JAKKS and Toymax may agree, by JAKKS or Toymax, upon written Notice to such effect to the other;

(d) if the Stock Purchase Agreement shall have been terminated for any reason;

(e) by JAKKS or Toymax at any time after the Stockholders' Meeting, if the Stockholder Approval is not obtained;

(f) by JAKKS (if JAKKS is not then in breach or default of any of its representations, warranties, covenants or other obligations under this Agreement), if (i) there shall be any material breach of any representation or warranty by, or any failure to perform any material covenant or other obligation of, Toymax, and, unless such breach or failure is incapable of being cured within a period of 30 days after the giving of written Notice thereof to Toymax, JAKKS gives such Notice to Toymax and such breach or failure shall not be cured within 30 days of the giving of such Notice, upon written Notice of termination to Toymax; or (ii) an Alternative Action shall have been taken;

(g) by Toymax (if Toymax is not then in breach or default of any of its representations, warranties, covenants or other obligations under this Agreement), if (i) there shall be any material breach of any representation or warranty by, or any failure to perform any material covenant or other obligation of, JAKKS or Newco, and, unless such breach or failure is incapable of being cured within a period of 30 days after the giving of written Notice thereof to the breaching or defaulting party, Toymax gives such Notice to such party and such breach or failure shall not be cured within 30 days of the giving of such Notice, upon written Notice of termination to JAKKS; or (ii) an Alternative Action shall have been taken with respect to a Superior Proposal.

12.2 Subject to the rights of the other parties hereto, either Constituent Corporation may, by resolution of its Board of Directors, abandon the Merger prior to the Effective Time notwithstanding that the stockholders of either Constituent Corporation shall have approved and authorized the same; provided that no abandonment of the Merger by a party in violation of the terms of this Agreement shall constitute a basis on which JAKKS (in the case of abandonment by JAKKS or Newco) or the Principal Stockholders (in the case of abandonment by Toymax) shall be entitled to terminate the Stock Purchase

Agreement.

12.3 Upon termination of this Agreement pursuant to Section 12.1, all obligations of the parties shall terminate except those under the applicable provisions of Article 13; provided that no such termination shall relieve any party hereto of any liability to any other party by reason of any breach of or default under this Agreement.

13. Miscellaneous.

13.1 Termination of Representations and Warranties. No representation or warranty of any party hereto shall survive the Effective Time or the termination of this Agreement.

13.2 Limitation of Authority. Except as expressly provided herein, no provision hereof shall be deemed to create any partnership, joint venture or joint enterprise or association among the parties hereto, or to authorize or to empower any party hereto to act on behalf of, obligate or bind any other party hereto.

13.3 Fees and Expenses. Except as otherwise expressly provided herein, each party hereto shall bear such fees and expenses as may be incurred by it in connection with this Agreement and the Merger.

13.4 Notices. Any Notice or demand required or permitted to be given or made hereunder to or upon any party hereto shall be deemed to have been duly given or made for all purposes if (a) in writing and sent by (i) messenger or reputable overnight courier service against receipt, or (ii) certified or registered mail, postage paid, return receipt requested, or (b) sent by facsimile, provided that the sender receives a printed confirmation of receipt, to such party at the following address:

to JAKKS or Newco at: 22619 Pacific Coast Highway
Malibu, California 90265
Attn: President
Fax: (310) 317-8527

with a copy to: Feder, Kaszovitz, Isaacson, Weber, Skala, Bass & Rhine LLP
750 Lexington Avenue
New York, New York 10022
Attn: Murray L. Skala, Esq.
Fax: (212) 888-7776

to Toymax at: Toymax International, Inc.
125 East Bethpage Road
Plainview, New York 11803
Attn: Michael Sabatino
Fax: (516) 391-9151

with copies to: Brown Raysman Millstein Felder & Steiner LLP
900 Third Avenue
New York, New York 10022
Attn: Joel M. Handel, Esq.
Fax: (212) 812-3310

or such other address as any party hereto may at any time, or from time to time, direct by Notice given to the other parties in accordance with this Section. Except as otherwise expressly provided herein, the date of giving or making of any such Notice or demand shall be, in the case of clause (a)(i) or (a)(ii), the date of the receipt; and in the case of clause (b), upon the sender's receipt of printed confirmation of receipt.

13.5 Amendment. At any time prior to the Effective Time and notwithstanding that the Stockholder Approval has been obtained, JAKKS and Toymax may amend this Agreement, if such amendment is authorized and approved by the respective Boards of Directors of the Constituent Corporations; provided that, after the Stockholder Approval is obtained, no such amendment may be made which is prohibited or which would require further action by Toymax's stockholders, pursuant to DGCL Section 251(d) or other applicable Law; and provided further that no such amendment shall, unless each Principal Stockholder agrees or otherwise consents in writing thereto, impose any additional obligation on such Principal Stockholder, as such, or deprive such Principal Stockholder of any right, power or privilege, other than as provided herein prior to such amendment. No amendment of this Agreement shall be valid or effective, unless in writing and signed by or on behalf JAKKS and Toymax.

13.6 Waiver. No course of dealing or omission or delay on the part of any party hereto in asserting or exercising any right hereunder shall constitute or operate as a waiver of any such right. No waiver of any provision hereof shall be effective, unless in writing and signed by or on behalf of the party to be charged therewith. No waiver shall be deemed a continuing waiver or waiver in respect of any other or subsequent breach or default, unless expressly so stated in writing.

13.7 Governing Law. This Agreement shall be governed by, and interpreted and enforced in accordance with, the Laws of the State of Delaware without regard to principles of choice of Law or conflict of Laws.

13.8 Jurisdiction. Each of the parties hereto hereby irrevocably consents and submits to the jurisdiction of the Supreme Court of the State of New York and the United States District Court for the Southern District of New York in connection with any Proceeding arising out of or relating to this Agreement or the transactions contemplated hereby, waives any objection to venue in the County of New York, State of New York, or such District, and agrees that service of any summons, complaint, Notice or other process relating to such Proceeding may be effected in the manner provided by clause (a) (ii) of Section 13.4.

13.9 Remedies. In the event of any actual or prospective breach or default by any party hereto, any other party hereto shall be entitled to equitable relief, including remedies in the nature of rescission, injunction and specific performance from any court of competent jurisdiction. All remedies hereunder are cumulative and not exclusive, and nothing herein shall be deemed to prohibit or limit any party from pursuing any other remedy or relief available at law or in equity for such actual or

prospective breach or default, including the recovery of damages.

13.10 Severability. The provisions hereof are severable and in the event that any provision of this Agreement shall be determined to be invalid or unenforceable in any respect by a court of competent jurisdiction, the remaining provisions hereof shall not be affected, but shall, subject to the discretion of such court, remain in full force and effect, and any invalid or unenforceable provision shall be deemed, without further action on the part of the parties hereto, amended and limited to the extent necessary to render the same valid and enforceable.

13.11 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original and which together shall constitute one and the same agreement.

13.12 Further Assurances. Each party hereto shall cooperate with the other parties hereto and shall promptly execute, deliver, file or record such agreements, instruments, certificates and other documents and perform such other and further acts as any other party hereto may reasonably request or as may otherwise be reasonably necessary or proper, to consummate and perfect the transactions contemplated hereby.

13.13 Binding Effect. Subject to Section 13.14, this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. This Agreement is not intended, and shall not be deemed, to create or confer any right or interest for the benefit of any Person not a party hereto.

13.14 Assignment. This Agreement, and each right, interest and obligation hereunder, may not be assigned by any party hereto without the prior written consent of the other parties hereto, and any purported assignment without such consent shall be void and without effect.

13.15 Titles and Captions. The titles and captions of the Articles and Sections of this Agreement are for convenience of reference only and do not in any way define or interpret the intent of the parties or modify or otherwise affect any of the provisions hereof.

13.16 Grammatical Conventions. Whenever the context so requires, each pronoun or verb used herein shall be construed in the singular or the plural sense and each capitalized term defined herein and each pronoun used herein shall be construed in the masculine, feminine or neuter sense.

13.17 Knowledge. The qualification or limitation of any statement made herein to a party's "knowledge" or to a matter "known" to a party refers to the actual knowledge (but not imputed or constructive knowledge) of the directors, officers and operational managers of such party, after reasonable due inquiry.

13.18 References. The terms "herein," "hereto," "hereof," "hereby" and "hereunder," and other terms of similar import, refer to this Agreement as a whole, and not to any Article, Section or other part hereof.

13.19 No Presumptions. Each party hereto acknowledges that it has participated, with the advice of counsel, in the preparation of this Agreement. No party hereto is entitled to any presumption with respect to the interpretation of any provision hereof or the resolution of any alleged ambiguity herein based on any claim that any other party hereto drafted or controlled the drafting of this

Agreement.

13.20 Incorporation by Reference. The Exhibits and Schedules hereto are an integral part of this Agreement and are incorporated in their entirety herein by this reference.

13.21 Entire Agreement. This Agreement embodies the entire agreement of the parties hereto with respect to the subject matter hereof and supersedes any prior agreement, commitment or arrangement relating thereto, other than the Confidentiality Agreement, as set forth in Section 9.10.

IN WITNESS WHEREOF, JAKKS and the Constituent Corporations, by their respective duly authorized officers, have duly executed this Agreement as of the date set forth in the Preamble hereto.

TOYMAX INTERNATIONAL INC.

By: /s/ STEVEN A. LEBENSFELD

Name: Steven A. Lebensfeld
Title: CEO

JAKKS PACIFIC, INC.

By: /s/ STEPHEN G. BERMAN

Name: Stephen G. Berman
Title: President

JP/TII ACQUISITION CORP.

By: /s/ STEPHEN G. BERMAN

Name: Stephen G. Berman
Title: Vice President

INDEX TO EXHIBITS AND SCHEDULES

EXHIBIT A

CERTIFICATE OF MERGER

OF

JP/TII ACQUISITION CORP.

WITH AND INTO

TOYMAX INTERNATIONAL, INC.

Under Section 251 of the Delaware General Corporation Law

The undersigned DOES HEREBY CERTIFY as follows:

1. The name and state of incorporation of each of the constituent corporations are:

Name	State of Incorporation
JP/TII Acquisition Corp.	Delaware
Toymax International, Inc.	Delaware

2. An Agreement of Merger relating to the merger of the constituent corporations has been approved, adopted, certified, executed and acknowledged by each of the constituent corporations in accordance with Section 251 of the Delaware General Corporation Law.

3. The name of the surviving corporation is Toymax International, Inc.

4. The Certificate of Incorporation of JP/TII Acquisition Corp. shall continue as the Certificate of Incorporation of the surviving corporation.

5. The executed Agreement of Merger is on file at an office of the surviving corporation located at 22619 Pacific Coast Highway, Malibu, California 90265.

6. A copy of the Agreement of Merger will be furnished by the surviving corporation, on request and without cost, to any stockholder of either constituent corporation.

7. The merger of the constituent corporations shall be effective at 4:00 p.m., New York City time, on the date of filing of this Certificate of Merger with the Secretary of State of Delaware.

IN WITNESS WHEREOF, the undersigned has, by its duly authorized officer, executed this Certificate of Merger on this ____ day of _____, 2002.

TOYMAX INTERNATIONAL, INC.

By: _____
Name: Stephen G. Berman
Title: Vice President

SCHEDULE 5.4
TO
MERGER AGREEMENT

OPTION CONVERSION

(I) The exercise price and number of shares of JAKKS Stock subject to each JAKKS Option shall be determined in accordance with the following:

V = lower of (1) the Value of JAKKS Stock on the Closing Date with respect to the Stock Purchase Agreement and (2) the Value of JAKKS Stock on the Closing Date with respect to this Agreement

$$R = \frac{V}{4.50}$$

E = exercise price of JAKKS Option = R x exercise price of corresponding Toymax Option

$$N = \text{number of shares subject to JAKKS Option} = \frac{\text{Number of shares subject to corresponding Toymax Option}}{R}$$

(II) Notwithstanding the foregoing, if the aggregate number of shares of JAKKS Stock subject to JAKKS Options being granted as a result of the calculation set forth in (I), above, together with the aggregate number of shares of JAKKS Stock issued as part of the Purchase Price under the Stock Purchase Agreement and as part of the Merger Consideration under this Merger Agreement, would exceed the maximum number of shares of JAKKS Stock which could be issued without obtaining stockholder approval if and as required pursuant to the Nasdaq Rule (such maximum number, "M"), then the total number of shares of JAKKS Stock to be subject to JAKKS Options, the total number of shares of JAKKS Stock subject to each JAKKS Option to be granted pursuant to Section 5.4, and the exercise price of such JAKKS Options, shall each be subject to adjustment, in accordance with the following:

(A) The total number of shares of JAKKS Stock to be subject to JAKKS Options (T) shall be the excess of M over the aggregate number of shares of JAKKS Stock issued as part of the Purchase Price under the Stock Purchase Agreement and as part of the Merger Consideration under this Merger Agreement.

(B) The number of shares subject to a JAKKS Option (N') shall be determined by multiplying the number of shares subject to the JAKKS Option, calculated as set forth in (I), above, by F, where:

$$F = \frac{T}{\text{Aggregate number of shares of JAKKS Stock that would be subject to JAKKS Options, calculated as set forth in(I)}}$$

$$N' = N \times F$$

(C) Subject to (III), below, the adjusted exercise price of each JAKKS Option (E') shall be calculated in accordance with the following formula:

$$E' = V - (N/N' \times (V - E))$$

(III) Notwithstanding the foregoing, if the value of E' with respect to a JAKKS Option calculated as set forth in (II)(C), is less than $0.01, then: (i) E' shall be deemed to equal $0.01, (ii) the holder of the Toymax Option shall be entitled to receive N' JAKKS Options with an exercise price of $0.01, and (iii) JAKKS shall be required to pay to the holder of the applicable JAKKS Option cash in an amount calculated as follows:

$$\text{Cash Payment} = N' \times (\$0.01 - \text{actual value of } E')$$

EXHIBIT 3

TOYMAX INTERNATIONAL, INC.
125 EAST BETHPAGE ROAD
NEW YORK, NY 11803

March 11, 2002

JAKKS Pacific, Inc.
22619 Pacific Coast Highway
Malibu, CA 90265

Re: Stock Purchase Agreement

Ladies and Gentlemen:

Reference is made to the Stock Purchase Agreement (the "Stock Purchase Agreement"), dated as of February 10, 2002, by and among JAKKS Pacific, Inc., a Delaware corporation ("JAKKS"), Toymax International, Inc., a Delaware corporation (the "Company") and the shareholders of the Company listed on Schedule I thereto (the "Shareholders"). All capitalized terms that are used but not otherwise defined herein shall have the meanings ascribed to them in the Stock Purchase Agreement.

This letter shall confirm the understanding and agreement of the parties to the Stock Purchase Agreement with respect to the following matters:

1. JAKKS hereby waives the requirements of Section 5.15 of the Stock Purchase Agreement and the Company shall not be required to deliver or cause to be delivered to JAKKS a Lien Report or Reports on or prior to the Closing Date or at any time thereafter, notwithstanding anything to the contrary contained in the Stock Purchase Agreement.

2. Notwithstanding the provisions of Sections 5.10 and 7.2(c) of the Stock Purchase Agreement: (A) each of David Ki Kwan Chu, Steven A. Lebensfeld and Harvey Goldberg shall resign as directors of the Company, effective upon Closing; and (B) the remaining directors shall elect two of the then-existing members of JAKKS' board of directors (or their designees) to fill such vacancies.

3. Effective upon compliance with the applicable requirements of Section 14(f) of the Exchange Act: (A) the Shareholders shall deliver at Closing the resignations of two additional members of the Company's board of directors (other than any JAKKS directors elected in accordance with the preceding paragraph); (B) the number of directors constituting the entire board of directors of the Company shall be increased to eight (8); and (C) the board of

directors shall elect the remaining four members of JAKKS' then-existing board of directors (or their designees) who have not been elected to serve as directors of the Company to serve as the remaining four directors of the Company.

Except as amended hereby, all of the terms and provisions of the Stock Purchase Agreement shall remain unchanged and continue in full force and effect. If the foregoing correctly sets forth our agreement and understanding, please so indicate by signing and dating this letter in the space provided below.

Sincerely,

/s/ Steven A. Lebensfeld

Steven A. Lebensfeld
Chief Executive Officer

Accepted and Agreed to
as of the date set forth above,

BEST PHASE LIMITED

By: /s/ DAVID KI KWAN CHU

David Ki Kwan Chu
Title: President

HARGO (BARBADOS) LIMITED

By: /s/ GREGORY HINKSON

Name: Gregory Hinkson
Title: Director

By: CIBC BANK AND TRUST COMPANY (CAYMAN) LIMITED
Secretary

By: /s/ NEAL GRIFFITH

Neal Griffith
Authorized Signatory

By: /s/ SHERENE BLACKETT

Sherene Blackett
Authorized Signatory

JAKKS PACIFIC, INC.

By: /s/ JOEL M. BENNETT

Name: Joel M. Bennett
Title: Executive Vice President

/s/ STEVEN A. LEBENSFELD

Steven A. Lebensfeld

/s/ HARVEY GOLDBERG

Harvey Goldberg

TERMINATION AND REPLACEMENT OF MANUFACTURING AGREEMENT

Agreement dated March 11, 2002 entered into between and among JAUNTIWAY INVESTMENTS LIMITED, a Hong Kong private limited company with its offices at Units D-F, 26th Floor, CDW Building, 388 Castle Peak Road, Tsuen Wan, N.T, Hong Kong ("JI"), TAI NAM INDUSTRIAL COMPANY LIMITED, a Hong Kong private limited company with its offices at Units D-F, 26th Floor, CDW Building, 388 Castle Peak Road, Tsuen Wan, N.T., Hong Kong ("TN") and DAVID KI KWAN CHU and FRANCES SHUK KUEN LEUNG, individuals with their address at Units D-F, 26th Floor, CDW Building, 388 Castle Peak Road, Tsuen Wan, N.T, Hong Kong, (collectively referred to as the "Principals");

and

TOYMAX INTERNATIONAL, INC., a Delaware corporation with its offices at 125 E. Bethpage Road, Plainview, New York 11803, U.S.A., ("Toymax International"), TOYMAX (H.K.) LIMITED, a Hong Kong private limited company, with its offices at Units D-F, 26th Floor, CDW Building, 388 Castle Peak Road, Tsuen Wan, N.T., Hong Kong ("Toymax HK"); hereafter Toymax International and Toy Max HK are referred to collectively as the "Toymax Companies");

and

JAKKS PACIFIC, INC., a Delaware corporation with its offices at 22619 Pacific Coast Highway, Malibu, California , U.S.A. ("JAKKS"). The parties to this Agreement may also sometimes be referred to collectively as the "Parties" or single as a "Party."

W I T N E S S E T H :

WHEREAS, JI and TN, which are owned by the Principals, and the Toymax Companies are parties to a Manufacturing Agreement dated as of September 22, 1997, as amended by an Amendment dated as of April 1, 1999 that recites that it is an agreement between JI, TN and Toymax International and its subsidiaries (such Agreement as amended is referred to as the "Existing Manufacturing Agreement") pursuant to which JI agreed to manufacture products for the Toymax Companies ordered by TN as Agent for the Toymax Companies under certain Agency Agreements between TN and the Toymax Companies and their affiliates (the "Agency Agreements");

WHEREAS, concurrently herewith JAKKS has acquired a majority of the outstanding shares of capital stock of Toymax International, which is the parent company of the other Toymax Companies, from certain shareholders of Toymax International, including Best Phase Limited, a British Virgin Islands corporation owned by the Principals, pursuant to a Stock Purchase Agreement dated February __, 2002 (the "Stock Purchase Agreement");

WHEREAS, as a condition to such acquisition, JI, TN and the Toymax Companies agreed to terminate the Existing Manufacturing Agreement and enter into this Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged receipt of which is hereby acknowledged, the Parties hereto hereby agree as follows:

1. Termination of Existing Manufacturing Agreement. The Existing Manufacturing Agreement is hereby terminated as of the date hereof and replaced in its entirety by this Agreement. JI, the Principals and each of the Toymax Companies represents and warrants to JAKKS that there are no other agreements, understandings or undertakings between or among JI and any of the Toymax Companies or any of their respective Affiliates (as defined below) that provide for JI to manufacture products for the Toymax Companies or their respective Affiliates or for TN under the Agency Agreements, or otherwise as agent for the Toymax Companies, or with any other Person acting as agent for the Toymax Companies, and, to the extent that any such agreements, understandings or undertakings exist, they are hereby terminated. JI and the Toymax Companies agree that with the exception of open purchase orders issued to TN by the Toymax Companies under the Agency Agreements, which are deemed assigned by TN to Toymax International upon termination of the Agency Agreements under the agreement being executed concurrently herewith by JAKKS, TN and certain Toymax Companies, they have no claims against one another under the Existing Manufacturing Agreement.

2. Definitions. As used in this Agreement, the following terms shall have the meanings set forth below:

a. "Affiliate" of a Person means another Person directly or indirectly controlling, controlled by, or under common control with, such Person; for this purpose, "control" of a Person means the power (whether or not exercised) to direct the policies, operations or activities of such Person by virtue of the ownership of, or right to vote or direct the manner of voting of, securities of such Person, or pursuant to agreement or law or otherwise.

b. "Current Toymax Product Line" means the Existing Toymax Products and any Modified Toymax Product.

c. "Books and Records" means all customer lists, account records, pricing information, sales literature, promotional literature and all other books and records, files, invoices, supplier lists, and contracts relating to the Products that JI produced for the Toymax Companies under the Manufacturing Agreement, including all documents, computer software or other tangible expression of the Tools, Molds and Specifications (subject to Section 10 of this Agreement) or the Trade Rights.

d. "Competitive Product" means any product that is substantially identical to (i) a product sold by the Toymax Companies within the three (3) year period prior to the date hereof (with the exception of products known as "Snapshots" and products sold by Toymax International's Candy Planet and Monogram divisions), or (ii) a product sold by the Toymax Companies after the date hereof through the end of the term of this Agreement, or (iii) a product sold or marketed by JAKKS or its other Affiliates after the date hereof through the end of the term of this Agreement.

e. "Existing JAKKS Products" means the products being sold or marketed by JAKKS and its Affiliates as of the date hereof and any extension, adaptation, redesign, or reconfiguration of an Existing JAKKS Product.

f. "Existing Toymax Products" means the products identified on the

Product and Price List manufactured by JI for the Toymax Companies as of the date hereof.

g. "JI & TN Manufacturing Trade Right" means a patent, or know-how, inventions, trade secrets, technical process or proprietary right relating to manufacturing processes employed by JI and TN in its business and that (A) were conceived or invented by JI or TN independently of the Toymax Companies prior to the date hereof and which have not become generally known in the industry or are not otherwise in the public domain, or (B) are conceived or invented by JI or TN after the date hereof independently of JAKKS and its Affiliates (including the Toymax Companies) and are not and do not become generally known in the industry or otherwise become part of the public domain.

h. "Modified Toymax Product" means an Existing Toymax Product the Specifications for which are modified by the Toymax Companies, JAKKS or its other Affiliates (provided such modification is agreed to by JI) after the date hereof, and any extension, adaptation, redesign, or reconfiguration of an Existing Toymax Product.

i. "New Product Manufacturing Terms" has the meaning provided for in Section 3(c) of this Agreement.

j. "New Products" means products other than the Existing Toymax Products and the Existing JAKKS Products, first proposed to be manufactured by the Toymax Companies, JAKKS or its other Affiliates after the date hereof.

k. "Person" includes without limitation a natural person, corporation, joint stock company, limited liability company, partnership, joint venture, association, trust, Governmental Authority, or any group of the foregoing acting in concert.

l. "Product and Price List" means the list attached as Exhibit A identifying all Existing Toymax Products that are currently being manufactured by JI for the Toymax Companies or for TN under the Existing Manufacturing Agreement and the prices being charged for such Products by JI.

m. "Product Vendee" means the Toymax Company or JAKKS or its other Affiliate ordering a Product from JI under this Agreement.

n. "Products" means New Products, Existing Toymax Products, Modified Toymax Products and the Existing JAKKS Products.

o. "Significant Amount" with respect to a New Product means at least twenty (20%) percent of the aggregate production of such New Product.

p. "Specifications" means descriptive, quantitative and qualitative criteria agreed to in writing prior to production by JI and JAKKS or a Product Vendee for the manufacture of Products.

q. "Tools, Molds and Specifications" means any tools, molds, designs, prototypes, blueprints, drawings, Specifications, and the like developed or

otherwise produced in connection with the design, manufacture and marketing of the Products.

r. "Trade Right" means a patent, claim of copyright, trademark, trade name, brand name, service mark, logo, symbol, trade dress or design, or representation or expression of any thereof, or registration or application for registration thereof, or any other invention, trade secret, technical information, know-how, proprietary right or intellectual property developed, conceived of, invented or otherwise produced in connection with the design, manufacture and marketing of the Products.

3. Manufacture of Products.

a. JI shall use its commercially reasonable efforts to conduct such preparations, validations, testing and analyses, as shall enable it to manufacture Products pursuant to this Agreement according to the Specifications agreed to in writing by the Parties.

b. JAKKS and the Toymax Companies shall continue to use JI to manufacture the Existing Toymax Products in accordance with the Specifications in effect for the Existing Toymax Products and the prices identified in the Product and Price List, subject to the provisions of Section 4. The quantity of Existing Toymax Products ordered by the Toymax Companies or JAKKS shall be determined by JAKKS in its discretion, provided, however, that JAKKS agrees that JI shall have the exclusive right to manufacture all Products in the Current Toymax Product Line provided that JI meets JAKKS delivery requirements (and JI agrees to use reasonable commercial efforts to comply with JAKKS' delivery requirements, provided that JI shall not be required to agree to deliver Products in less than 28 days, and (i) for Products incorporating computer chips or Integrated circuits, such longer period as is reasonably required to obtain such chips or integrated circuits, but no longer than prevailing industry availability for such component, and (ii) for Products incorporating other components from dedicated third party suppliers, such longer lead time as reasonably required to obtain such components, but no longer than prevailing industry availability for such component), and that JI is otherwise in accordance with the provisions of this Agreement. In the event that JAKKS or the Product Vendee desires to manufacture a Modified Toymax Product, then such commitment is subject to agreement between JI and JAKKS or the Product Vendee, as the case may be, upon the price, Specifications, quantities and delivery dates for such Modified Toymax Product.

c. After the date hereof, JAKKS agrees to use commercially reasonable efforts to order from JI or arrange for the Toymax Companies or other of JAKKS' Affiliates to order from JI a Significant Amount of New Products, provided that (i) agreement can be reached with JI on the prices, Specifications, quantities, and delivery dates (collectively referred to as the "New Product Manufacturing Terms") for such New Products, and (ii) that the quality of Products delivered by JI after the date hereof is at least equal to the quality of Existing Toymax Products manufactured by JI under the Existing Manufacturing

Agreement prior to the date hereof. If JI and JAKKS or its Affiliate do not reach agreement on the price for such New Product, and JAKKS or one of its Affiliates obtains a more favorable price for such New Product from another third party manufacturer, then, provided that JI has previously manufactured that generic type of product for JAKKS or its Affiliates (including the Toymax Companies), then JAKKS or an Affiliate shall give notice to JI of such competitive price and the other New Product Manufacturing Terms on which such third party manufacturer was willing to manufacture the New Product, and if JI advises JAKKS or its Affiliate within one (1) business day that JI agrees to manufacture such New Product on such New Product Manufacturing Terms, then JAKKS will place such order for such New Product with JI (and the amount so ordered shall be included in the calculation of Significant Amount); the rights conferred upon JI in this sentence shall not in any way be deemed to expand, modify, or otherwise affect the obligations of JAKKS undertaken in the first sentence of this paragraph.

4. Purchase Prices.

a. PAYMENT. Payment for Products shall be made within thirty (30) days after shipment by JI of such Product to the Product Vendee, at the purchase price identified on the Product and Price List, if an Existing Toymax Product, or the purchase price agreed to in accordance with this Agreement for any Modified Toymax Product or New Product, subject to the provisions of paragraph (b) of this Section 4.

b. COMPETITIVE AND MOST FAVORED CUSTOMER PRICING.

i. JI agrees that if any of the prices for the Existing Toymax Products are not competitive with the prices for the same products, quality and quantity that could be arranged by JAKKS with other third party manufacturers on an arms-length basis, such prices shall be adjusted to reflect such competitive price, provided JAKKS gives notice to JI and evidence of such other competitive price.

ii. JI agrees that the prices for any Products (including Modified Toymax Product and New Products) ordered by JAKKS or its Affiliates or the Toymax Companies after the date hereof shall be no greater than the prices charged by JI to the Toymax Companies or TN under the Agency Agreements for the same or substantially the same products prior to the date hereof.

iii. JI agrees that in connection with setting and adjusting all pricing and other terms (including quantity) for any Products (including Modified Toymax Products and New Products) ordered by the Toymax Companies or JAKKS and its other Affiliates after the date hereof, such pricing and terms shall be no less favorable than the prices charged and terms given by JI to its most credit-worthy, largest and favored customers for similar products and terms, including quantity.

iv. After a purchase order placed by a Product Vendee has been

accepted by JI, such purchase order and the Specifications for the Product covered by such purchase order may not be changed without the approval of JI and the Product Vendee.

c. ADJUSTMENT OF CURRENT PRICES. JI's prices for the Existing Products shall remain in effect for the balance of 2002, and thereafter JI may give ninety (90) days prior written notice to JAKKS of an increase in any such price resulting from increases in JI's cost of materials, provided, however that if JAKKS thereafter gives notice to JI that such increased price is not competitive with the price for such Product that could be arranged by JAKKS with other third party manufacturers on an arms-length basis, and JI does not agree to meet such competitive price within one (1) business day after notice from JAKKS of such competitive price, JAKKS shall have the right to terminate this Agreement with respect to such Existing Product.

5. Delivery of Products.

a. Products shall be delivered to the Product Vendee F.O.B. the ports of Yien Tien (PRC) or Hong Kong or as otherwise agreed by JI and the Product Vendee. JI shall arrange with a common carrier to ship the quantity of Product covered by such order to the location selected by the Product Vendee.

b. Upon delivery of a Product in accordance with an order, JI shall present the Product Vendee with an invoice for the quantity of the Product covered thereby, in each case at a purchase price determined pursuant to the terms of Section 4.

c. Payments to JI shall be made in U.S. Dollars. The Product Vendee shall not be required to provide a letter of credit or any other security to JI in connection with this Agreement or any purchase order.

d. Any foreign, federal, state, county or municipal sales or use tax, excise or similar charge, or any other tax assessment (other than that assessed against income), or other charge lawfully assessed or charged by any governmental agency or authority on the sale, use or transportation of any Product delivered to a Product Vendee pursuant to this Agreement shall be immediately paid by the Product Vendee at the time of payment of the related invoice for such Product or when required by applicable law.

6. Confidentiality.

a. During the term of this Agreement, any disclosure to JI or the Principals and their respective Affiliates (a "recipient") of proprietary know how and other data and information concerning each and all of the Products ("Confidential Information") by the Toymax Companies, JAKKS or its other Affiliates (a "disclosing party") is made on the following terms:

i. The recipient will receive, maintain and hold Confidential Information in strict confidence and will use the same level of care in safeguarding it that it uses with its own confidential material of a similar

nature;

ii. The recipient will take all such steps as may be reasonably necessary to prevent the disclosure of Confidential Information; and

iii. The recipient will not utilize Confidential Information, other than strictly for meeting its obligations hereunder, and other than JI & TN Manufacturing Trade Rights, without first having obtained the disclosing party's written consent to such utilization.

b. The commitments set forth in paragraph 6(a) shall not extend to any portion of Confidential Information:

i. which was or becomes (through no fault of the recipient in breach of its obligations under this Agreement) generally available to the public;

ii. which is known to the recipient prior to disclosure or was independently developed by the recipient (excluding information regarding the Toymax Companies which would otherwise be Confidential Information that was disclosed to JI or the Principals under the Existing Manufacturing Agreement, or that was disclosed to either of the Principals in connection with their acting as a director, shareholder, or employee of any of the Toymax Companies or their predecessors or respective Affiliates and excluding any other non-public information concerning Existing Toymax Products or New Products under development by or for the Toymax Companies, JAKKS or its other Affiliates);

iii. which was not acquired, directly or indirectly and/or in any manner, from the disclosing party or any of its Affiliates and which the recipient lawfully had in its possession prior to the date of this Agreement;

iv. which, hereafter, through no act or omission on the part of the recipient, becomes information generally available to the public.

c. At any time upon written request by the disclosing party, (i) the Confidential Information, including any copies, shall be returned to the disclosing party, and (ii) all Books and Records and Tools, Molds and Specifications (subject to the provisions of Section 10 of this Agreement) and any other material whatsoever developed by the recipient which relates to such Confidential Information, including all copies and/or any other form of reproduction and/or description thereof made by the recipient, shall, at the disclosing party's option, be returned to the disclosing party or destroyed.

d. In the event that a recipient or any of its employees, directors, or representatives become legally compelled (by deposition, interrogatory, request of documents, subpoena, civil investigative demand or similar process) to disclose any of the Confidential Information, the recipient or other such person referred to above from whom such Confidential Information is being sought shall provide JAKKS and the disclosing party with prompt prior written notice of such requirement so that it may seek a protective order or other appropriate remedy

and/or waive compliance with the terms of this Agreement. In the event that such protective order or other remedy is not obtained, or JAKKS waives compliance with the provisions hereof, the person required to provide such information agrees to furnish only such portion of the Confidential Information which is legally required to be furnished.

7. Manufacturing Standards and Quality Assurance.

a. Prior to commencement of manufacture of a New Product or a Modified Toymax Product, JI shall provide a sample or prototype of each Product for approval by JAKKS, the Toymax Company, or JAKKS' other Affiliate ordering such Product, and the entity ordering the Product shall notify JI of its approval, or the reasons for its disapproval, within a reasonable period of time after delivery of the sample or prototype. Prior to any initial shipment of a Product by JI, or as otherwise requested by JAKKS or the Product Vendee, JI shall provide the Product Vendee with samples of such Product for inspection and approval. In addition, JI shall have each of the Products tested in accordance with the testing procedures described in the applicable Specifications and shall provide JAKKS or the Product Vendee, at JAKKS or the Product Vendee's expense, with a certificate of compliance from an independent certified testing laboratory approved by JAKKS or the Product Vendee.

b. JAKKS or the Product Vendee shall provide to JI written notice of rejection of any shipment of Products if the subject Products do not meet the Specifications. In order to permit a timely and accurate investigation by JI, JAKKS or the Product Vendee shall provide supporting evidence in its possession on which JAKKS or the Product Vendee has based such belief.

c. If the Parties disagree with respect to whether a shipment of Product does not conform to the Specifications (a "Non-Conforming Product"), the Parties agree that the Product in question shall be submitted for testing to an independent testing laboratory acceptable to JI and JAKKS or the Product Vendee. The determination of such independent laboratory as to whether such Product meets and will continue to meet all Specifications will be binding on both parties with respect to the Product Vendee's right to return the shipment hereunder and refusal to pay the applicable Purchase Price. The cost related to such testing will be paid by the party who was in error with respect to whether the Product was a Non-Conforming Product.

d. Within a reasonable period of time after a determination that a Product is a Non-Conforming Product by (i) the mutual consent of the Parties, or (ii) an independent testing laboratory as provided above, JI shall issue a credit to the Product Vendee in an amount equal to the sum of (x) the amount invoiced to and paid by the Product Vendee for the manufacturing and processing of such Non-Conforming Product, unless such Product is replaced, (y) any applicable freight charges invoiced to and paid by the Product Vendee for the shipment of such Non-Conforming Product, and (z) any applicable transit, insurance premium, taxes, duties or other similar costs related to the Non-Conforming Product. If there is any outstanding credit to the Product Vendee upon the termination or expiration of this Agreement, JI shall reimburse the Product Vendee in the

amount of such credit within thirty (30) calendar days after such termination or expiration. EXCEPT AS OTHERWISE PROVIDED IN THIS AGREEMENT, THE ONLY WARRANTY PROVIDED BY JI TO THE PRODUCT VENDEE WITH RESPECT TO THE PRODUCTS SHIPPED UNDER THIS AGREEMENT IS THAT THE PRODUCT CONFORMS IN ALL RESPECTS TO THE SPECIFICATIONS ON THE DATE OF SHIPMENT, AND THE PRODUCT VENDEE EXPRESSLY WAIVES ANY EXPRESS OR IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. In the event that a Product does not conform to the Specifications, then other than the rights to terminate this Agreement as provided in this Agreement, the sole remedy of the Product Vendee is the credit or replacement provided for in this paragraph. In the event of repeated instances of non-conformance of Products to the Specifications, the Product Vendee shall have the right to require a credit rather than replacement. If JI determines that repair or replacement of a Non-Conforming Product is not commercially feasible, then, at its option, JI shall provide the Product Vendee the credit provided for in this paragraph rather than repair or replacement.

e. The Product Vendee shall have the right, at reasonable times, and on reasonable prior notice, to inspect and arrange for its licensees or representatives to inspect, JI's manufacturing facilities, provided the frequency of such inspection by Persons other than JAKKS or the Product Vendee does not unreasonably interfere with JI's business or operations.

8. Term and Termination.

a. This Agreement shall have a term commencing on the date hereof and ending on the close of business in New York, NY on the third anniversary hereof. JAKKS shall have the right to terminate this Agreement with respect to a particular Product, upon twenty (20) days' prior written notice to JI, in the case of non-electronic Products, and thirty (30) days prior written notice to JI, in the case of electronic Products, in the event JI shall fail to supply the Product Vendee that particular Product within twenty (20) days of the requested supply date set forth in the purchase order for non-electronic Products and thirty (30) days of the requested supply date set forth in the purchase order for electronic Products, provided, however, that in the exercise of its discretion JAKKS or the Product Vendee may determine to accept such late shipment.

b. JI or JAKKS may terminate this Agreement by giving written notice thereof to the other Party in the event that the other Party shall have breached or defaulted in any material respect in the performance of an obligation imposed on such other Party hereunder (including non-payment by the Product Vendee in accordance with paragraph 4(a) above and failure to comply with the pricing requirements of paragraph 4(b)); provided that the non-breaching Party shall have notified the breaching Party in writing of such breach or default, advising of the nature of the breach or default, and within ten (10) calendar days after the date of such notice in the case of monetary defaults and thirty (30) calendar days after the date of such notice in the case of non-monetary defaults, the breaching Party shall not have cured such breach or default. For purposes of this paragraph,

notices may be given or received by JAKKS on behalf of the Toymax Companies.

c. If this Agreement is terminated pursuant to the provisions of this Article 8, the Parties shall be bound by the following provisions:

i. Except with respect to Non-Conforming Products, all pending orders placed by the Product Vendee on or before receipt of a notice of termination for the Products shall be fulfilled by JI and delivered on the supply dates requested by the Product Vendee, be paid for in accordance with the terms and provisions hereof and with respect to quality remain subject to the provisions hereof, except where this Agreement has been terminated by JI as a result of a material breach by JAKKS or the Product Vendee such as non-payment, in which event fulfillment of such purchase orders shall be at the option of JI, and if such purchase orders are not fulfilled in accordance with their terms, the Product Vendee shall have no further obligation to make payment for such pending orders.

ii. After this Agreement is terminated, all Confidential Information shall be returned by the recipients to the disclosing parties as set forth in Section 6 of this Agreement.

9. Restrictive Covenant. From and after the date hereof and the later of December 31, 2004 or one (1) year following the termination or expiration of this Agreement, neither JI nor the Principals shall, directly or indirectly through any Affiliate or other intermediary (a) manufacture, produce, sell, market or otherwise promote any Competitive Product or serve as a partner, member, manager, director, officer or employee of, or consultant or advisor to, or in any manner own, control, manage, operate or otherwise participate or invest in, or be connected with any Person that engages in the marketing or sale of Competitive Products, or authorize the use of its or their name in connection therewith, or (b) for itself, or himself or herself, or on behalf of any other Person, employ, engage or retain any Person who at any time during the preceding 12-month period shall have been an employee of any of the Toymax Companies or JAKKS or its other Affiliates, or contact any supplier within the United States, Hong Kong or People's Republic of China, or any customer or employee of the Toymax Companies, JAKKS or its other Affiliates for the purpose of soliciting customers for the sale of Competitive Products or persuading any such supplier or customer to cease doing or reduce the amount of business being done with, or persuading such employee to cease being employed by a Toymax Company, JAKKS or its other Affiliates. The foregoing provisions notwithstanding, JI or the Principals may invest its or his funds in securities of an issuer if the securities of such issuer are listed for trading on a registered securities exchange or actively traded in the over-the-counter market and JI's and the Principals' and their Affiliates aggregate holdings therein represent less than 1% of the total number of shares or principal amount of the securities of such issuer then outstanding.

JI and each of the Principals acknowledges that the provisions of this Section, and the period of time, lack of any specific geographic area given the international nature of the business of JAKKS and its Affiliates, and the scope and type of restrictions on their activities set forth herein, are reasonable and necessary for the protection of JAKKS and its Affiliates are an essential inducement to JAKKS entering into this Agreement and the Stock Purchase Agreement and

acquiring shares of common stock of Toymax International from Best Phase Limited and the other shareholders selling their shares to JAKKS pursuant to the Stock Purchase Agreement. The Principals, JI & TN each acknowledges that the type of services that they and it have performed for Toymax International and its Affiliates were of an intellectual and technical character that required the disclosure of confidential and proprietary information of Toymax International and its Affiliates to them and resulted in the creation by them of information which is confidential and proprietary to Toymax International and its Affiliates, and accordingly that the restrictive covenants contained herein are necessary in order to protect and maintain the business and assets and goodwill of Toymax International, whose shares are being purchased by JAKKS. The Principals, JI & TN each acknowledges that the business of Toymax International and its Affiliates extends beyond the geographic area of the State of New York, U.S.A. and of Hong Kong and accordingly, it is reasonable that the restrictive covenants set forth above are not limited by specific geographic area but by the location of the suppliers and customers of Toymax International and its Affiliates. The Principals, JI, and TN each acknowledges that the remedy at law for any breach of this agreement by them will be inadequate and that, accordingly, Toymax International shall, in addition to all other available remedies (including without limitation seeking such damages as it can show it has sustained by reason of such breach), be entitled to injunctive relief without being required to post bond or other security and without having to prove the inadequacy of the available remedies at law.

10. Ownership of Trade Rights, and Tools, Molds, Designs, etc.

a. ACKNOWLEDGMENT BY JI, TN AND THE PRINCIPALS. JI, TN and the Principals acknowledges and agrees that (i) all of the Trade Rights (subject to the provisions of paragraph 10(b) regarding the JI & TN Manufacturing Trade Rights) are the sole property of the Toymax Companies or the Product Vendee, as the case may be, and (ii) they have no interest in or claim to any of the Tools, Molds and Specifications (other than tools and molds relating to the Existing Toymax Products in an immaterial amount not exceeding $100,000.00 in the aggregate now owned by JI and TN), developed, conceived and produced in connection with the design, manufacture and marketing of the Products by them prior to and after the date hereof subject to payment by the Toymax Companies or the Product Vendee of any outstanding invoice for tools and molds as reflected on the books and records of the Toymax Companies prior to or after the date hereof. JI, TN and the Principals represent and warrant to JAKKS and the Toymax Companies that they have received payment in full of all amounts due to them for all of the Tools, Molds and Specifications used by JI or TN in connection with the manufacture of the Existing Toymax Products and all other products manufactured by JI or TN for the Toymax Companies and their Affiliates within the past five (5) years (other than tools and molds relating to the Existing Toymax Products in an immaterial amount not exceeding $100,000.00 in the aggregate now owned by JI and TN.)

b. "WORKS FOR HIRE". JI and the Principals each acknowledges and agrees that for all purposes of U.S. and foreign Copyright Laws the Trade Rights and any inventions, discoveries, enhancements or improvements to any tangible or intangible property, with respect to the Products manufactured by JI for the Toymax Companies or TN under the Existing Manufacturing Agreement and this Manufacturing Agreement (for the purposes of this paragraph all of the foregoing

is collectively referred to as the "Work", but excluding therefrom any JI & TN Manufacturing Trade Right), and any and all elements thereof, shall be deemed to constitute "works for hire", belonging to the Toymax Companies, JAKKS or its other Affiliates acting as the Product Vendee, within the meaning of Title 17, United States Code, Section 101, and any comparable provisions of the law of any other jurisdiction, such that all right, title and interest therein, including, without limitation, copyrights and exclusive rights under copyright, vest in the Toymax Companies, JAKKS or its other Affiliates acting as the Product Vendee. JI and the Principals each hereby transfers and conveys to the Toymax Companies the exclusive, world-wide, royalty-free, paid-up right to exploit, use, develop, license the Work, and any improvements thereto or derivatives thereof; and the exclusive right, title and interest in and to all inventions, improvements, patent applications and letters patent, "know-how", and all intellectual property and other rights, tangible or intangible, which relate to or are based upon or derived from the Work; and to all information, documents, and specifications that relate to the Work. If the Work or any of the elements thereof is deemed not to be "works for hire" within the meaning of Title 17, United States Code, Section 101, then by its signature below JI and each of the Principals hereby assigns and transfers to the Toymax Companies, JAKKS or its other Affiliates acting as the Product Vendee with respect to any Product or prospective Product to which the Work relates all right, title and interest in and to the Work, including rights throughout the world for good and valuable consideration, receipt of which JI and each of the Principals hereby acknowledges. Notwithstanding the foregoing, (i) if any manufacturing process used by JI in the manufacture of any Product under this Agreement or the Existing Manufacturing Agreement that would otherwise constitute part of the Work, becomes part of the public domain, JI shall have a perpetual, non-exclusive, royalty-free right to use such process in its manufacturing operations commencing one (1) year after it first becomes part of the public domain, and (ii) subject to the restrictive covenants in Section 9 of this Agreement, as between or among the Parties, no Party shall have any claim to any other manufacturing process not described in clause (i) or other intellectual property right generally known in the toy industry or otherwise in the public domain.

c. GRANT OF LICENSE TO JI & TN MANUFACTURING TRADE RIGHT. JI and TN hereby grant to JAKKS and its Affiliates, including the Toymax Companies, a perpetual, non-exclusive, royalty-free right to exploit, use, and sub-license in their respective businesses any JI & TN Manufacturing Trade Right invented or conceived prior to the date hereof.

11. Miscellaneous.

a. LIMITATION OF AUTHORITY. No provision hereof shall be deemed to create any partnership, joint venture or joint enterprise or association among the parties hereto, or to authorize or to empower any party hereto to act on behalf of, obligate or bind any other party hereto.

b. FEES AND EXPENSES. Each party hereto shall bear such fees and expenses as may be incurred by it in connection with this Agreement.

c. FORCE MAJEURE. Any delay in or failure of the performance of any of the duties or obligations of a Party hereto (except the payment of money owed) shall not be considered a breach of this Agreement and the time required for performance shall be extended for a period equal to the period of such delay, provided that such delay has been caused by or is the result of any acts of God; act of the public enemy; insurrections; war; riots; embargoes; labor disputes, including strikes, lockouts, job actions or boycotts; fires; explosions; floods; shortages of material or energy; delay in transportation; any discontinuance of the manufacture, distribution, sale; or other unforeseeable causes beyond the control and without the fault or negligence of the Party so affected. The Party so affected shall give prompt notice to the other Party of such cause, and shall take whatever steps are necessary to relieve the effect of such cause as rapidly as possible. Notwithstanding the foregoing, if such period of delay exceeds thirty (30) days, then such delay may be considered a breach of this Agreement and the extension of time for performance shall cease at the end of such thirty (30) day period.

d. NOTICES. Any Notice or demand required or permitted to be given or made hereunder to or upon any party hereto shall be deemed to have been duly given or made for all purposes if (a) in writing and sent by (i) messenger or an overnight courier service against receipt, or (ii) certified or registered mail, postage paid, return receipt requested, or (b) sent by telegram, telecopy (confirmed orally), telex or similar electronic means, provided that a written copy thereof is sent on the same day by postage-paid first-class mail, to such party at the following address:

to JAKKS or the Toymax Companies:

22619 Pacific Coast Highway
Malibu, California 90265
Attn: President
Fax: (310) 456-7099

with a copy to:

Feder, Kaszovitz, Isaacson,
Weber, Skala, Bass & Rhine LLP
750 Lexington Avenue
New York, New York 10022
Attn: Murray L. Skala, Esq.
Fax: (212) 888-7776

to JI, or TN, or the Principals, at:

Units D-F, 26th Floor, CDW Building
388 Castle Peak Road
Tsuen Wan, N.T, Hong Kong
Attn: David Chu
Fax: 852-2415-8107

with a copy to:

Ettelman & Hochheiser, P.C.
100 Quentin Roosevelt Boulevard
Garden City, New York 11530
Attn: Gary Ettelman, Esq.
Fax: (516) 227-6307

or such other address as any party hereto may at any time, or from time to time, direct by Notice given to the other parties in accordance with this Section. Except as otherwise expressly provided herein, the date of giving or making of any such Notice or demand shall be, in the case of clause (a) (i), the date of the receipt; in the case of clause (a) (ii), three business days after such Notice or demand is sent domestically within the United States of America and seven business days after such Notice or demand is sent internationally; and, in the case of clause (b), the business day next following the date such Notice or demand is sent.

e. AMENDMENT. Except as otherwise expressly provided herein, no amendment of this Agreement shall be valid or effective, unless in writing and signed by or on behalf of the parties hereto.

f. WAIVER. No course of dealing or omission or delay on the part of any party hereto in asserting or exercising any right hereunder shall constitute or operate as a waiver of any such right. No waiver of any provision hereof shall be effective, unless in writing and signed by or on behalf of the party to be charged therewith. No waiver shall be deemed a continuing waiver or waiver in respect of any other or subsequent breach or default, unless expressly so stated in writing. Any additional or different terms stated by a Party in any proposal, quotation, purchase order, confirmation, sales order, invoice, acceptance document, acknowledgment or other document, and any terms that are inconsistent with or in variance with the terms and conditions in this Agreement, shall be of no force and effect. No course of dealing, usage of trade or course of performance shall be relevant to explain, supplement or modify any express provisions of this Agreement. A Party's failure to object to any such provision contained in any communication from the other Party shall not be deemed to be an acceptance thereof or a waiver of that party's rights and remedies hereunder.

g. GOVERNING LAW. The parties acknowledge and agree that this Agreement shall be a contract made in the United States, State of New York. All questions pertaining to the validity, construction, execution and performance of this Agreement shall be construed and governed in accordance with the domestic laws of the State of New York (including, without limitation, the UCC), without giving effect to principles of (i) comity of nations or (ii) conflicts of law, and this Agreement shall not be governed by the provisions of the U.N. Convention on Contracts for the International Sale of Goods. Each party to this Agreement submits to the jurisdiction of the courts of the State of New York, located in New York County, New York, United States of America, and to the jurisdiction of the United States District Court for the Southern District of New York, New York, New York, United States of America with respect to any matter arising out of this Agreement, waives any objection to venue in the Counties of New York,

State of New York, or such District, and agrees that service of any summons, complaint, Notice or other process relating to such proceeding may be effected in the manner provided by Paragraph 10(d) hereof. If service of process is required to be made within the United States of America, JI, TN, and each of the Principals appoint as their agent for service of any process the firm of Ettelman & Hochheiser, P.C., 100 Quentin Roosevelt Boulevard, Garden City, New York 11530.

h. DAMAGE LIMITATION. No Party shall be liable to the other for punitive, exemplary or special damages, with the exception of damages for breach of the provisions of Section 6, Section 9 and Section 10, as to which no such limitation shall apply.

h. REPRESENTATION REGARDING TOYMAX (BERMUDA) LIMITED. JI represent and warrant that Toymax (Bermuda) Limited, an exempted company organized under the laws of Bermuda and a party to the Existing Manufacturing Agreement, has been dissolved.

i. SEVERABILITY. The provisions hereof are severable and in the event that any provision of this Agreement shall be determined to be invalid or unenforceable in any respect by a court of competent jurisdiction, the remaining provisions hereof shall not be affected, but shall, subject to the discretion of such court, remain in full force and effect, and any invalid or unenforceable provision shall be deemed, without further action on the part of the parties hereto, amended and limited to the extent necessary to render the same valid and enforceable.

j. COUNTERPARTS. This Agreement may be executed in counterparts, each of which shall be deemed an original and which together shall constitute one and the same agreement.

k. FURTHER ASSURANCES. Each party hereto shall promptly execute, deliver, file or record such agreements, instruments, certificates and other documents and perform such other and further acts as any other party hereto may reasonably request or as may otherwise be reasonably necessary or proper, to carry out the provisions of this Agreement.

l. BINDING EFFECT. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. This Agreement is not intended, and shall not be deemed, to create or confer any right or interest for the benefit of any Person not a party hereto.

m. ASSIGNMENT. JI's obligations under this Agreement may not be assigned without the prior written consent of JAKKS, and any purported assignment without such consent shall be void and without effect.

n. TITLES AND CAPTIONS. The titles and captions of the Articles and Sections of this Agreement are for convenience of reference only and do not in any way define or interpret the intent of the parties or modify or otherwise affect any of the provisions hereof.

o. GRAMMATICAL CONVENTIONS. Whenever the context so requires, each pronoun or verb used herein shall be construed in the singular or the plural sense and each capitalized term defined herein and each pronoun used herein shall be construed in the masculine, feminine or neuter sense.

p. REFERENCES. The terms "herein," "hereto," "hereof," "hereby" and "hereunder," and other terms of similar import, refer to this Agreement as a whole, and not to any Article, Section or other part hereof.

q. NO PRESUMPTIONS. Each party hereto acknowledges that it has participated, with the advice of counsel, in the preparation of this Agreement. No party hereto is entitled to any presumption with respect to the interpretation of any provision hereof or the resolution of any alleged ambiguity herein based on any claim that any other party hereto drafted or controlled the drafting of this Agreement.

r. EXHIBITS AND SCHEDULES. Any Exhibits and Schedules hereto are an integral part of this Agreement and are incorporated in their entirety herein by this reference.

s. ENTIRE AGREEMENT. This Agreement embodies the entire agreement of the parties hereto with respect to the subject matter hereof and supersedes all prior agreements, commitments or arrangements relating thereto.

IN WITNESS WHEREOF, the parties by their respective duly authorized officers, have duly executed this Agreement as of the date set forth in the Preamble hereto.

JAUNTIWAY INVESTMENTS LIMITED

By: /s/ DAVID KI KWAN CHU

Name: David Ki Kwan Chu
Title:

TOYMAX INTERNATIONAL INC.

By: /s/ MICHAEL SABATINO

Name: Michael Sabatino
Title: CFO

TAI NAM INDUSTRIAL COMPANY LIMITED

By: /s/ DAVID KI KWAN CHU

Name: David Ki Kwan Chu
Title:

JAKKS PACIFIC, INC.

By: /s/ JOEL M. BENNETT

Name: Joel M. Bennett
Title: Exec. V.P./C.F.O.

TOYMAX (H.K.) LIMITED

By: /s/ DAVID KI KWAN CHU

Name: David Ki Kwan Chu
Title:

David Ki Kwan Chu and Frances Shuk Kuen Leung sign the foregoing Agreement for the purpose of agreeing to the provisions of Sections 1, 6, 9,10 and 11 thereof.

/s/ DAVID KI KWAN CHU

David Ki Kwan Chu

/s/ FRANCES SHUK KUEN LEUNG

Frances Shuk Kuen Leung

EXHIBIT A

PRODUCT AND PRICE LIST
of Existing Toymax Products

EXHIBIT 5

TERMINATION OF AGENCY AGREEMENTS AND STOCK OPTIONS

Agreement dated March 11, 2002 entered into between and among TAI NAM INDUSTRIAL COMPANY LIMITED, a Hong Kong private limited company with its offices at Units D-F, 26th Floor, CDW Building, 388 Castle Peak Road, Tsuen Wan, N.T., Hong Kong ("TN") and DAVID KI KWAN CHU and FRANCES SHUK KUEN LEUNG, individuals with their address at Units D-F, 26th Floor, CDW Building, 388 Castle Peak Road, Tsuen Wan, N.T., Hong Kong (collectively referred to as the "Principals");

and

TOYMAX INTERNATIONAL, INC., a Delaware corporation with its offices at 125 E. Bethpage Road, Plainview, New York 11803, U.S.A. ("Toymax International"), TOY MAX (H.K.) LIMITED, a Hong Kong private limited company, with its offices at Units D-F, 26th Floor, CDW Building, 388 Castle Peak Road, Tsuen Wan, N.T., Hong Kong ("Toymax HK"), TOYMAX INC., a New York corporation ("Toymax NY") with its offices at 125 E. Bethpage Road, Plainview, New York 11803, U.S.A., FUNNOODLE INC., a Delaware corporation with its offices at 125 E. Bethpage Road, Plainview, New York 11803, U.S.A., U.S.A., ("FN"), FUNNOODLE (HK) LIMITED, a Hong Kong private limited company, with its offices at Units D-F, 26th Floor, CDW Building, 388 Castle Peak Road, Tsuen Wan, N.T, Hong Kong ("FN HK"), GO FLY A KITE, INC. a Delaware corporation with its offices at Box AA. Route 151, East Haddam, CT 06423, U.S.A., ("GFK,"), and GO FLY A KITE (HK) LIMITED, a Hong Kong private limited company, with its offices at Units D-F, 26th Floor, CDW Building, 388 Castle Peak Road, Tsuen Wan, N.T, Hong Kong ("GFK HK"), MONOGRAM INTERNATIONAL, INC. a Delaware corporation with its offices at 12395 75th Street, Key Largo, Florida 33773-3090, U.S.A., ("MG"), and MONOGRAM PRODUCTS (HK) LIMITED, a Hong Kong private limited company, with its offices at Units D-F, 26th Floor, CDW Building, 388 Castle Peak Road, Tsuen Wan, N.T, Hong Kong ("MG HK"); hereafter Toymax International, Toymax HK, Toymax NY, FN, FN HK, GFK, GFK HK, MG, and MG HK are referred to collectively as the "Toymax Companies";

and

JAKKS PACIFIC, INC., a Delaware corporation with its offices at 22619 Pacific Coast Highway, Malibu, California , U.S.A. ("JAKKS"). The parties to this Agreement may also sometimes be referred to collectively as the "Parties" or singly as a "Party."

W I T N E S S E T H :
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WHEREAS, the Toymax Companies and TN, which is owned by the Principals, are parties to the Agency Agreements identified on Schedule A annexed hereto (collectively referred to as the "Agency Agreements"), pursuant to which TN provided certain services to the Toymax Companies in connection with the manufacturing of the Toymax Companies' products (the "Products");

WHEREAS, concurrently herewith JAKKS has acquired a majority of the outstanding shares of capital stock of Toymax International, which is the parent company of the other Toymax Companies, from certain shareholders of Toymax International, including Best Phase Limited, a British Virgin Islands

corporation owned by the Principals, pursuant to a Stock Purchase Agreement dated February 10, 2002 (the "Stock Purchase Agreement"); and

WHEREAS, as a condition to such acquisition, TN and the Toymax Companies agreed to terminate the Agency Agreements.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereto hereby agree as follows:

1. Termination of Agency Agreements and Stock Options.

   a. The Agency Agreements are hereby terminated as of the date hereof. TN, the Principals and each of the Toymax Companies represents and warrants to JAKKS that there are no other agreements, understandings or undertakings between or among TN, the Principals, and any of the Toymax Companies or any of their respective Affiliates (as defined below) that provide for TN or any other Affiliate of TN or the Principals to act as agent for any of the Toymax Companies or provide services to any of the Toymax Companies similar to the services provided by TN under the Agency Agreements to any of the Toymax Companies, and, to the extent that any such agreements, understandings or undertakings exist, they are hereby terminated. TN confirms that all Agency Fees due or payable to TN have been fully paid as of the date hereof (except for valid outstanding invoices for Products shipped as of the date hereof owed by the Toymax Companies as of the date hereof) and that all payment and other obligations of the Toymax Companies to TN under the Agency Agreements have been fully performed as of the date hereof. The confidentiality provisions of the Agency Agreements shall survive the termination of the Agency Agreements, except that the Principals acknowledges that the exception referred to therein permitting disclosure by him in his capacity as Chairman or a member of the Board of Directors of Toymax International is of no further force and effect. In consideration for the termination of the Agency Agreements and the other undertakings made by TN hereunder, JAKKS shall pay or cause the Toymax Companies to pay TN the sum of US$800,000.00, payable in six (6) equal monthly installments, the first such installment payable on the date hereof, and each succeeding installment payable on the last day of each calendar month following the month in which this Agreement is executed and delivered by the parties.

   b. David Ki Kwan Chu agrees that in order to induce JAKKS to enter into the Stock Purchase Agreement and purchase the shares of Toymax International pursuant thereto, all stock options, including options granted to David Ki Kwan Chu under Toymax International's Stock Option Plan and any other rights to acquire shares of stock or other securities of Toymax International and its Affiliates, and each of the Principals represents and warrants that neither of them nor their Affiliates have any rights to acquire shares of stock or other securities of Toymax International and its Affiliates, and each of the Principals further agrees that any rights to compensation, salary, fees, and benefits, written or oral, that either or them or their Affiliates may be entitled to from Toymax International and its Affiliates are hereby terminated as of the date hereof.

2. Definitions. As used in this Agreement, the following terms shall have the meanings set forth below:

a. "Affiliate" of a Person means another Person directly or indirectly controlling, controlled by, or under common control with, such Person; for this purpose, "control" of a Person means the power (whether or not exercised) to direct the policies, operations or activities of such Person by virtue of the ownership of, or right to vote or direct the manner of voting of, securities of such Person, or pursuant to agreement or Law or otherwise.

b. "Books and Records" means all customer lists, account records, pricing information, sales literature, promotional literature and all other books and records, files, invoices, supplier lists, and contracts relating to the Products for which TN provided services to the Toymax Companies under the Agency Agreements, including all documents, computer software or other tangible expression of the Tools, Molds and Specifications (subject to Section 4 of this Agreement) or the Trade Rights.

c. "Competitive Product" means any product that is substantially identical to (i) a product sold by the Toymax Companies within the three (3) year period prior to the date hereof (with the exception of products known as Snapshots and products sold by Toymax International's Candy Planet and Monogram divisions), or (ii) a product sold by the Toymax Companies after the date hereof, or (iii) a product sold or marketed by JAKKS or its other Affiliates after the date hereof through the end of the term of this Agreement.

d. "JI & TN Manufacturing Trade Right" means a patent, or know-how, inventions, trade secrets, technical process or proprietary right relating to manufacturing processes employed by JI and TN in its business and that was conceived or invented by JI or TN independently of the Toymax Companies prior to the date hereof and which has not become generally known in the industry or are not otherwise in the public domain.

e. "Person" includes without limitation a natural person, corporation, joint stock company, limited liability company, partnership, joint venture, association, trust, Governmental Authority, or any group of the foregoing acting in concert.

f. "Specifications" means descriptive, quantitative and qualitative criteria for the manufacture of Products.

g. "Tools, Molds and Specifications" means any tools, molds, designs, prototypes, blueprints, drawings, Specifications, and the like developed or otherwise produced in connection with the design, manufacture and marketing of the Products.

h. "Trade Right" means a patent, claim of copyright, trademark, trade name, brand name, service mark, logo, symbol, trade dress or design, or representation or expression of any thereof, or registration or application for registration thereof, or any other invention, trade secret, technical information, know-how, proprietary right or intellectual property developed, conceived of, invented or otherwise produced in connection with the design, manufacture and marketing of the Products.

3. Transition Period. During the six month period following the date hereof, TN shall assist JAKKS and the Toymax companies in transferring to JAKKS' Hong Kong affiliates the responsibilities previously performed by TN under the Agency Agreements. TN shall deliver all Tools, Molds and Specifications (subject to Section 4 of this Agreement) in its possession to JAKKS or such other Person as JAKKS directs. TN shall respond to reasonable requests made by JAKKS and

the Toymax Companies for information regarding its activities, and shall promptly provide JAKKS or such other Person as JAKKS directs with copies of all Books and Records (as such term is defined above) in TN's or the Principals' possession. TN and the Principals shall cause those of its employees with information regarding its activities under the Agency Agreements to meet with representatives of JAKKS and the Toymax Companies to assist in such transition activities. Any outstanding purchase orders for any Products ordered by TN for the Toymax Companies shall be assigned to the Toymax Company without recourse for which such purchase order was arranged and governed by the provisions of this Agreement, and to the extent that any such purchase order is not or cannot be assigned, then TN shall be deemed to be acting as the nominee for and on behalf of such Toymax Company and shall arrange for delivery of the finished goods to the Toymax Company for which the Products were ordered.

4. Ownership of Trade Rights, and Tools, Molds, Designs, etc.

a. ACKNOWLEDGMENT BY TN AND THE PRINCIPALS. TN and the Principals each acknowledges and agrees that (i) all of the Trade Rights (subject to the provisions of Section 4(b) regarding the JI & TN Manufacturing Trade Rights) are the sole property of the Toymax Companies, and (ii) they have no interest in or claim to any of the Tools, Molds and Specifications (other than tools and molds relating to the Products manufactured by TN or Jauntiway Investments Limited for the Toymax Companies prior to the date hereof in an immaterial amount not now exceeding $100,000.00 in the aggregate now owned by TN or Jauntiway Investments Limited), developed, conceived and produced in connection with the design, manufacture and marketing of the Products by them prior to and after the date hereof, subject to payment by the Toymax Companies or the Product Vendee of any outstanding invoice for tools and molds as reflected on the books and records of the Toymax Companies prior to or after the date hereof. TN and the Principals represent and warrant to JAKKS and the Toymax Companies that they have received payment in full of all amounts due to them for all of the Tools, Molds and Specifications used by TN in connection with the manufacture of the Products and all other Products manufactured by TN for the Toymax Companies and their Affiliates within the past five (5) years (other than tools and molds relating to the Products manufactured by TN or Jauntiway Investments Limited for the Toymax Companies prior to the date hereof in an immaterial amount not now exceeding $100,000.00 in the aggregate now owned by TN or Jauntiway Investments Limited.)

b. "WORKS FOR HIRE". TN and the Principals each acknowledges and agrees that for all purposes of U.S. and foreign Copyright Laws the Trade Rights and any inventions, discoveries, enhancements or improvements to any tangible or intangible property, with respect to the Products that TN or the Principals ordered for the Toymax Companies under the Agency Agreements or developed or invented by David Ki Kwan Chu in his capacity as Chairman and director of Toymax International or its predecessors and their respective Affiliates (for the purposes of this paragraph all of the foregoing is collectively referred to as the "Work", but excluding therefrom any JI &TN Manufacturing Trade Right), and any and all elements thereof, shall be deemed to constitute "works for hire" belonging to the Toymax Companies within the meaning of Title 17, United States Code, Section 101, and any comparable provisions of the law of any other jurisdiction, such that all right, title and interest therein, including, without limitation, copyrights and exclusive rights under copyright, vest in the Toymax Companies. TN and the Principals each hereby transfers and conveys to the Toymax Companies the exclusive, world-wide, royalty-free, paid-up right to exploit, use, develop, license the Work, and improvements

thereto or derivatives thereof; and the exclusive right, title and interest in and to all inventions, improvements, patent applications and letters patent, "know-how", and all intellectual property and other rights, tangible or intangible, which relate to or are based upon or derived from the Work; and to all information, documents, and specifications that relate to the Work. If the Work or any of the elements thereof is deemed not to be "works for hire" within the meaning of Title 17, United States Code, Section 101, then by their signatures below TN and the Principals each hereby assigns and transfers to the Toymax Companies all right, title and interest in and to the Work, including rights throughout the world for good and valuable consideration, receipt of which TN and the Principals each hereby acknowledges. Notwithstanding the foregoing, (i) if any manufacturing process used by TN in the manufacture of any Product under the Agency Agreements that would otherwise constitute part of the Work, becomes part of the public domain, TN shall have a perpetual, non-exclusive, royalty-free right to use such process in its manufacturing operations commencing one (1) year after it first becomes part of the public domain, and (ii) subject to the restrictive covenants in Section 5 of this Agreement, as between or among the Parties, no Party shall have any claim to any other manufacturing process not described in clause (i) or other intellectual property right generally known in the toy industry or otherwise in the public domain.

c. GRANT OF LICENSE TO JI & TN MANUFACTURING TRADE RIGHT. TN hereby grants to JAKKS and its Affiliates, including the Toymax Companies, a perpetual, non-exclusive, royalty-free right to use in their respective businesses any JI & TN Manufacturing Trade Right invented or conceived by TN prior to the date hereof.

5. Restrictive Covenant. From and after the date hereof and until the later of December 31, 2004 or one (1) year following the termination or expiration of the manufacturing agreement of even date herewith among TN, Jauntiway Investments Limited, the Principals, Toymax International, Toymax HK, and JAKKS, neither TN nor the Principals shall, directly or indirectly through any Affiliate or other intermediary (a) manufacture, produce, sell, market or otherwise promote any Competitive Product or serve as a partner, member, manager, director, officer or employee of, or consultant or advisor to, or in any manner own, control, manage, operate or otherwise participate or invest in, or be connected with any Person that engages in the marketing or sale of Competitive Products, or authorize the use of its name in connection therewith, or (b) for itself or himself or on behalf of any other Person, employ, engage or retain any Person who at any time during the preceding 12-month period shall have been an employee of any of the Toymax Companies or JAKKS or its other Affiliates or contact any supplier within the United States, Hong Kong or People's Republic of China, or any customer or employee of the Toymax Companies, JAKKS or its other Affiliates the purpose of soliciting customers for the sale of Competitive Products or persuading any such supplier or customer to cease doing or reduce the amount of business being done with, or persuading such employee to cease being employed by a Toymax Company, JAKKS or its other Affiliates. The foregoing provisions notwithstanding, TN and the Principals may invest its or his funds in securities of an issuer if the securities of such issuer are listed for trading on a registered securities exchange or actively traded in the over-the-counter market and TN's and the Principals' and their respective Affiliates' aggregate holdings therein represent less than 1% of the total number of shares or principal amount of the securities of such issuer then outstanding. JI and each of the Principals acknowledges that the provisions of this Section, and the period of time, lack of specific geographic area given the international nature of the business of JAKKS and its Affiliates, including the Toymax Companies, and scope and type of restrictions on their activities set forth herein, are reasonable and necessary for the protection of JAKKS and its Affiliates and are an essential inducement to JAKKS entering into this Agreement and the

Stock Purchase Agreement and acquiring shares of common stock of Toymax International from Best Phase Limited and the other shareholders selling their shares to JAKKS pursuant to the Stock Purchase Agreement.

The Principals and TN each acknowledges that the type of services that they and it have performed for Toymax International and its Affiliates were of an intellectual and technical character that required the disclosure of confidential and proprietary information of Toymax International and its Affiliates to them and resulted in the creation by them of information which is confidential and proprietary to Toymax International and its Affiliates, and accordingly that the restrictive covenants contained herein are necessary in order to protect and maintain the business and assets and goodwill of Toymax International, whose shares are being purchased by JAKKS. The Principals and TN each acknowledges that the business of Toymax International and its Affiliates extends beyond the geographic area of the State of New York, U.S.A. and of Hong Kong and accordingly, it is reasonable that the restrictive covenants set forth above are not limited by specific geographic area but by the location of the suppliers and customers of Toymax International and its Affiliates. The Principals and TN each acknowledges that the remedy at law for any breach of this agreement by them will be inadequate and that, accordingly, Toymax International shall, in addition to all other available remedies (including without limitation seeking such damages as it can show it has sustained by reason of such breach), be entitled to injunctive relief without being required to post bond or other security and without having to prove the inadequacy of the available remedies at law.

6. Miscellaneous.

a. LIMITATION OF AUTHORITY. No provision hereof shall be deemed to create any partnership, joint venture or joint enterprise or association among the parties hereto, or to authorize or to empower any Party hereto to act on behalf of, obligate or bind any other Party hereto.

b. FEES AND EXPENSES. Each Party hereto shall bear such fees and expenses as may be incurred by it in connection with this Agreement.

c. NOTICES. Any Notice or demand required or permitted to be given or made hereunder to or upon any Party hereto shall be deemed to have been duly given or made for all purposes if (a) in writing and sent by (i) messenger or an overnight courier service against receipt, or (ii) certified or registered mail, postage paid, return receipt requested, or (b) sent by telegram, telecopy (confirmed orally), telex or similar electronic means, provided that a written copy thereof is sent on the same day by postage-paid first-class mail, to such Party at the following address:
to JAKKS or Toymax Companies:

22619 Pacific Coast Highway
Malibu, California 90265
Attn: President
Fax: (310) 456-7099

with a copy to:

Feder, Kaszovitz, Isaacson,
Weber, Skala, Bass & Rhine LLP
750 Lexington Avenue
New York, New York 10022
Attn: Murray L. Skala, Esq.
Fax: (212) 888-7776

to TN or the Principals, at:

Units D-F, 26th Floor, CDW Building
388 Castle Peak Road
Tsuen Wan, N.T., Hong Kong
Attn: David Ki Kwan Chu
Fax: 852-2415-8107

with a copy to:

Ettelman & Hochheiser, P.C.
100 Quentin Roosevelt Boulevard
Garden City, New York 11530
Attn: Gary Ettelman, Esq.
Fax: (516) 227-6307

or such other address as any Party hereto may at any time, or from time to time, direct by Notice given to the other parties in accordance with this Section. Except as otherwise expressly provided herein, the date of giving or making of any such Notice or demand shall be, in the case of clause (a) (i), the date of the receipt; in the case of clause (a) (ii), three business days after such Notice or demand is sent is sent domestically within the United States of America and seven business days after such Notice or demand is sent internationally; and, in the case of clause (b), the business day next following the date such Notice or demand is sent.

d. AMENDMENT. Except as otherwise expressly provided herein, no amendment of this Agreement shall be valid or effective, unless in writing and signed by or on behalf of the parties hereto.

e. WAIVER. No course of dealing or omission or delay on the part of any Party hereto in asserting or exercising any right hereunder shall constitute or operate as a waiver of any such right. No waiver of any provision hereof shall be effective, unless in writing and signed by or on behalf of the Party to be charged therewith. No waiver shall be deemed a continuing waiver or waiver in respect of any other or subsequent breach or default, unless expressly so stated in writing.

f. GOVERNING LAW. The parties acknowledge and agree that this Agreement shall be a contract made in the United States, State of New York. All questions pertaining to the validity, construction, execution and performance of this Agreement shall be construed and governed in accordance with the domestic laws of the State of New York (including, without limitation, the UCC), without giving effect to principles of (i) comity of nations or (ii) conflicts of law, and this Agreement shall not be governed by the provisions of the U.N. Convention on Contracts for the International Sale of Goods. Each Party to this Agreement submits to the jurisdiction of the courts of the State of New York, located in New York County, New York, United States of America, and to the jurisdiction of the United States District Court for the Southern District of New York, New York, New York, United States of America with respect to any matter arising out of this Agreement, waives any objection to venue in the Counties of New York, State of New York, or such District, and agrees that service of any summons, complaint, Notice or other process

relating to such proceeding may be effected in the manner provided by Paragraph 6(c) hereof. If service of process is required to be made within the United States of America, TN and each of the Principals appoint as their agent for service of any process the firm of Ettelman & Hochheiser, P.C., 100 Quentin Roosevelt Boulevard, Garden City, New York 11530.

g. SEVERABILITY. The provisions hereof are severable and in the event that any provision of this Agreement shall be determined to be invalid or unenforceable in any respect by a court of competent jurisdiction, the remaining provisions hereof shall not be affected, but shall, subject to the discretion of such court, remain in full force and effect, and any invalid or unenforceable provision shall be deemed, without further action on the part of the parties hereto, amended and limited to the extent necessary to render the same valid and enforceable.

h. COUNTERPARTS. This Agreement may be executed in counterparts, each of which shall be deemed an original and which together shall constitute one and the same agreement.

i. FURTHER ASSURANCES. Each Party hereto agrees to cooperate fully with the other parties in connection with preparing and filing any Notices or documents in connection with the Acquisition. Each Party hereto shall promptly execute, deliver, file or record such agreements, instruments, certificates and other documents and perform such other and further acts as any other Party hereto may reasonably request or as may otherwise be reasonably necessary or proper, to carry out the provisions of this Agreement.

j. BINDING EFFECT. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. This Agreement is not intended, and shall not be deemed, to create or confer any right or interest for the benefit of any Person not a Party hereto.

k. ASSIGNMENT. TN's obligations under this Agreement may not be assigned without the prior written consent of JAKKS, and any purported assignment without such consent shall be void and without effect.

l. TITLES AND CAPTIONS. The titles and captions of the Articles and Sections of this Agreement are for convenience of reference only and do not in any way define or interpret the intent of the parties or modify or otherwise affect any of the provisions hereof.

m. GRAMMATICAL CONVENTIONS. Whenever the context so requires, each pronoun or verb used herein shall be construed in the singular or the plural sense and each capitalized term defined herein and each pronoun used herein shall be construed in the masculine, feminine or neuter sense.

n. REFERENCES. The terms "herein," "hereto," "hereof," "hereby" and "hereunder," and other terms of similar import, refer to this Agreement as a whole, and not to any Article, Section or other part hereof.

o. NO PRESUMPTIONS. Each Party hereto acknowledges that it has participated, with the advice of counsel, in the preparation of this Agreement. No Party hereto is entitled to any presumption with respect to the interpretation of any provision hereof or the resolution of any alleged ambiguity herein based on any claim that any other Party hereto drafted or controlled the drafting of this Agreement.

p. EXHIBITS AND SCHEDULES. Any Exhibits and Schedules hereto are an integral part of this Agreement and are incorporated in their entirety herein by this reference.

q. ENTIRE AGREEMENT. This Agreement embodies the entire agreement of the parties hereto with respect to the subject matter hereof and supersedes all prior agreements, commitments or arrangements relating thereto.

IN WITNESS WHEREOF, the individual parties and each of the corporate parties by their respective duly authorized officers, have duly executed this Agreement as of the date set forth in the Preamble hereto.

TAI NAM INDUSTRIAL COMPANY LIMITED

By: /s/ DAVID KI KWAN CHU

Name: David Ki Kwan Chu
Title:

TOYMAX INTERNATIONAL INC.

By: /s/ SANFORD B . FRANK

Name: Sanford B. Frank
Title: Secretary

JAKKS PACIFIC, INC.

By: /s/ JOEL M. BENNETT

Name: Joel M. Bennett
Title: Exec. V.P./C.F.O.

TOYMAX (H.K.) LIMITED

By: /s/ DAVID KI KWAN CHU

Name: David Ki Kwan Chu
Title:

TOYMAX, INC.

By: /s/ SANFORD B . FRANK

Name: Sanford B. Frank
Title: Secretary

FUNNOODLE INC.

By: /s/ SANFORD B . FRANK

Name: Sanford B. Frank
Title: Secretary

FUNNOODLE (HK) LIMITED

By:

Name:
Title:

GO FLY A KITE, INC.

By: /s/ SANFORD B . FRANK

Name: Sanford B. Frank
Title: Secretary

GO FLY A KITE (HK) LIMITED

By: /s/ DAVID KI KWAN CHU

Name: David Ki Kwan Chu
Title:

MONOGRAM INTERNATIONAL, INC.

By: /s/ SANFORD B . FRANK

Name: Sanford B. Frank
Title: Secretary

MONOGRAM PRODUCTS (HK) LIMITED

By: /s/ DAVID KI KWAN CHU

Name: David Ki Kwan Chu
Title:

/s/ DAVID KI KWAN CHU
- ---
David Ki Kwan Chu

/s/ FRANCES SHUK KUEN LEUNG

Frances Shuk Kuen Leung

SCHEDULE A

AGENCY AGREEMENTS

1. Agency Agreement dated April 1, 1997 between Tai Nam and Toymax International, as amended by an Amendment dated as of September 22, 1997, and an amendment dated April 1, 1999

2. Agency Agreement dated April 1, 1997 between Tai Nam and Toymax HK Limited

3. Agency Agreement dated April 1, 2000 between and among Tai Nam and Funnoodle Inc. and Funnoodle (HK) Limited

4. Agency Agreement dated September 1, 2000 between and among Tai Nam and Go Fly A Kite, Inc. and Go Fly A Kite (HK) Limited

5. Agency Agreement dated March, 2000 among Tai Nam and Monogram International Inc. and Monogram Products (HK) Limited

EXHIBIT 6

REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT dated as of March 11, 2002 by and among JAKKS Pacific, Inc., a Delaware corporation ("JAKKS "), and those Persons identified on Schedule I hereto (each, a "Shareholder").

W I T N E S S E T H :
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WHEREAS, pursuant to a Stock Purchase Agreement dated as of February 8, 2002 among JAKKS, Toymax International, Inc., a Delaware corporation ("Toymax"), and the Shareholders (the "Purchase Agreement"), JAKKS has agreed to issue and deliver to the Shareholders 646,384 shares of JAKKS' common stock, par value $.001 per share (the "JAKKS Common Stock"), in the aggregate, as payment, in part, for certain shares of Toymax' common stock, par value $.01 per share (the "Toymax Common Stock") to be sold and delivered to JAKKS by the Shareholders (the "Toymax Shares"); and

WHEREAS, upon its purchase of the Toymax Shares, JAKKS will become the owner of a majority of the outstanding shares of Toymax Common Stock; and

WHEREAS, concurrently with their entering into the Stock Purchase Agreement, JAKKS and Toymax, together with JP/TII Acquisition Corp., a Delaware corporation and a wholly-owned subsidiary of JAKKS (the "Subsidiary") entered into an Agreement of Merger (the "Merger Agreement") providing for a merger of the Subsidiary into Toymax (the "Merger") in which Toymax will become a wholly-owned subsidiary of JAKKS and the holders of Toymax Common Stock immediately prior to the effective date of the Merger (the "Effective Date"), other than JAKKS, will receive merger consideration consisting of cash and JAKKS Common Stock; and

WHEREAS, the Shareholders desire to provide for the possible sale of their shares of JAKKS Common Stock subject hereto in the public market after the Effective Date and have required, as a condition to their entering into the Purchase Agreement, that JAKKS commit to register such shares under the applicable securities law; and

WHEREAS, to induce the Shareholders to enter into the Purchase Agreement and to sell the Toymax Shares to JAKKS, JAKKS has agreed to enter into this Agreement with the Shareholders, subject to and concurrently with the closing of JAKKS' purchase of the Toymax Shares (the "First Closing");

NOW, THEREFORE, in consideration of the premises and the mutual covenants hereinafter set forth, the parties hereto hereby agree as follows:

1. Certain Definitions.

In addition to other capitalized terms defined elsewhere herein, the following capitalized terms are used herein as follows:

1.1 Agreement" means this Registration Rights Agreement, as amended or supplemented.

1.2 "Blue Sky Filing" means any registration statement, notification or other Notice required

to be filed, given or made pursuant to any Blue Sky Law in connection with any offering of the Registrable Securities

1.3. "Blue Sky Laws" means the laws of any state, the District of Columbia, or any territory or other jurisdiction in the United States governing the purchase and/or sale of securities in such jurisdiction.

1.4. "Commission" means the U.S. Securities and Exchange Commission. "Exchange Act" means the U.S. Securities Exchange Act of 1934, as amended.

1.5. "Exchange Act" means the U.S. Securities Exchange Act of 1934, as amended.

1.6. "Governmental Authority" means any United States or foreign, federal, state or local government or governmental authority, agency, instrumentality, any court or arbitration panel of competent jurisdiction or the Nasdaq Stock Market, Inc.

1.7. "JAKKS' Securities Claims" has the meaning provided for in Section 4.2 below.

1.8. "Notice" means any notice given to, or any declaration, filing, registration or recordation made, with any Person.

1.9. "Order" means any judgment, order, writ, decree, award, directive, ruling or decision of any Governmental Authority.

1.10. "Person" means any natural person, corporation, joint stock company, limited liability company, partnership, joint venture, association, trust, Governmental Authority or other entity, or any group of the foregoing acting in concert.

1.11. "Proceeding" means any action, suit, arbitration, audit, investigation or other proceeding, at law or in equity, before or by any Governmental Authority.

1.12. "Register," "registered," "registration" and "registration statement" shall refer to a registration of securities to be offered and sold under a registration statement filed with the Commission pursuant to the Securities Act or the Exchange Act and the applicable rules and regulations under either such Act.

1.13. "Registrable Securities" means the shares of JAKKS Common Stock issued and delivered to the Shareholders at the First Closing, as set forth on Schedule I hereto (or any securities into which such shares are convertible or for which such shares are exchangeable pursuant to any capital reorganization or reclassification of JAKKS).

1.14. "Securities Act" means the U.S. Securities Act of 1933, as amended.

1.15. "Shareholders' Securities Claims" has the meaning provided for in Section 4.1 below.

2. Registration Rights.

2.1. Registration Statement. JAKKS shall use commercially reasonable efforts to prepare and file with the Commission, as soon as practicable after the date hereof, a Registration Statement on Form S-3 covering the Registrable Securities (or, if Form S-3 is not then available, on such form of registration statement as is then available to effect a registration of the Registrable Securities) and shall use commercially reasonable efforts to cause such registration statement to be declared effective by the

Commission on the Effective Date, or as soon as practicable thereafter, so as to permit, when such registration statement becomes effective, the sale of the Registrable Securities in conformity with Section 5 of the Securities Act. JAKKS, in its sole discretion, may include in the registration statement covering the Registrable Securities any issued or authorized but unissued securities of JAKKS for sale by JAKKS or its security holders.

2.2 Preparation and Filing of Registration Statement. With respect to the registration statement to be prepared by JAKKS under this Agreement, JAKKS shall, at its sole expense, as expeditiously as practicable:

i. prepare and file with the Commission a registration statement necessary to permit the sale of the Registrable Securities in the public securities markets upon the effectiveness of such registration statement, and such amendments and supplements to such registration statement and the prospectus included therein as may be necessary, to the extent reasonably practicable, to cause such registration statement to be declared effective by the Commission;

ii. furnish to each Shareholder such number of conformed copies of such registration statement and of each amendment or supplement thereto (in each case including all exhibits and documents incorporated therein by reference), such number of copies of any prospectus included in such registration statement and such other documents, in each case, as such Shareholder may reasonably request in order to facilitate the sale of the Registrable Securities in the public securities markets;

iii. register or qualify the Registrable Securities under the Blue Sky Laws of each state governing the purchase or sale of securities as each Shareholder may reasonably request, keep such registration or qualification in effect for so long as such registration statement remains in effect and take any other action that may be reasonably necessary or advisable to enable the Shareholders to consummate the disposition in such states of the Registrable Securities; provided that JAKKS shall not be required to keep such registration or qualification in effect at any time after (a) the disposition of the Registrable Securities in accordance with the manner of disposition set forth in the registration statement relating thereto, or (b) [nine months] after the date such registration statement becomes effective; and provided, further, that JAKKS shall not be required (A) to qualify generally to do business in any jurisdiction where it would not otherwise be required to qualify or (B) subject itself to taxation in any such jurisdiction;

iv. notify each Shareholder promptly when the registration statement or any amendment thereto has been filed and when it has become effective; and

v. cause all of the Registrable Securities covered by the registration statement to be listed on each securities exchange, or designated for inclusion in each automated interdealer quotation system, on which the JAKKS Common Stock is then listed or included.

2.3 Limitations on Registrations. JAKKS may delay the filing, or the making of a request for the acceleration of effectiveness, of a registration statement pursuant to this Section 2 or withdraw or suspend the effectiveness of a registration statement covering the Registrable Securities that has become effective if, in the good faith and reasonable judgment of JAKKS' board of directors, JAKKS would be required to include in such registration statement or the prospectus included therein (or in an amendment or supplement thereto) material information that at that time could not be publicly disclosed without materially interfering with any financing, acquisition, corporate reorganization or other material development or transaction then pending or as to which JAKKS has taken substantive steps to structure or negotiate. JAKKS shall promptly make such filing or amendment as is reasonably necessary to complete, restore or reinstate such registration statement when the conditions leading to such delay, suspension or

withdrawal no longer apply.

2.4 Shareholders' Obligations. It is a condition precedent to JAKKS' obligation to register any Registrable Securities pursuant hereto that (a) the Shareholders cooperate with JAKKS in the preparation of the Registration Statement (or any amendment thereto), including providing any information with respect to the Shareholders required to be included therein, and (b) in the case of an underwritten public offering, the terms and conditions of the underwriting agreement or any related agreement applicable to or any related agreement applicable to or affecting JAKKS shall be reasonably acceptable to JAKKS.

3. Preparation; Reasonable Investigation. In connection with the preparation and filing of the registration statement and any amendments thereto and any Blue Sky Filing, JAKKS shall give each Shareholder and its counsel, accountant and other advisors the opportunity to review, in each case, a reasonable time prior to its filing, the registration statement, each prospectus included therein or filed with the Commission, each document incorporated by reference therein and each amendment thereof or supplement thereto and any related Blue Sky Filing in order to verify the accuracy of any factual information concerning the Shareholders. JAKKS shall pay for all registration and filing fees, printing expenses and fees and disbursements of JAKKS' counsel and JAKKS' accountants in connection with the preparation, review and filing of the registration statement or any related Blue Sky Filing pursuant to this Agreement; provided, however, that the Shareholders shall pay underwriting discounts and commissions applicable to the sale of the Registrable Securities and any advisory or professional fees incurred on their own behalf.

4. Indemnification.

4.1 Shareholders' Indemnity. Each Shareholder, jointly and severally, shall indemnify and defend JAKKS and each stockholder, director, officer, employee and agent of JAKKS against, and hold each of them harmless from, any loss, liability, obligation, damage or expense (including reasonable attorneys' fees and disbursements) which any of them may suffer or incur incidental to any claim or any Proceeding against any of them arising out of, based upon or resulting from an untrue statement or alleged untrue statement of a material fact contained in, or omission or alleged omission of a material fact from, the registration statement, any preliminary prospectus or final prospectus contained therein, or any amendment or supplement thereto, or any document incidental to the registration or qualification of the Registrable Securities that is required to be stated therein or necessary to make the statements therein not misleading or, with respect to any prospectus, necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, which statement or omission is made in reliance upon and in conformity with written information furnished to JAKKS by the Shareholders solely for use in the preparation thereof, or any violation by any Shareholder or its Affiliates of the Securities Act or Blue Sky Laws applicable to them and relating to action or inaction required of such Shareholder or its Affiliates in connection with such registration or qualification under such Blue Sky Laws ("Shareholders' Securities Claims").

4.2 JAKKS' Indemnity. JAKKS shall indemnify and defend each Shareholder and hold each of them harmless from, any loss, liability, obligation, damage or expense (including reasonable attorneys' fees and disbursements) which any of them may suffer or incur incidental to any claim or any Proceeding against any of them arising out of, based upon or resulting from an untrue statement or alleged untrue statement of a material fact contained in, or omission or alleged omission of a material fact from, the registration statement, any preliminary prospectus or final prospectus contained therein, or any amendment or supplement thereto, or any document prepared and/or furnished by JAKKS incidental to the registration or qualification of the Registrable Securities that is required to be stated therein or

necessary to make the statements therein not misleading or, with respect to any prospectus, necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, or any violation by JAKKS or its Affiliates of the Securities Act or Blue Sky Laws applicable to them and relating to action or inaction required of JAKKS or its Affiliates in connection with such registration or qualification under such Blue Sky Laws ("JAKKS' Securities Claims"); provided, however, that JAKKS shall not be liable in any such case to the extent that such Securities Claims arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in, or omission or alleged omission of a material fact from, the registration statement, such preliminary prospectus or such prospectus or such amendment or supplement or any document incident to the registration or qualification of the Registrable Securities in reliance upon and in conformity with written information furnished to it by the Shareholders or any other holder of such Registrable Securities or their respective agents solely for use in the preparation thereof.

4.3 Claims Procedure. Promptly after Notice to an indemnified party of any claim or the commencement of any Proceeding by a third party involving any loss, liability, obligation, damage or expense referred to in Section 4.1 or 4.2, such indemnified party shall, if a claim for indemnification in respect thereof is to be made against an indemnifying party, give written Notice to the latter of the commencement of such claim or Proceeding, setting forth in reasonable detail the nature thereof and the basis upon which such party seeks indemnification hereunder; provided that the failure of any indemnified party to give such Notice shall not relieve the indemnifying party of its obligations under such Section, except to the extent that the indemnifying party is actually prejudiced by the failure to give such Notice. In case any such Proceeding is brought against an indemnified party, and provided that proper Notice is duly given, the indemnifying party shall assume and control the defense thereof insofar as such Proceeding involves any loss, liability, obligation, damage or expense in respect of which indemnification may be sought hereunder, with counsel selected by the indemnifying party (and reasonably satisfactory to such indemnified party), and, after Notice from the indemnifying party to such indemnified party of its assumption of the defense thereof, the indemnifying party shall not be liable to such indemnified party for any legal or other expenses subsequently incurred by the indemnified party in connection with the defense thereof (but the indemnified party shall have the right, but not the obligation, to participate at its own cost and expense in such defense by counsel of its own choice) or for any amounts paid or foregone by the indemnified party as a result of the settlement or compromise thereof (without the written consent of the indemnifying party), except that, if both the indemnifying party and the indemnified party are named as parties or subject to such Proceeding and either such party reasonably determines with advice of counsel that a material conflict of interest between such parties may exist in respect of such Proceeding, the indemnifying party may decline to assume the defense on behalf of the indemnified party or the indemnified party may retain the defense on its own behalf, and, in either such case, after Notice to such effect is duly given hereunder to the other party, the indemnifying party shall be relieved of its obligation to assume the defense on behalf of the indemnified party, but shall be required to pay any legal or other expenses, including without limitation reasonable attorneys' fees and disbursements incurred by the indemnified party in such defense; provided, however, that the indemnifying party shall not be liable for such expenses on account of more than one separate firm of attorneys (and, if necessary, local counsel) at any time representing such indemnified party in connection with any Proceeding or separate Proceedings in the same jurisdiction arising out of or based upon substantially the same allegations or circumstances. If the indemnifying party shall assume the defense of any such Proceeding, the indemnified party shall cooperate fully with the indemnifying party and shall appear and give testimony, produce documents and other tangible evidence, allow the indemnifying party access to the books and records of the indemnified party and otherwise assist the indemnifying party in conducting such defense. No indemnifying party shall, without the consent of the indemnified party, which consent shall not be unreasonably withheld, consent to entry of any judgment or enter into any settlement or compromise in respect of any claim or Proceeding which (i) does not include as an

unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of a release from all liability in respect of such claim or Proceeding and (ii) involves solely monetary damages (and not injunctive or other equitable relief or any admission of guilt or fault). Provided that proper Notice is duly given, if the indemnifying party shall fail promptly and diligently to assume the defense thereof, if and in the manner required hereunder, the indemnified party may respond to, contest and defend against such Proceeding (but the indemnifying party shall have the right to participate at its own cost and expense in such defense by counsel of its own choice) and may make in good faith any compromise or settlement with respect thereto, and recover the entire cost and expense thereof, including without limitation reasonable attorneys' fees and disbursements and all amounts paid or foregone as a result of such Proceeding, or the settlement or compromise thereof, from the indemnifying party. Any indemnification required to be made hereunder shall be made by periodic payments of the amount thereof during the course of the investigation or defense, as and when bills or invoices are received or loss, liability, obligation, damage or expense is actually suffered or incurred.

4.4 Limitations.

i. Any other provision hereof notwithstanding, no indemnified party shall be entitled to any indemnification under this Agreement to the extent that it actually receives or is entitled to receive any amount in respect of any loss, liability, obligation, damage or expense from other sources, including without limitation insurance or third-party indemnity; provided that such indemnified party shall not be required to commence any Proceeding to collect any such amount.

ii. The indemnification obligations under this Agreement are independent of any other indemnification obligations that any of the parties hereto may have to one another under any other agreement between or among them, and, in particular, none of the limitations upon the indemnification obligations of the parties to the Stock Purchase Agreement shall apply to the indemnification obligations of the parties under this Agreement.

5. Miscellaneous.

5.1 Limitation of Authority. Except as expressly provided herein, no provision hereof shall be deemed to create any partnership, joint venture or joint enterprise or association among the parties hereto, or to authorize or to empower any party hereto to act on behalf of, obligate or bind any other party hereto.

5.2 Fees and Expenses. Each party hereto shall bear such fees and expenses as may be incurred by it in connection with this Agreement and the Acquisition.

5.3 Notices. Any Notice or demand required or permitted to be given or made hereunder to or upon any party hereto shall be deemed to have been duly given or made for all purposes if (a) in writing and sent by (i) messenger or reputable overnight courier service against receipt, or (ii) certified or registered mail, postage paid, return receipt requested, or (b) sent by facsimile, provided that the sender receives a printed confirmation of receipt, to such party at the following address:

to JAKKS: 22619 Pacific Coast Highway
Malibu, California 90265
Attn: President
Fax: (310) 456-7099

with a copy to:

Feder, Kaszovitz, Isaacson, Weber,
Skala, Bass & Rhine LLP
750 Lexington Avenue
New York, New York 10022
Attn: Murray L. Skala, Esq.
Fax: (212) 888-7776

to any Shareholder at its address on Schedule I

with a copy to:

Brown Raysman Millstein Felder & Steiner LLP
900 Third Avenue
New York, New York 10022
Attn: Joel M. Handel, Esq.
Fax: (212) 812-3310

or such other address as any party hereto may at any time, or from time to time, direct by Notice given to the other parties in accordance with this Section. Except as otherwise expressly provided herein, the date of giving or making of any such Notice or demand shall be, in the case of clause (a)(i) or (a)(ii), the date of the receipt, or in the case of clause (b), the business day next following the date such Notice or demand is sent.

5.4 Amendment. Except as otherwise expressly provided herein, no amendment of this Agreement shall be valid or effective, unless in writing and signed by or on behalf of the parties hereto.

5.5 Waiver. No course of dealing or omission or delay on the part of any party hereto in asserting or exercising any right hereunder shall constitute or operate as a waiver of any such right. No waiver of any provision hereof shall be effective, unless in writing and signed by or on behalf of the party to be charged therewith. No waiver shall be deemed a continuing waiver or waiver in respect of any other or subsequent breach or default, unless expressly so stated in writing.

5.6 Governing Law. This Agreement shall be governed by, and interpreted and enforced in accordance with, the laws of the State of New York without regard to principles of choice of law or conflict of laws.

5.7 Arbitration. Any claim, dispute or controversy between or among any of the parties hereto shall be submitted to arbitration in New York, New York in accordance with the then current Commercial Arbitration Rules of the American Arbitration Association. JAKKS, on the one hand, and the Shareholders, on the other, shall each pay one_half of any filing fees or other administrative costs to be paid in advance of or during such Proceeding. There shall be a single arbitrator. The arbitrator shall render a reasoned decision with respect to such Proceeding which shall include, in addition to the imposition of monetary damages or any other remedy or relief available hereunder, an allocation of the costs thereof. The decision of the arbitrator shall be final and binding upon the parties to such Proceeding, and judgment thereon may be entered in any court of competent jurisdiction. No party hereto shall be liable for punitive damages, unless such party is found to have committed fraud or willful malfeasance against another party hereto.

5.8 Remedies. Notwithstanding the provisions of Section 7.7, in the event of any actual or prospective breach or default by any party hereto, any other party hereto shall be entitled to equitable relief from any court of competent jurisdiction, including remedies in the nature of rescission, injunction

and specific performance. Subject to the provisions of Section 7.7, all remedies hereunder are cumulative and not exclusive, and nothing herein shall be deemed to prohibit or limit any party from pursuing any other remedy or relief available at law or in equity for such actual or prospective breach or default, including the recovery of damages; provided, however, that the indemnification provisions of Section 4 shall be the sole and exclusive remedy, as among the parties hereto, with respect to any claim for monetary damages under this Agreement.

5.9 Severability. The provisions hereof are severable and in the event that any provision of this Agreement shall be determined to be invalid or unenforceable in any respect by a court of competent jurisdiction, the remaining provisions hereof shall not be affected, but shall, subject to the discretion of such court, remain in full force and effect, and any invalid or unenforceable provision shall be deemed, without further action on the part of the parties hereto, amended and limited to the extent necessary to render the same valid and enforceable.

5.10 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original and which together shall constitute one and the same agreement.

5.11 Further Assurances. Each party hereto agrees to cooperate fully with the other parties in connection with preparing and filing any Notices or documents in connection with any registration hereunder. Each party hereto shall promptly execute, deliver, file or record such agreements, instruments, certificates and other documents and perform such other and further acts as any other party hereto may reasonably request or as may otherwise be reasonably necessary or proper, to effect any such registration.

5.12 Binding Effect. Subject to Section 11.13, this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. This Agreement is not intended, and shall not be deemed, to create or confer any right or interest for the benefit of any Person not a party hereto.

5.13 Assignment. This Agreement, and each right, interest and obligation hereunder, may not be assigned by any party hereto without the prior written consent of the other parties hereto, and any purported assignment without such consent shall be void and without effect.

5.14 Titles and Captions. The titles and captions of the Articles and Sections of this Agreement are for convenience of reference only and do not in any way define or interpret the intent of the parties or modify or otherwise affect any of the provisions hereof.

5.15 Grammatical Conventions. Whenever the context so requires, each pronoun or verb used herein shall be construed in the singular or the plural sense and each capitalized term defined herein and each pronoun used herein shall be construed in the masculine, feminine or neuter sense.

5.16 References. The terms "herein," "hereto," "hereof," and "hereunder," and other terms of similar import, refer to this Agreement as a whole, and not to any Section or other part hereof.

5.17 No Presumptions. Each party hereto acknowledges that it has participated, with the advice of counsel, in the preparation of this Agreement. No party hereto is entitled to any presumption with respect to the interpretation of any provision hereof or the resolution of any alleged ambiguity herein based on any claim that any other party hereto drafted or controlled the drafting of this Agreement.

5.18 Exhibits and Schedules. The Exhibits and Schedules hereto are an integral part of this Agreement and are incorporated in their entirety herein by this reference.

5.19 Entire Agreement. This Agreement embodies the entire agreement of the parties hereto with respect to the subject matter hereof and supersedes all prior agreements, commitments or arrangements relating thereto.

IN WITNESS WHEREOF, JAKKS, by its duly authorized officers, and the Shareholders have duly executed this Agreement as of the date first above written.

JAKKS PACIFIC, INC.

By: /s/ JOEL M. BENNETT

Name: Joel M. Bennett
Title: Exec VP/CFO

/s/ HARVEY GOLDBERG

Harvey Goldberg

/s/ STEVEN A. LEBENSFELD

Name: Steven A. Lebensfeld
Title:

BEST PHASE LIMITED

By: /s/ DAVID KI KWAN CHU

Name: David Ki Kwan Chu
Title: President

HARGO BARBADOS LIMITED

By: /s/ GREGORY HINKSON

Name: Gregory Hinkson
Title: Director

By: CIBC BANK AND TRUST CO. (CAYMAN) LIMITED

Secretary

By: /s/ NEAL GRIFFITH

Name: Neal Griffith

By: /s/ SHERENE BLACKETT

Name: Sherene Blackett

EXHIBIT 7

TERMINATION OF EMPLOYMENT AGREEMENT

Agreement dated March 11, 2002 entered into between STEVEN LEBENSFELD, an individual with his address at 45 Wildwood Drive, Laurel Hollow, New York 11791 ("Executive" or "SL"), TOYMAX INTERNATIONAL, INC., a Delaware corporation with its offices at 125 E. Bethpage Road, Plainview, New York 11803, U.S.A., ("Toymax International" or the "Company") and JAKKS PACIFIC, INC., a Delaware corporation with its offices at 22619 Pacific Coast Highway, Malibu, California, U.S.A. ("JAKKS"). The parties to this Agreement may also sometimes be referred to collectively as the "Parties" or singly as a "Party."

W I T N E S S E T H :
- - - - - - - - - - -

WHEREAS, Toymax International and Executive are parties to an employment agreement dated as of January 1, 2000 providing for Executive's employment by the Company as Executive Vice President (the "Employment Agreement").

WHEREAS, concurrently herewith JAKKS has acquired a majority of the outstanding shares of capital stock of Toymax International from certain shareholders of Toymax International, including Executive, pursuant to a Stock Purchase Agreement dated February 10, 2002 (the "Stock Purchase Agreement"); and

WHEREAS, as a condition to such acquisition, Executive and Toymax International agreed to terminate the Employment Agreement and Stock Options described herein.

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, the Parties hereto hereby agree as follows:

1. Termination of Employment Agreement and Stock Options. Executive and the Company agree that the Employment Agreement and all stock options, including options granted to Executive under the Company's Stock Option Plan referred to in the Employment Agreement, and any other rights to acquire shares of stock or other securities of the Company and its Affiliates, are hereby terminated as of the date hereof. The Company agrees to pay and the Executive agrees to accept US$350,000.00 in full and final settlement of all claims for salary, bonus, vacation pay or any other form of compensation or benefit due to him from the Company or any of its Affiliates or any equity or other interest in the Company or any of its Affiliates, including but not limited to the payments under the Executive Bonus Plan and Stock Appreciation Bonus referred to in the Employment Agreement. Executive acknowledges that the Company shall terminate forthwith the life insurance, disability and accident insurance and health insurance benefits referred to in the Employment Agreement. Such $350,000.00 payment shall be paid in twelve (12) substantially equal monthly installments on the last day of each month commencing with the month in which this Agreement is executed, less required tax withholding.

2. Definitions. As used in this Agreement, the following terms shall have the meanings set forth below:

   a. "Affiliate" of a Person means another Person directly or indirectly controlling, controlled by, or under common control with, such Person; for this purpose, "control" of a Person means the power (whether or not exercised) to direct the policies, operations or activities of such Person by virtue of the ownership of, or right to vote or direct the manner of voting of, securities of such Person, or pursuant to agreement or Law or otherwise.

   b. "Competitive Product" means any product that is substantially similar to a Product.

c. "Product" means any product developed, manufactured, sold or marketed by the Company or its Affiliates during the period of Executive's employment by the Company or its predecessors and their respective Affiliates.

d. "Person" includes without limitation a natural person, corporation, joint stock company, limited liability company, partnership, joint venture, association, trust, Governmental Authority, or any group of the foregoing acting in concert.

e. "Trade Right" means a patent, claim of copyright, trademark, trade name, brand name, service mark, logo, symbol, trade dress or design, or representation or expression of any thereof, or registration or application for registration thereof, or any other improvement, development or discovery, invention, trade secret, process, system, technical information, know-how, proprietary right or intellectual property conceived, developed, created or made by Executive, alone or with others, during the period of his employment by the Company or its predecessors or their respective Affiliates in connection with the design, manufacture and marketing of the Products or otherwise in connection with the Company's operations and conduct of its business.

3. Ownership of Trade Rights

a. ACKNOWLEDGMENT BY EXECUTIVE. Executive acknowledges and agrees that all of the Trade Rights are the sole property of Toymax International.

b. "WORKS FOR HIRE". Executive acknowledges and agrees that for all purposes of U.S. and foreign Copyright Laws the Trade Rights and any inventions, discoveries, enhancements or improvements to any tangible or intangible property, resulting from the services performed by Executive for the Company or its predecessors and their respective Affiliates (for the purposes of this paragraph all of the foregoing is collectively referred to as the "Work"), and any and all elements thereof, shall be deemed to constitute "works for hire" belonging to the Company within the meaning of Title 17, United States Code, Section 101, and any comparable provisions of the law of any other jurisdiction, such that all right, title and interest therein, including, without limitation, copyrights and exclusive rights under copyright, vest in Toymax International. Executive hereby transfers and conveys to Toymax International the exclusive, world-wide, royalty-free, paid-up right to exploit, use, develop, license, and sell products and services relating to or derived from the Work; and the exclusive right, title and interest in and to all inventions, improvements, patent applications and letters patent, "know-how", and all intellectual property and other rights, tangible or intangible, which relate to or are based upon or derived from the Work; and to all information, documents, and specifications that relate to the Work. If the Work or any of the elements thereof is deemed not to be "works for hire" within the meaning of Title 17, United States Code, Section 101, then Executive hereby assigns and transfers to Toymax International all right, title and interest in and to the Work, including rights throughout the world for good and valuable consideration, receipt of which Executive hereby acknowledges. For the sole and exclusive purpose of perfecting and documenting such limited assignment and transfer, Executive hereby grants to JAKKS and Toymax International an irrevocable power of attorney.

4. Restrictive Covenants.

a. From and after the date hereof and until the first anniversary of the date hereof, Executive shall not, directly or indirectly through any Affiliate or other intermediary (a) manufacture, produce, sell, market or otherwise promote any Competitive Product or serve as a partner, member, manager, director, officer or employee of, or consultant or advisor to, or in any manner own, control, manage, operate or otherwise participate or invest in, or be connected with any Person that engages in the marketing or sale of Competitive Products, or authorize the use of its name in connection therewith, or (b) for himself or on behalf of any other Person, employ, engage or retain any Person who at any time during the preceding 12-month period shall have been an employee of Toymax International or JAKKS or their respective Affiliates, or contact any supplier, customer or employee of Toymax International, JAKKS or their respective Affiliates for the purpose of soliciting or diverting any such supplier, customer or employee from Toymax International, JAKKS or their respective Affiliates. The foregoing provisions notwithstanding, Executive may invest his funds in securities of an issuer if the securities of such issuer are listed for trading on a registered securities exchange or actively traded in the over-the-counter market and Executive's and his Affiliates' aggregate holdings therein represent less than 1% of the total number of shares or principal amount of the securities of such issuer then outstanding. Executive acknowledges that the provisions of this Section 4, and the period of time, lack of any specific geographic area given the international nature of the business of JAKKS and its Affiliates, including Toymax International and its Affiliates and the scope and type of restrictions on his activities set forth herein, are reasonable and necessary for the protection of the Company and JAKKS and are an essential inducement to JAKKS entering into the Stock Purchase Agreement and acquiring shares of common stock of Toymax International from Executive and the other shareholders selling their shares to JAKKS pursuant to the Stock Purchase Agreement.

Executive acknowledges that the type of services that he has performed for Toymax International and its Affiliates were of an intellectual and technical character required the disclosure of confidential and proprietary information of Toymax International and its Affiliates to him and resulted in the creation by him of information which is confidential and proprietary to Toymax International and its Affiliates, and accordingly that the restrictive covenants contained herein are necessary in order to protect and maintain the business and assets and goodwill of Toymax International whose shares are being purchased by JAKKS. Executive acknowledges that the business of Toymax International and its Affiliates extends beyond the geographic area of the State of New York and accordingly, it is reasonable that the restrictive covenants set forth above are not limited by specific geographic area but by the location of the customers of Toymax International and its Affiliates. Executive acknowledges that the remedy at law for any breach of this agreement by him will be inadequate and that, accordingly, JAKKS and Toymax International shall, in addition to all other available remedies (including without limitation seeking such damages as it can show it has sustained by reason of such breach), be entitled to injunctive relief without being required to post bond or other security and without having to prove the inadequacy of the available remedies at law.

b. Executive acknowledges that he has received from the Company and its Affiliates (a "disclosing party") during the period of his employment by the Company information regarding the Company's Products and its business and affairs which constitutes confidential and proprietary information belonging to the Company ("Confidential Information"), and he shall not, at any time hereafter, use or disclose any Confidential Information to any Person other than to the Company or its designees or except as may

otherwise be required in connection with the business and affairs of the Company, and in furtherance of the foregoing Executive agrees that:

i. Executive will receive, maintain and hold Confidential Information in strict confidence and will use the same level of care in safeguarding it that it uses with his own confidential material of a similar nature;

ii. Executive will take all such steps as may be reasonably necessary to prevent the disclosure of Confidential Information; and

iii. Executive will not utilize Confidential Information without first having obtained the disclosing party's written consent to such utilization.

c. The commitments set forth in paragraph 4(b) above shall not extend to any portion of Confidential Information:

i. that is generally available to the public;

ii. that was known to Executive prior to disclosure (excluding information regarding Toymax International and its Affiliates which would otherwise be Confidential Information that was disclosed to Executive during the period of his employment by the Company or its predecessors or their respective Affiliates or that was disclosed to Executive in connection with his acting as a director of the Company or its predecessors or their respective Affiliates, and excluding any other non-public information concerning Products under development by or for the Company or its Affiliates;

iii. that was not acquired, directly or indirectly and/or in any manner, from Toymax International or any of its Affiliates and which Executive lawfully had in his possession prior to the date of this Agreement;

iv. that, hereafter, through no act or omission on the part of the Executive, becomes information generally available to the public.

d. At any time upon written request by JAKKS or the disclosing party, (i) the Confidential Information, including any copies, shall be returned to JAKKS or the disclosing party, and (ii) all documents, drawings, specifications and any other material whatsoever in the possession of the Executive that relates to such Confidential Information, including all copies and/or any other form of reproduction and/or description thereof made by Executive shall, at the disclosing party's or JAKKS' option, be returned to the disclosing party or JAKKS or destroyed.

e. In the event that Executive becomes legally compelled (by deposition, interrogatory, request of documents, subpoena, civil investigative demand or similar process) to disclose any of the Confidential Information, the Executive shall provide JAKKS with prompt prior written notice of such requirement so that it or the disclosing party may seek a protective order or other appropriate remedy and/or waive compliance with the terms of this Agreement. In the event that such protective order or other remedy is not obtained, or JAKKS waives compliance with the provisions hereof, the Executive agrees to furnish only such portion of the Confidential Information which is legally required to be furnished.

5. Miscellaneous.

a. FEES AND EXPENSES. Each Party hereto shall bear such fees and expenses as may be incurred by it in connection with this Agreement.

b. NOTICES. Any Notice or demand required or permitted to be given or made hereunder to or upon any Party hereto shall be deemed to have been duly given or made for all purposes if (a) in writing and sent by (i) messenger or an overnight courier service against receipt, or (ii) certified or registered mail, postage paid, return receipt requested, or (b) sent by telegram, telecopy (confirmed orally), telex or similar electronic means, provided that a written copy thereof is sent on the same day by postage-paid first-class mail, to such Party at the following address:

to JAKKS:
22619 Pacific Coast Highway
Malibu, California 90265
Attn: President
Fax: (310) 456-7099

with a copy to:
Feder, Kaszovitz, Isaacson,
Weber, Skala, Bass & Rhine LLP
750 Lexington Avenue
New York, New York 10022
Attn: Murray L. Skala, Esq.
Fax: (212) 888-7776

to Executive at:
45 Wildwood Drive
Laurel Hollow, New York 11791
Fax: 516-367-3463

with a copy to:
Ettelman & Hochheiser
100 Quentin Roosevelt Blvd.
Garden City, New York 10530
Attn: Gary Ettelman, Esq.
Fax: (516) 227-6307

or such other address as any Party hereto may at any time, or from time to time, direct by Notice given to the other parties in accordance with this Section. Except as otherwise expressly provided herein, the date of giving or making of any such Notice or demand shall be, in the case of clause (a) (i), the date of the receipt; in the case of clause (a) (ii), three business days after such Notice or demand is sent; and, in the case of clause (b), the business day next following the date such Notice or demand is sent.

c. AMENDMENT. Except as otherwise expressly provided herein, no amendment of this Agreement shall be valid or effective, unless in writing and signed by or on behalf of the parties hereto.

d. WAIVER. No course of dealing or omission or delay on the part of any Party hereto in asserting or exercising any right hereunder shall constitute or operate as a waiver of any such right. No waiver of any provision hereof shall be effective, unless in writing and signed by or on behalf of the Party to be charged therewith. No waiver shall be deemed a continuing waiver or waiver in respect of any other or subsequent breach or default, unless expressly so stated in writing.

e. GOVERNING LAW. This Agreement shall be governed by, and interpreted and enforced in accordance with, the laws of the State of New York without regard to principles of choice of law or conflict of laws. Each Party to this Agreement submits to the jurisdiction of the courts of the State of New York, located in New York and Nassau County, New York, United States of America, and to the jurisdiction of the United States District Court for the Southern and Eastern Districts of New York, New York, New York, United States of America with respect to any matter arising out of this Agreement, waives any objection to venue in the Counties of New York or Nassau, State of New York, or such District, and agrees that service of any summons, complaint, Notice or other process relating to such proceeding may be effected in the manner provided by Paragraph 5(b) hereof.

f. SEVERABILITY. The provisions hereof are severable and in the event that any provision of this Agreement shall be determined to be invalid or unenforceable in any respect by a court of competent jurisdiction, the remaining provisions hereof shall not be affected, but shall, subject to the discretion of such court, remain in full force and effect, and any invalid or unenforceable provision shall be deemed, without further action on the part of the parties hereto, amended and limited to the extent necessary to render the same valid and enforceable.

g. COUNTERPARTS. This Agreement may be executed in counterparts, each of which shall be deemed an original and which together shall constitute one and the same agreement.

h. FURTHER ASSURANCES. Each Party hereto shall promptly execute, deliver, file or record such agreements, instruments, certificates and other documents and perform such other and further acts as any other Party hereto may reasonably request or as may otherwise be reasonably necessary or proper, to carry out the provisions of this Agreement.

i. BINDING EFFECT. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. This Agreement is not intended, and shall not be deemed, to create or confer any right or interest for the benefit of any Person not a Party hereto.

j. ASSIGNMENT. The Executive's obligations under this Agreement may not be assigned without the prior written consent of JAKKS, and any purported assignment without such consent shall be void and without effect.

k. TITLES AND CAPTIONS. The titles and captions of the Articles and Sections of this Agreement are for convenience of reference only and do not in any way define or interpret the intent of the parties or modify or otherwise affect any of the provisions hereof.

l. GRAMMATICAL CONVENTIONS. Whenever the context so requires, each pronoun or verb used herein shall be construed in the singular or the plural sense and each capitalized term defined herein and each pronoun used herein shall be construed in the masculine, feminine or neuter sense.

m. REFERENCES. The terms "herein," "hereto," "hereof," "hereby" and "hereunder," and other terms of similar import, refer to this Agreement as a whole, and not to any Article, Section or other part hereof.

n. NO PRESUMPTIONS. Each Party hereto acknowledges that it has participated, with the advice of counsel, in the preparation of this Agreement. No Party hereto is entitled to any presumption with respect to the interpretation of any provision hereof or the resolution of any alleged ambiguity herein based on any claim that any other Party hereto drafted or controlled the drafting of this Agreement.

o. ENTIRE AGREEMENT. This Agreement embodies the entire agreement of the parties hereto with respect to the subject matter hereof and supersedes all prior agreements, commitments or arrangements relating thereto.

IN WITNESS WHEREOF, the individual parties and each of the corporate parties by their respective duly authorized officers, have duly executed this Agreement as of the date set forth in the Preamble hereto.

TOYMAX INTERNATIONAL, INC.

By: /s/ SANFORD B. FRANK

Name: Sanford B. Frank
Title: Secretary

JAKKS PACIFIC, INC.

By: /s/ JOEL M. BENNETT

Name: Joel M. Bennett
Title: EVP/CFO

/s/ STEVEN LEBENSFELD
- ---
Steven Lebensfeld

EXHIBIT 8

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT dated as of March 11, 2002 by and between JAKKS Pacific, Inc., a Delaware corporation ("JAKKS" or the "Company") with its offices at 22619 Pacific Coast Highway, Malibu, CA 90265 and Steven Lebensfeld, an individual residing at 45 Wildwood Drive, Laurel Hollow, New York 11791 ("Executive"). The parties to the Agreement are sometimes referred to collectively as the "Parties" or simply as a "Party".

W I T N E S S E T H :
- - - - - - - - - -

WHEREAS, the Company desires to employ Executive on the terms and subject to the conditions hereinafter set forth, and Executive desires so to be employed;

NOW, THEREFORE, in consideration of the premises and the mutual covenants hereinafter set forth, the Company and Executive agree as follows:

1. Offices and Duties. The Company hereby employs Executive during the Term (as hereinafter defined) to serve as Senior Vice President for Product Development of the Company, responsible for product development for the Company and its Affiliates, and to perform such executive and supervisory duties in connection therewith on behalf of the Company as the Board of Directors of the Company or a senior executive officer of the Company may from time to time direct that are consistent with Executive's position. The Board of Directors of the Company may elect or designate Executive to serve in such other corporate offices of the Company or a subsidiary thereof as they may from time to time deem necessary, proper or advisable, with the consent of the Executive which shall not be unreasonably withheld or delayed. Executive hereby accepts such employment and agrees that throughout the Term he shall faithfully, diligently and to the best of his ability, in furtherance of the business of the Company, perform the duties assigned to him or incidental to the offices assumed by him pursuant to this Section. Executive shall devote all of his business time and attention to the business and affairs of the Company. Executive shall at all times be subject to the direction and control of the Board of Directors of the Company and observe and comply with such rules, regulations, policies and practices as the Board of Directors of the Company may from time to time reasonably establish in the exercise of their good faith discretion.

2. Term. The employment of Executive hereunder shall commence on the date hereof and continue for a term ending on the first anniversary of the date hereof (the "Term"), subject to earlier termination upon the terms and conditions provided elsewhere herein. As used herein, "Termination Date" means the last day of the Term.

3. Compensation.

(a) As compensation for his services hereunder, the Company shall pay to Executive during the Term a base salary at the rate of $250,000.00 per annum (the "Base Salary"), such Base Salary to be paid in substantially equal installments no less often than monthly in accordance with the Company's normal payroll practices, subject to required tax withholding.

(b) In addition to his Base Salary provided herein, Executive shall be entitled to participate, to the extent he is eligible under the terms and conditions thereof, in any stock, stock option or

other equity participation plan and any profit-sharing, pension, retirement, insurance, medical service or other employee benefit plan and to receive any other benefits or perquisites generally available to all executives of the Company pursuant to any employment policy or practice, which may be in effect from time to time during the Term. The Company shall be under no obligation hereunder to institute or to continue any such employee benefit plan or employment policy or practice.

(c) The Executive may receive such bonus as the Board of Directors of the Company shall determine in its sole discretion.

(d) As used in this Agreement, the term "Affiliate" of a Person means another Person directly or indirectly controlling, controlled by, or under common control with, such Person; for this purpose, "control" of a Person means the power (whether or not exercised) to direct the policies, operations or activities of such Person by virtue of the ownership of, or right to vote or direct the manner of voting of, securities of such Person, or pursuant to agreement or law or otherwise.

(e) As used in this Agreement, the term "Person" includes without limitation a natural person, corporation, joint stock company, limited liability company, partnership, joint venture, association, trust, governmental authority, or any group of the foregoing acting in concert.

4. Expenses. The Company shall provide Executive with a monthly automobile allowance equal to US$600.00 per month to reimburse Executive for the cost of leasing or purchasing an automobile, use of the automobile for Company business, and expenses of repair, maintenance, parking and other expenses incidental to such use. The Company shall pay directly, or advance funds to Executive or reimburse Executive for, all expenses reasonably incurred by him in connection with the performance of his duties hereunder and the business of the Company, upon the submission to the Company of itemized expense reports, receipts or vouchers in accordance with its then customary policies and practices.

5. Location. Except for travel and temporary accommodation reasonably required to perform his services hereunder and travel as may reasonably be requested by JAKKS to its principal office in the United States (currently in Malibu, California, USA) or to its offices in New York, New York, USA, Executive shall not be required to perform his services hereunder at any location other than an office he maintains at the offices of Toymax International in Plainview, New York, or, if requested to do so by the Company, at the offices of the Company in New York, New York. The Parties acknowledge and agree that any permanent relocation of the Executive's regular office to the Company's offices in Malibu, California shall require the mutual agreement of the Company and the Executive on such terms as the Parties agree to in connection therewith, but any failure to agree on such relocation shall not affect the continued effectiveness and enforceability of this Agreement, it being understood and agreed that neither Party has made any commitment or representation to the other regarding such relocation. JAKKS may request Executive's attendance at meetings at JAKKS' offices in Malibu, California or New York, New York, or to participate in other activities relating to the Company and its business in Malibu, California or New York, New York, provided that the Executive shall not be required to stay at such locations for more than seven (7) working days in any one (1) calendar month.

6. Office. The Company shall provide Executive with suitable office space, furnishings and equipment, secretarial and clerical services and such other facilities and office support as are reasonably necessary for the performance of his services hereunder.

7. Vacation. Executive shall be entitled to four (4) weeks paid vacation during each year of his employment hereunder, such vacation to be taken at such time or times as shall be agreed upon by

Executive and the Company. Vacation time shall be cumulative from year to year, except that Executive shall not be entitled to take more than six (6) weeks vacation during any consecutive 12-month period during the Term.

8. Key-Man Insurance. JAKKS shall have the right from time to time to purchase, increase, modify or terminate insurance policies on the life of Executive for the benefit of JAKKS in such amounts as JAKKS may determine in its sole discretion. In connection therewith, Executive shall, at such time or times and at such place or places as JAKKS may reasonably direct, submit himself to such physical examinations and execute and deliver such documents as JAKKS may deem necessary or appropriate.

9. Confidential Information.

(a) Executive shall hold in a fiduciary capacity for the benefit of the Company all confidential or proprietary information relating to or concerned with the Company and its Affiliates or their products, prospective products, operations, business and affairs ("Confidential Information"), and he shall not, at any time hereafter, use or disclose any Confidential Information to any person other than to the Company or its designees or except as may otherwise be required in connection with the business and affairs of the Company, and in furtherance of the foregoing Executive agrees that:

(i) Executive will receive, maintain and hold Confidential Information in strict confidence and will use the same level of care in safeguarding it that he uses with his own confidential material of a similar nature;

(ii) Executive will take all such steps as may be reasonably necessary to prevent the disclosure of Confidential Information; and

(iii) Executive will not utilize Confidential Information without first having obtained the Company's consent to such utilization.

(b) The commitments set forth in paragraph 9(a) shall not extend to any portion of Confidential Information:

(i) that is generally available to the public;

(ii) that was known to the Executive prior to disclosure (excluding information regarding the Company or its Affiliates which would otherwise be Confidential Information that was disclosed to Executive during the period of his employment by the Company or its predecessors or their respective Affiliates (including Toymax International Inc. and its Affiliates) or that was disclosed to Executive in connection with his acting as a director of Toymax International Inc. or its predecessors or their respective Affiliates, and excluding any other non-public information concerning products under development by or for the Company or its Affiliates (including Toymax International Inc. and its Affiliates);

(iii) that was not acquired, directly or indirectly and/or in any manner, from the Company or any of its Affiliates (including Toymax International Inc. and its Affiliates) and which Executive lawfully had in his possession prior to the date of this Agreement;

(iv) that, hereafter, through no act or omission on the part of the Executive, becomes information generally available to the public.

(c) At any time upon written request by the Company (i) the Confidential Information, including any copies, shall be returned to the Company, and (ii) all documents, drawings, specifications, computer software, and any other material whatsoever in the possession of the Executive that relates to such Confidential Information, including all copies and/or any other form of reproduction and/or description thereof made by Executive shall, at the Company's option, be returned to the Company or destroyed.

(d) In the event that Executive becomes legally compelled (by deposition, interrogatory, request of documents, subpoena, civil investigative demand or similar process) to disclose any of the Confidential Information, the Executive shall provide the Company with prompt prior written notice of such requirement so that it may seek a protective order or other appropriate remedy and/or waive compliance with the terms of this Agreement. In the event that such protective order or other remedy is not obtained, or the Company waives compliance with the provisions hereof, the Executive agrees to furnish only such portion of the Confidential Information which is legally required to be furnished.

10. Intellectual Property.

(a) Any patent, claim of copyright, trademark, trade name, brand name, service mark, logo, symbol, trade dress or design, or representation or expression of any thereof, or registration or application for registration thereof, or any other improvement, development or discovery, invention, trade secret, process, system, technical information, know-how, proprietary right or intellectual property developed, conceived of, invented or otherwise produced by Executive, alone or with others in connection with the design, manufacture and marketing of the products of the Company and its Affiliates, or conceived, developed, created or made by Executive, alone or with others, during the Term and applicable to the business of the Company or its Affiliates, whether or not patentable or registrable (collectively referred to as "Trade Rights") shall become the sole and exclusive property of the Company.

(b) Executive shall disclose all Trade Rights promptly and completely to the Company and shall, during the Term or thereafter, (i) execute all documents requested by the Company for vesting in the Company the entire right, title and interest in and to the same, (ii) execute all documents requested by the Company for filing and procuring such applications for patents, trademarks, service marks or copyrights as the Company, in its sole discretion, may desire to prosecute, and (iii) give the Company all assistance it may reasonably require, including the giving of testimony in any Proceeding (as hereinafter defined), in other to obtain, maintain and protect the Company's right therein and thereto; provided that the Company shall bear the entire cost and expense of such assistance, including without limitation paying the Executive reasonable compensation for any time or effort expended by him in connection with such assistance after the Termination Date. In furtherance of the foregoing, Executive acknowledges and agrees that for all purposes of U.S. and foreign Copyright Laws, the Trade Rights and any inventions, discoveries, enhancements or improvements to any tangible or intangible property, resulting from the services performed by Executive for the Company or its Affiliates (for the purposes of this paragraph all of the foregoing is collectively referred to as the "Work"), and any and all elements thereof, shall be deemed to constitute "works for hire" belonging to the Company within the meaning of Title 17, United States Code, Section 101, and any comparable provisions of the law of any other jurisdiction, such that all right, title and interest therein, including, without limitation, copyrights and exclusive rights under copyright, vest in the Company. Executive hereby transfers and conveys to the Company the exclusive, world-wide, royalty-free, paid-up right to exploit, use, develop, license, and sell products and services relating to or derived from the Work; and the exclusive right, title and interest in and to all inventions, improvements, patent applications and letters patent, "know-how", and all

intellectual property and other rights, tangible or intangible, which relate to or are based upon or derived from the Work; and to all information, documents, and specifications that relate to the Work. If the Work or any of the elements thereof is deemed not to be "works for hire" within the meaning of Title 17, United States Code, Section 101, then Executive hereby assigns and transfers to the Company all right, title and interest in and to the Work, including rights throughout the world for good and valuable consideration, receipt of which Executive hereby acknowledges. For the sole and exclusive purpose of perfecting and documenting such limited assignment and transfer, Executive hereby grants to the Company an irrevocable power of attorney.

11. Restrictive Covenants.

(a) During the Term, and unless his employment terminates pursuant to Section 14, for a further period of one (1) year after the Termination Date, Executive shall not, directly or indirectly through any Affiliate or other intermediary (a) manufacture, produce, sell, market or otherwise promote any Competitive Product or serve as a partner, member, manager, director, officer or employee of, or consultant or advisor to, or in any manner own, control, manage, operate or otherwise participate or invest in, or be connected with any Person that engages in the marketing or sale of Competitive Products, or authorize the use of its name in connection therewith, or (b) for himself or on behalf of any other Person, employ, engage or retain any Person who at any time during the preceding 12-month period shall have been an employee of the Company or its Affiliates, or contact any supplier, customer or employee of the Company or its Affiliates for the purpose of soliciting or diverting any such supplier, customer or employee from the Company or its Affiliates. The foregoing provisions notwithstanding, Executive may invest his funds in securities of an issuer if the securities of such issuer are listed for trading on a registered securities exchange or actively traded in the over-the-counter market and Executive's and his Affiliates' aggregate holdings therein represent less than 1% of the total number of shares or principal amount of the securities of such issuer then outstanding. Executive acknowledges that the provisions of this Section 11, and the period of time, lack of specific geographic area given the international nature of the business of the Company and its Affiliates and the scope and type of restrictions on his activities set forth herein, are reasonable and necessary for the protection of the Company and are an essential inducement to JAKKS entering into this Agreement and acquiring shares of common stock of Toymax International Inc. from Executive and the other shareholders selling their shares to JAKKS pursuant to a Stock Purchase Agreement dated February 10, 2002.

(b) As used herein, the term "Competitive Product" means any product or service that is substantially similar to a product or service developed, marketed, sold by the Company or its Affiliates during the period of Executive's employment by the Company.

(c) Executive acknowledges that the type of services the Company will require from him are of an intellectual and technical character which will require the disclosure of confidential and proprietary information of the Company to him and may result in the creation by him of information which is confidential and proprietary to the Company, and accordingly that the restrictive covenants contained herein are necessary in order to protect and maintain the business and assets and goodwill of the Company. Executive also acknowledges that the type of services that he has performed for Toymax International and its Affiliates as an employee of Toymax International were of an intellectual and technical character and required the disclosure of confidential and proprietary information of Toymax International and its Affiliates to him and resulted in the creation by him of information which is confidential and proprietary to Toymax International and its Affiliates, and accordingly that the restrictive covenants contained herein are necessary in order to protect and maintain the business and assets and goodwill of Toymax International whose shares are being purchased by JAKKS. Executive acknowledges that the business of the Company and its Affiliates, including Toymax International and its

Affiliates, extends beyond the geographic area of the State of New York and accordingly, it is reasonable that the restrictive covenants set forth above are not limited by specific geographic area but by the location of the customers of the Company and its Affiliates. Executive acknowledges that the remedy at law for any breach of this agreement by him will be inadequate and that, accordingly, the Company shall, in addition to all other available remedies (including without limitation seeking such damages as it can show it has sustained by reason of such breach), be entitled to injunctive relief without being required to post bond or other security and without having to prove the inadequacy of the available remedies at law.

12. Termination Upon Death or Disability. Executive's employment hereunder shall terminate immediately upon his death. In the event that Executive is unable to perform his duties hereunder by reason of any disability or incapacity (due to any physical or mental injury, illness or defect) for an aggregate of 90 days in any consecutive 12-month period, the Company shall have the right to terminate Executive's employment hereunder within 60 days after the 90th day of his disability or incapacity by giving Executive notice to such effect at least 30 days prior to the date of termination set forth in such notice, and on such date such employment shall terminate.

13. Termination by the Company with or without Cause.

(a) In addition to any other rights or remedies provided by law or in this Agreement, the Company may terminate Executive's employment for "cause" under this Agreement if:

(i) Executive is convicted of, or enters a plea of guilty or nolo contendere (which plea is not withdrawn prior to its approval by the court) to a felony or other crime, a criminal offense involving the acts identified in paragraph (ii) below; or

(ii) the Company's Board of Directors determines, after due inquiry, that Executive has:

(A) committed fraud against, or embezzled or misappropriated funds or other assets of, the Company (or any subsidiary thereof);

(B) violated, or caused the Company (or any subsidiary thereof) or any officer, employee or other agent thereof, or any other Person to violate, any material law, regulation or ordinance, which violation has or would reasonably be expected to have a significant detrimental effect on the Company or its Affiliates, or any material rule, regulation, policy or practice established by the Board of Directors of the Company;

(C) on a persistent or recurring basis, (A) failed properly to perform his duties hereunder or (B) acted in a manner detrimental to, or adverse to the interests of, either the Company or its Affiliates.

(b) The Company may effect such termination for cause under paragraph (a) of this Section by giving Executive notice to such effect, setting forth in reasonable detail the factual basis for such termination, at least thirty (30) days prior to the date of termination set forth therein; provided however that Executive may avoid such termination if Executive, prior to the date of termination set forth in such notice, cures or explains to the reasonable satisfaction of the Company's Board of Directors the factual basis for termination set forth therein.

14. Termination by Executive for Good Reason. In addition to any other rights or remedies provided by law or in this Agreement, Executive may terminate his employment hereunder if (a) the

Company violates, or fails to perform or satisfy any material covenant, condition or obligation required to be performed or satisfied by it hereunder or, (b) as a result of any action or failure to act by the Company, there is a material change in the nature or scope of the duties, obligations, rights or powers of Executive's employment, or (c) relocation without Executive's consent from the location set forth in Section 5 hereof, by giving the Company notice to such effect, setting forth in reasonable detail the factual basis for such termination, at least thirty (30) days prior to the date of termination set forth therein; provided however that the Company may avoid such termination if it, prior to the date of termination set forth in such notice, cures or explains to the reasonable satisfaction of Executive the factual basis for termination set forth therein. The termination by Executive of his employment pursuant to this Section 14 shall not constitute or be deemed to constitute for any purpose a "voluntary resignation" of his employment.

15. Compensation upon Termination.

(a) Upon termination of Executive's employment hereunder, he shall be entitled to receive, in any case, any compensation or other amount due to him pursuant to Section 3 or 4 in respect of his employment prior to the Termination Date, and from and after the Termination Date, except as otherwise provided in Section 15(b), the Company shall have no further obligation to Executive hereunder. Any amount payable to Executive pursuant to this Section 15(a) upon termination of his employment hereunder shall be paid promptly, and in any event within 10 days, after the Termination Date.

(b) If Executive terminates his employment hereunder for Good Reason pursuant to Section 14 or if the Company terminates his employment hereunder other than upon his disability or incapacity pursuant to Section 12 and other than for cause pursuant to Section 13(a) through (c), the Company shall make to Executive payments at the times and in the amounts provided herein for the payment of his Base Salary during the period, if any, beginning on the day after the Termination Date and ending on the first anniversary of the date of this Agreement.

(c) If Executive shall die prior to Executive's receipt of all payments required under this Agreement, the Company shall pay Executive's designated beneficiary or, if there is no designated beneficiary, his estate all such amounts that would have otherwise been payable to Executive under this Agreement as of the date of his death.

16. Other Consequences of Termination.

(a) Upon the termination of his employment (for whatever reason and howsoever arising) the Executive shall:

(i) at the request of the Board of Directors of the Company immediately resign without claim for compensation from any office held by him in the Company or any Affiliate (but without prejudice to any claim for damages for breach of this Agreement or for any compensation which otherwise may be due and owing or which may thereafter come due pursuant to this Agreement or otherwise) and in the event of his failure to do so the Company is hereby irrevocably authorised to appoint some person in his name and on his behalf to sign and deliver such resignations to the Board; and

(ii) immediately repay all outstanding debts or loans due to the Company or any Affiliate.

17. Limitation of Authority. Except as otherwise expressly provided, no provision hereof shall be deemed to authorize or empower either party hereto to act on behalf of, obligate or bind the other party hereto.

18. Notices. Any Notice or demand required or permitted to be given or made hereunder to or upon any Party hereto shall be deemed to have been duly given or made for all purposes if (a) in writing and sent by (i) messenger or an overnight courier service against receipt, or (ii) certified or registered mail, postage paid, return receipt requested, or (b) sent by telegram, telecopy (confirmed orally), telex or similar electronic means, provided that a written copy thereof is sent on the same day by postage-paid first-class mail, to such Party at the following address:

to JAKKS:	22619 Pacific Coast Highway Malibu, California 90265 Attn: President Fax: (310) 456-7099
with a copy to:	Feder, Kaszovitz, Isaacson, Weber, Skala, Bass & Rhine LLP 750 Lexington Avenue New York, New York 10022 Attn: Murray L. Skala, Esq. Fax: (212) 888-7776
to Executive:	45 Wildwood Drive Laurel Hollow, New York 11791 Fax: 516-367-3463
with a copy to:	Ettelman & Hochheiser 100 Quentin Roosevelt Blvd. Garden City, New York 10530 Attn: Gary Ettelman, Esq. Fax: (516) 227-6307

or such other address as any Party hereto may at any time, or from time to time, direct by Notice given to the other Parties in accordance with this Section. Except as otherwise expressly provided herein, the date of giving or making of any such Notice or demand shall be, in the case of clause (a) (i), the date of the receipt; in the case of clause (a) (ii), three business days after such Notice or demand is sent; and, in the case of clause (b), the business day next following the date such Notice or demand is sent.

19. Amendment. Except as otherwise provided herein, no amendment of this Agreement shall be valid or effective, unless in writing and signed by or on behalf of the parties hereto.

20. Waiver. No course of dealing or omission or delay on the part of either party hereto in asserting or exercising any right hereunder shall constitute or operate as a waiver of any such right. No waiver of any provision hereof shall be effective, unless in writing and signed by or on behalf of the party to be charged therewith. No waiver shall be deemed a continuing waiver or waiver in respect of any other or subsequent breach or default, unless expressly so stated in writing.

21. Governing Law. This Agreement shall be governed by, and interpreted and enforced in accordance with, the laws of the State of New York without regard to principles of choice of law or conflict of laws. Each Party to this Agreement submits to the jurisdiction of the courts of the State of New York, located in New York and Nassau County, New York, United States of America, and to the jurisdiction of the United States District Court for the Southern and Eastern Districts of New York, New York, New York, United States of America with respect to any matter arising out of this Agreement, waives any objection to venue in the Counties of New York or Nassau, State of New York, or such District, and agrees that service of any summons, complaint, Notice or other process relating to such proceeding may be effected in the manner provided by Section 18 hereof.

22. Severability. The provisions hereof are severable and in the event that any provision of this Agreement shall be determined to be invalid or unenforceable in any respect by a court of competent jurisdiction, the remaining provisions hereof shall not be affected, but shall, subject to the discretion of such court, remain in full force and effect, and any invalid or unenforceable provision shall be deemed, without further action on the part of the parties hereto, amended and limited to the extent necessary to render the same valid and enforceable.

23. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original and which together shall constitute one and the same agreement.

24. Further Assurances. Each Party hereto shall promptly execute, deliver, file or record such agreements, instruments, certificates and other documents and perform such other and further acts as any other Party hereto may reasonably request or as may otherwise be reasonably necessary or proper, to carry out the provisions of this Agreement.

25. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. This Agreement is not intended, and shall not be deemed, to create or confer any right or interest for the benefit of any Person not a Party hereto.

26. Assignment. Executive's obligations under this Agreement may not be assigned without the prior written consent of the Company, and any purported assignment without such consent shall be void and without effect.

27. Titles and Captions. The titles and captions of the Articles and Sections of this Agreement are for convenience of reference only and do not in any way define or interpret the intent of the parties or modify or otherwise affect any of the provisions hereof.

28. Remedies. In the event of any actual or prospective breach or default under this Agreement by either Party hereto, the other Party shall be entitled to equitable relief, including remedies in the nature of rescission, injunction and specific performance. All remedies hereunder are cumulative and not exclusive, and nothing herein shall be deemed to prohibit or limit either party from pursuing any other remedy or relief available at law or in equity for such actual or prospective breach or default, including the recovery of damages.

29. Assignment. This Agreement, and each right, interest and obligation hereunder, may not be assigned by either party hereto without the prior written consent of the other party hereto, and any purported assignment without such consent shall be void and without effect, except that this Agreement shall be assigned to, and assumed by, any Person with or into which the Company merges or consolidates,

or which acquires all or substantially all of its assets, or which otherwise succeeds to and continues the Company's business substantially as an entirety. Except as otherwise expressly provided herein or required by law, Executive shall not have any power of anticipation, assignment or alienation of any payments required to be made to him hereunder, and no other Person may acquire any right or interest in any thereof by reason of any purported sale, assignment or other disposition thereof, whether voluntary or involuntary, any claim in a bankruptcy or other insolvency Proceeding against Executive, or any other ruling, judgment, order, writ or decree.

30. Grammatical Conventions. Whenever the context so requires, each pronoun or verb used herein shall be construed in the singular or the plural sense and each capitalized term defined herein and each pronoun used herein shall be construed in the masculine, feminine or neuter sense.

31. References. The terms "herein," "hereto," "hereof," "hereby," and "hereunder," and other terms of similar import, refer to this Agreement as a whole, and not to any Section or other part hereof.

32. No Presumptions. Each Party hereto acknowledges that it has had an opportunity to consult with counsel and has participated in the preparation of this Agreement. No Party hereto is entitled to any presumption with respect to the interpretation of any provision hereof or the resolution of any alleged ambiguity herein based on any claim that the other Party hereto drafted or controlled the drafting of this Agreement.

33. Entire Agreement. This Agreement embodies the entire agreement of the parties hereto with respect to the subject matter hereof and supersedes all prior agreements, commitments or arrangements relating thereto.

IN WITNESS WHEREOF, the undersigned have duly executed this Agreement as of the day and year first above written.

JAKKS PACIFIC, INC.

By: /s/ JOEL M. BENNETT

Name: Joel M. Bennett

Title: EVP/CFO

/s/ STEVEN LEBENSFELD

Steven Lebensfeld

EXHIBIT 9

TERMINATION OF EMPLOYMENT AGREEMENT

Agreement dated March 11, 2002 entered into between and among HARVEY GOLDBERG, an individual ("Executive"), 1515037 ONTARIO LTD., a corporation organized under the law of Ontario, Canada with their addresses at 8 North Bank Court, Thornhill, Ontario Canada L3T757 ("Ontario Ltd."), TOYMAX INTERNATIONAL, INC., a Delaware corporation with its offices at 125 East Bethpage Road, Plainview, New York 11803, U.S.A., ("Toymax International" or the "Company") and JAKKS PACIFIC, INC., a Delaware corporation with its offices at 22619 Pacific Coast Highway, Malibu, California , U.S.A. ("JAKKS"). The parties to this Agreement may also sometimes be referred to collectively as the "Parties" or singly as a "Party."

W I T N E S S E T H :

WHEREAS, Toymax International and Executive are parties to an employment agreement dated as of January 1, 2000 providing for Executive's employment by the Company as Executive Vice President (the "Employment Agreement").

WHEREAS, concurrently herewith JAKKS has acquired a majority of the outstanding shares of capital stock of Toymax International from certain shareholders of Toymax International, including Executive, pursuant to a Stock Purchase Agreement dated February 10, 2002 (the "Stock Purchase Agreement"); and

WHEREAS, as a condition to such acquisition, Executive and Toymax International agreed to terminate the Employment Agreement and Stock Options described herein.

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, the Parties hereto hereby agree as follows:

1. Termination of Employment Agreement and Stock Options. Executive and the Company agree that the Employment Agreement and all stock options, including options granted to Executive under the Company's Stock Option Plan referred to in the Employment Agreement, and any other rights to acquire shares of stock or other securities of the Company and its Affiliates, are hereby terminated as of the date hereof. The Executive agrees that payment by the Company of US$200,000.00 to Ontario Ltd. shall constitute full and final settlement of all claims for salary, bonus, vacation pay or any other form of compensation or benefit due to him from the Company or any of its Affiliates or any equity or other interest in the Company or any of its Affiliates, including but not limited to the payments under the Executive Bonus Plan and Stock Appreciation Bonus referred to in the Employment Agreement. Executive represents and warrants to the Company that he is the sole stockholder, officer and director of Ontario Ltd. Executive acknowledges that the Company and Toymax International shall terminate forthwith the life insurance, disability and accident insurance and health insurance benefits referred to in the Employment Agreement. Such $200,000.00 payment shall be paid in twelve (12) substantially equal monthly installments on the last day of each month commencing with the month in which this Agreement is executed.

2. Definitions. As used in this Agreement, the following terms shall have the meanings set forth below:

   a. "Affiliate" of a Person means another Person directly or indirectly controlling, controlled by, or under common control with, such Person; for this purpose, "control" of a Person means the power (whether or not exercised) to direct the policies, operations or activities of such Person by virtue of the ownership of, or right to vote or direct the manner of voting of, securities of such Person, or pursuant to agreement or Law or otherwise.

b. "Competitive Product" means any product that competes with a Product.

c. "Product" means any product developed, manufactured, sold or marketed by the Company or its Affiliates during the period of Executive's employment by the Company or its predecessors and their respective Affiliates.

d. "Person" includes without limitation a natural person, corporation, joint stock company, limited liability company, partnership, joint venture, association, trust, Governmental Authority, or any group of the foregoing acting in concert.

e. "Trade Right" means a patent, claim of copyright, trademark, trade name, brand name, service mark, logo, symbol, trade dress or design, or representation or expression of any thereof, or registration or application for registration thereof, or any other improvement, development or discovery, invention, trade secret, process, system, technical information, know-how, proprietary right or intellectual property conceived, developed, created or made by Executive, alone or with others, during the period of his employment by the Company or its predecessors or their respective Affiliates in connection with the design, manufacture and marketing of the Products or otherwise in connection with the Company's operations and conduct of its business.

3. Ownership of Trade Rights

a. ACKNOWLEDGMENT BY EXECUTIVE. Executive and Ontario Ltd. each acknowledges and agrees that all of the Trade Rights are the sole property of Toymax International.

b. "WORKS FOR HIRE". Executive and Ontario Ltd. each acknowledges and agrees that for all purposes of U.S. and foreign Copyright Laws the Trade Rights and any inventions, discoveries, enhancements or improvements to any tangible or intangible property, resulting from the services performed by Executive for the Company or its predecessors and their respective Affiliates (for the purposes of this paragraph all of the foregoing is collectively referred to as the "Work"), and any and all elements thereof, shall be deemed to constitute "works for hire" belonging to the Company within the meaning of Title 17, United States Code, Section 101, and any comparable provisions of the law of any other jurisdiction, such that all right, title and interest therein, including, without limitation, copyrights and exclusive rights under copyright, vest in Toymax International. Executive and Ontario Ltd. each hereby transfers and conveys to Toymax International the exclusive, world-wide, royalty-free, paid-up right to exploit, use, develop, license, and sell products and services relating to or derived from the Work; and the exclusive right, title and interest in and to all inventions, improvements, patent applications and letters patent, "know-how", and all intellectual property and other rights, tangible or intangible, which relate to or are based upon or derived from the Work; and to all information, documents, and specifications that relate to the Work. If the Work or any of the elements thereof is deemed not to be "works for hire" within the meaning of Title 17, United States Code, Section 101, then Executive and Ontario Ltd. each hereby assigns and transfers to Toymax International all right, title and interest in and to the Work, including rights throughout the world for good and valuable consideration, receipt of which Executive hereby acknowledges. For the sole and exclusive purpose of perfecting and documenting such limited assignment and transfer, Executive and Ontario Ltd. each hereby grants to JAKKS and Toymax International an irrevocable power of attorney.

4. Restrictive Covenants.

a. From and after the date hereof and until the first anniversary of the date hereof, Executive and Ontario Ltd. shall not, directly or indirectly through any Affiliate or other intermediary (a) manufacture, produce, sell, market or otherwise promote any Competitive Product or serve as a partner, member, manager, director, officer or employee of, or consultant or advisor to, or in any manner own, control, manage, operate or otherwise participate or invest in, or be connected with any Person that engages in the marketing or sale of Competitive Products, or authorize the use of its name in connection therewith, or (b) for himself or itself or on behalf of any other Person, employ, engage or retain any Person who at any time during the preceding 12-month period shall have been an employee of Toymax International or JAKKS or their respective Affiliates, or contact any supplier, customer or employee of Toymax International, JAKKS or their respective Affiliates for the purpose of soliciting or diverting any such supplier, customer or employee from Toymax International, JAKKS or their respective Affiliates. The foregoing provisions notwithstanding, Executive and Ontario Ltd. may invest their funds in securities of an issuer if the securities of such issuer are listed for trading on a registered securities exchange or actively traded in the over-the-counter market and Executive's and his Affiliates' (including Ontario Ltd.) aggregate holdings therein represent less than 1% of the total number of shares or principal amount of the securities of such issuer then outstanding. Executive and Ontario Ltd. each acknowledges that the provisions of this Section 4, and the period of time, the lack of any specific geographic area given the international nature of the business of the Company and its Affiliates, and scope and type of restrictions on his activities set forth herein, are reasonable and necessary for the protection of the Company and JAKKS and are an essential inducement to JAKKS entering into the Stock Purchase Agreement and acquiring shares of common stock of Toymax International from Executive and the other shareholders selling their shares to JAKKS pursuant to the Stock Purchase Agreement.

b. Executive acknowledges that the type of services that he has performed for Toymax International and its Affiliates were of an intellectual and technical character required the disclosure of confidential and proprietary information of Toymax International and its Affiliates to him and resulted in the creation by him of information which is confidential and proprietary to Toymax International and its Affiliates, and accordingly that the restrictive covenants contained herein are necessary in order to protect and maintain the business and assets and goodwill of Toymax International whose shares are being purchased by JAKKS. Executive and Ontario Ltd. each acknowledges that the business of Toymax International and its Affiliates extends beyond the geographic area of the State of New York and accordingly, it is reasonable that the restrictive covenants set forth above are not limited by specific geographic area but by the location of the customers of Toymax International and its Affiliates. Executive and Ontario Ltd. each acknowledges that the remedy at law for any breach of this agreement by him will be inadequate and that, accordingly, JAKKS and Toymax International shall, in addition to all other available remedies (including without limitation seeking such damages as it can show it has sustained by reason of such breach), be entitled to injunctive relief without being required to post bond or other security and without having to prove the inadequacy of the available remedies at law.

c. Executive acknowledges that he has received from the Company and its Affiliates (a "disclosing party") during the period of his employment by the Company information regarding the Company's Products and its business and affairs which constitutes confidential and proprietary information belonging to the Company ("Confidential Information"), and he and Ontario Ltd. shall not, at any time hereafter, use or disclose

any Confidential Information to any Person other than to the Company or its designees or except as may otherwise be required in connection with the business and affairs of the Company, and in furtherance of the foregoing Executive and Ontario Ltd. each agrees that:

i. Executive and Ontario Ltd. will receive, maintain and hold Confidential Information in strict confidence and will use the same level of care in safeguarding it that it uses with his own confidential material of a similar nature;

ii. Executive and Ontario Ltd. will take all such steps as may be reasonably necessary to prevent the disclosure of Confidential Information; and

iii. Executive and Ontario Ltd. will not utilize Confidential Information without first having obtained the disclosing party's written consent to such utilization.

d. The commitments set forth in paragraph 4(b) above shall not extend to any portion of Confidential Information:

i. that is generally available to the public;

ii. that was known to Executive or Ontario Ltd prior to disclosure (excluding information regarding Toymax International and its Affiliates which would otherwise be Confidential Information that was disclosed to Executive during the period of his employment by the Company or its predecessors or their respective Affiliates or that was disclosed to Executive in connection with his acting as a director of the Company or its predecessors or their respective Affiliates, and excluding any other non-public information concerning Products under development by or for the Company or its Affiliates;

iii. that was not acquired, directly or indirectly and/or in any manner, from Toymax International or any of its Affiliates and which Executive or Ontario Ltd. lawfully had in his or its possession prior to the date of this Agreement;

iv. that, hereafter, through no act or omission on the part of the Executive or Ontario Ltd., becomes information generally available to the public.

e. At any time upon written request by JAKKS or the disclosing party, (i) the Confidential Information, including any copies, shall be returned to JAKKS or the disclosing party, and (ii) all documents, drawings, specifications and any other material whatsoever in the possession of the Executive or Ontario Ltd. that relates to such Confidential Information, including all copies and/or any other form of reproduction and/or description thereof made by Executive or Ontario Ltd. shall, at the disclosing party's or JAKKS' option, be returned to the disclosing party or JAKKS or destroyed.

f. In the event that Executive or Ontario Ltd. becomes legally compelled (by deposition, interrogatory, request of documents, subpoena, civil investigative demand or similar process) to disclose any of the Confidential Information, the Executive shall provide JAKKS with prompt prior written notice of such requirement so that it or the disclosing party may seek a protective order or other appropriate remedy and/or waive compliance with the terms of this Agreement. In the event that such protective order or other remedy is not obtained, or JAKKS waives compliance with the provisions hereof, the Executive and Ontario Ltd. agrees to furnish only such portion of the Confidential Information which is legally required to be furnished.

5. Miscellaneous.

a. FEES AND EXPENSES. Each Party hereto shall bear such fees and expenses as may be incurred by it in connection with this Agreement.

b. NOTICES. Any Notice or demand required or permitted to be given or made hereunder to or upon any Party hereto shall be deemed to have been duly given or made for all purposes if (a) in writing and sent by (i) messenger or an overnight courier service against receipt, or (ii) certified or registered mail, postage paid, return receipt requested, or (b) sent by telegram, telecopy (confirmed orally), telex or similar electronic means, provided that a written copy thereof is sent on the same day by postage-paid first-class mail, to such Party at the following address:

to JAKKS: 22619 Pacific Coast Highway
Malibu, California 90265
Attn: President
Fax: (310) 456-7099

with a copy to: Feder, Kaszovitz, Isaacson,
Weber, Skala, Bass & Rhine LLP
750 Lexington Avenue
New York, New York 10022
Attn: Murray L. Skala, Esq.
Fax: (212) 888-7776

to Executive or Ontario Ltd. at:

8 North Bank Court
Thornhill, Ontario, Canada L3T757
Fax: 905-731-1570

with a copy to: Brown Raysman Millstein
Felder & Steiner LLP
900 Third Avenue
New York, New York 10022
Attn: Joel M. Handel, Esq.
Fax: (212) 812-3310

or such other address as any Party hereto may at any time, or from time to time, direct by Notice given to the other parties in accordance with this Section. Except as otherwise expressly provided herein, the date of giving or making of any such Notice or demand shall be, in the case of clause (a) (i), the date of the receipt; in the case of clause (a) (ii), three business days after such Notice or demand is sent; and, in the case of clause (b), the business day next following the date such Notice or demand is sent.

c. AMENDMENT. Except as otherwise expressly provided herein, no amendment of this Agreement shall be valid or effective, unless in writing and signed by or on behalf of the parties hereto.

d. WAIVER. No course of dealing or omission or delay on the part of any Party hereto in asserting or exercising any right hereunder shall constitute or operate as a waiver of any such right. No waiver of any provision hereof shall be effective, unless in writing and signed by or on behalf of the Party to be charged therewith. No waiver shall be deemed a continuing waiver or waiver in respect of any other or subsequent breach or default, unless expressly so stated in writing.

e. GOVERNING LAW. This Agreement shall be governed by, and interpreted and enforced in accordance with, the laws of the State of New York without regard to principles of choice of law or conflict of laws. Each Party to this Agreement submits to the jurisdiction of the courts of the State of New York, located in New York County, New York, United States of America, and to the jurisdiction of the United States District Court for the Southern District of New York, New York, New York, United States of America with respect to any matter arising out of this Agreement, waives any objection to venue in the County of New York, State of New York, or such District, and agrees that service of any summons, complaint, Notice or other process relating to such proceeding may be effected in the manner provided by Paragraph 5(b) hereof.

f. SEVERABILITY. The provisions hereof are severable and in the event that any provision of this Agreement shall be determined to be invalid or unenforceable in any respect by a court of competent jurisdiction, the remaining provisions hereof shall not be affected, but shall, subject to the discretion of such court, remain in full force and effect, and any invalid or unenforceable provision shall be deemed, without further action on the part of the parties hereto, amended and limited to the extent necessary to render the same valid and enforceable.

g. COUNTERPARTS. This Agreement may be executed in counterparts, each of which shall be deemed an original and which together shall constitute one and the same agreement.

h. FURTHER ASSURANCES. Each Party hereto shall promptly execute, deliver, file or record such agreements, instruments, certificates and other documents and perform such other and further acts as any other Party hereto may reasonably request or as may otherwise be reasonably necessary or proper, to carry out the provisions of this Agreement.

i. BINDING EFFECT. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. This Agreement is not intended, and shall not be deemed, to create or confer any right or interest for the benefit of any Person not a Party hereto.

j. ASSIGNMENT. The Executive's obligations under this Agreement may not be assigned without the prior written consent of JAKKS, and any purported assignment without such consent shall be void and without effect.

k. TITLES AND CAPTIONS. The titles and captions of the Articles and Sections of this Agreement are for convenience of reference only and do not in any way define or interpret the intent of the parties or modify or otherwise affect any of the provisions hereof.

l. GRAMMATICAL CONVENTIONS. Whenever the context so requires, each pronoun or verb used herein shall be construed in the singular or the plural sense and each capitalized

term defined herein and each pronoun used herein shall be construed in the masculine, feminine or neuter sense.

m. REFERENCES. The terms "herein," "hereto," "hereof," "hereby" and "hereunder," and other terms of similar import, refer to this Agreement as a whole, and not to any Article, Section or other part hereof.

n. NO PRESUMPTIONS. Each Party hereto acknowledges that it has participated, with the advice of counsel, in the preparation of this Agreement. No Party hereto is entitled to any presumption with respect to the interpretation of any provision hereof or the resolution of any alleged ambiguity herein based on any claim that any other Party hereto drafted or controlled the drafting of this Agreement.

o. ENTIRE AGREEMENT. This Agreement embodies the entire agreement of the parties hereto with respect to the subject matter hereof and supersedes all prior agreements, commitments or arrangements relating thereto.

IN WITNESS WHEREOF, the individual parties and each of the corporate parties by their respective duly authorized officers, have duly executed this Agreement as of the date set forth in the Preamble hereto.

TOYMAX INTERNATIONAL, INC.

By: /s/ SANFORD B. FRANK

Name: Sanford B. Frank
Title: Secretary

JAKKS PACIFIC, INC.

By: /s/ JOEL M. BENNETT

Name: Joel M. Bennett
Title: Exec. VP/CFO

/s/ HARVEY GOLDBERG
- ---
Harvey Goldberg

1515037 ONTARIO LTD.

By: /s/ HARVEY GOLDBERG

Name: Harvey Goldberg
Title: President

EXHIBIT 10

CONSULTING AGREEMENT

THIS CONSULTING AGREEMENT dated as of March 11, 2002 by and between JAKKS Pacific, Inc., a Delaware corporation ("JAKKS" or the "Company") with its offices at 22619 Pacific Coast Highway, Malibu, CA 90265 and 1515037 Ontario Ltd., a corporation organized under the law of Ontario, Canada ("Consultant") and Harvey Goldberg ("Goldberg"), an individual residing at 8 North Bank Court, Thornhill, Ontario, Canada L3T757. The parties to the Agreement are sometimes referred to collectively as the "Parties" or simply as a "Party".

W I T N E S S E T H :

WHEREAS, the Company desires to retain Consultant to provide consulting services to the Company on the terms and subject to the conditions hereinafter set forth, and Consultant desires so to be retained;

NOW, THEREFORE, in consideration of the premises and the mutual covenants hereinafter set forth, the Company and Consultant agree as follows:

1. Offices and Duties. The Company hereby retains Consultant during the Term (as hereinafter defined) to consult with the Company regarding international sales and marketing of the products of the Company and its Affiliates, and to perform such duties in connection therewith on behalf of the Company as the Board of Directors of the Company or a senior executive officer of the Company may from time to time direct. Consultant hereby accepts such retention and agrees that throughout the Term it shall faithfully, diligently and to the best of its ability, in furtherance of the business of the Company, perform the duties assigned to it or incidental to its acting as a consultant to the Company pursuant to this Section. Consultant shall not be required to perform such services on a particular schedule provided that Consultant's schedule does not adversely affect the performance of its responsibilities and provided that any other activities of Consultant do not materially interfere with or compromise its ability to perform its responsibilities hereunder. Consultant shall at all times be subject to the direction and control of the Board of Directors of the Company and observe and comply with such lawful rules, regulations, policies and practices as the Board of Directors of the Company may from time to time establish.

2. Term. The retention of Consultant as a consultant hereunder shall commence on the date hereof and continue for a term ending on the first anniversary of the date hereof (the "Term"), subject to earlier termination upon the terms and conditions provided elsewhere herein. As used herein, "Termination Date" means the last day of the Term.

3. Compensation.

(a) As compensation for its consulting services hereunder, the Company shall pay to Consultant during the Term:

(i) a consulting fee at the rate of $325,000.00 per annum (the "Base Consulting Fee"), such Base Consulting Fee to be paid in substantially equal installments no less often than monthly in accordance with the Company's normal payment practices regarding such fees.

(ii) an Incentive Consulting Bonus as defined in paragraph (b) of this Section 3.

(b) The "Incentive Consulting Bonus" shall be equal to one (1%) percent of Covered International Net Sales; provided that the annual rate of the Incentive Consulting Bonus payable to the Consultant during the Term shall not exceed US$200,000.00. The term "Covered International Net Sales" means gross sales of the Company and its Affiliates during the Term outside of the United States, its territories and possessions and outside of Canada, Mexico and the United Kingdom, and excluding any gross sales in South America of products using the World Wrestling Federation properties licensed by the Company and its Affiliates, less returns, discounts, rebates and allowances for markdowns and defective merchandise. Covered International Net Sales shall be calculated by the Chief Financial Officer of the Company consistent with the methods used to calculate Net Sales in the financial statements issued by the Company as part of its periodic reporting under the United States Securities and Exchange Act of 1934, as amended. The Incentive Consulting Bonus shall be payable quarterly on a provisional basis within thirty (30) days after the end of the fiscal quarters of the Company ending March 31, June 30, and September 30 during the Term and on a final adjusted basis within ninety (90) days after the end of the Company's fiscal year occurring during the Term, and each payment shall be accompanied by a report certified by the Chief Financial Officer of the Company setting forth the calculation of the Incentive Consulting Bonus. If the Termination Date occurs prior to the end of a fiscal quarter of the Company, then Net Sales through the Termination Date shall be calculated by the Company, and the Incentive Consulting Bonus shall be paid at the same time it would have been paid had this Agreement not terminated, except as otherwise provided in Section 15 of this Agreement.

(c) In addition to the Consulting Fee and the Incentive Consulting Bonus provided herein, Consultant shall be entitled to participate, to the extent it is eligible under the terms and conditions thereof, in any stock, stock option or other equity participation plan generally available to other Consultants to, and employees of the Company. The Company shall be under no obligation hereunder to institute or to continue any such stock, stock option or equity participation plan, and Consultant shall not be entitled to any other benefits provided to consultants or employees of the Company, including any profit-sharing, pension, retirement, insurance, medical service or other employee benefit plan and any other benefits or perquisites generally available to any other consultants or executives or employees of the Company pursuant to any employment or other policy or practice, which may be in effect from time to time during the Term.

(d) As used in this Agreement, the term "Affiliate" of a Person means another Person directly or indirectly controlling, controlled by, or under common control with, such Person; for this purpose, "control" of a Person means the power (whether or not exercised) to direct the policies, operations or activities of such Person by virtue of the ownership of, or right to vote or direct the manner of voting of, securities of such Person, or pursuant to agreement or law or otherwise.

(e) As used in this Agreement, the term "Person" includes without limitation a natural person, corporation, joint stock company, limited liability company, partnership, joint venture, association, trust, governmental authority, or any group of the foregoing acting in concert.

4. Expenses. The Company shall pay directly, or advance funds to Consultant or reimburse Consultant for, all expenses reasonably incurred by it in connection with the performance of its duties hereunder and the business of the Company, upon the submission to the Company of itemized expense reports, receipts or vouchers in accordance with the Company's then customary policies and practices.

5. Services of Goldberg. Consultant agrees that unless otherwise agreed by the Company in its sole and absolute discretion, all of Consultant's services under this Agreement shall be provided only by Goldberg. The Company acknowledges that Goldberg may, however, be unavailable from time to time during the Term as a result of vacations taken by him, not to exceed four (4) weeks during the Term. Goldberg agrees that throughout the Term he shall faithfully, diligently and to the best of his ability, in furtherance of the business of the Company, carry out on behalf of Consultant the duties assigned to

Consultant or incidental to its acting as a consultant to the Company pursuant to this Agreement. Goldberg shall devote a substantial portion of his business time and attention to the business and affairs of the Company in carrying out the duties of Consultant, provided that any other activities to which Goldberg devotes his business time and attention do not materially interfere with or compromise his ability to perform his responsibilities to Consultant in carrying out Consultant's duties hereunder.

6. Location. Except for travel and temporary accommodation reasonably required for Goldberg to perform Consultant's services hereunder and travel as may reasonably be requested by JAKKS to its principal office in the United States (currently in Malibu, California, USA) or to its offices in New York, New York, USA, Consultant shall not be required to perform its services hereunder at any location other than an office it maintains in Thornhill, Ontario, Canada. JAKKS may request Goldberg's attendance at meetings at JAKKS' offices in Malibu, California or New York, New York, or to participate in other activities relating to the Company and its business in Malibu, California or New York, New York, provided that Goldberg shall not be required to stay at such locations for more than seven (7) working days in any one (1) calendar month.

7. Clerical Support. The Company shall provide Consultant with secretarial and clerical services at the Company's offices in Malibu, California as are reasonably necessary for the performance of its services hereunder.

8. Confidential Information.

(a) Consultant and Goldberg (sometimes collectively referred to hereafter as "Consultant") shall hold in a fiduciary capacity for the benefit of the Company all confidential or proprietary information relating to or concerned with the Company and its Affiliates or their products, prospective products, operations, business and affairs ("Confidential Information"), and Consultant shall not, at any time hereafter, use or disclose any Confidential Information to any person other than to the Company or its designees or except as may otherwise be required in connection with the business and affairs of the Company, and in furtherance of the foregoing Consultant agrees that:

(i) Consultant will receive, maintain and hold Confidential Information in strict confidence and will use the same level of care in safeguarding it that Consultant uses with its own confidential material of a similar nature;

(ii) Consultant will take all such steps as may be reasonably necessary to prevent the disclosure of Confidential Information; and

(iii) Consultant will not utilize Confidential Information without first having obtained the Company's consent to such utilization.

(b) The commitments set forth in paragraph 8(a) shall not extend to any portion of Confidential Information:

(i) that is generally available to the public;

(ii) that was known to the Consultant prior to disclosure (excluding information regarding the Company or its Affiliates which would otherwise be Confidential Information that was disclosed to Consultant or Goldberg during the period of Goldberg's employment by Toymax International Inc. and its Affiliates) or that was disclosed to Consultant or Goldberg in connection with his acting as an officer or a director of Toymax International Inc. or its predecessors or their respective Affiliates, and excluding any other non-public information concerning products under development by or for the Company or its Affiliates (including Toymax International Inc. and its Affiliates);

(iii) that was not acquired, directly or indirectly and/or in any manner, from the Company or any of its Affiliates (including Toymax International Inc. and its Affiliates) and which Consultant lawfully had in his or its possession prior to the date of this Agreement;

(iv) that, hereafter, through no act or omission on the part of the Consultant, becomes information generally available to the public.

(c) At any time upon written request by the Company (i) the Confidential Information, including any copies, shall be returned to the Company, and (ii) all documents, drawings, specifications, computer software, and any other material whatsoever in the possession of the Consultant that relates to such Confidential Information, including all copies and/or any other form of reproduction and/or description thereof made by Consultant shall, at the Company's option, be returned to the Company or destroyed.

(d) In the event that Consultant becomes legally compelled (by deposition, interrogatory, request of documents, subpoena, civil investigative demand or similar process) to disclose any of the Confidential Information, the Consultant shall provide the Company with prompt prior written notice of such requirement so that it may seek a protective order or other appropriate remedy and/or waive compliance with the terms of this Agreement. In the event that such protective order or other remedy is not obtained, or the Company waives compliance with the provisions hereof, the Consultant agrees to furnish only such portion of the Confidential Information which is legally required to be furnished.

9. Intellectual Property.

(a) Any patent, claim of copyright, trademark, trade name, brand name, service mark, logo, symbol, trade dress or design, or representation or expression of any thereof, or registration or application for registration thereof, or any other improvement, development or discovery, invention, trade secret, process, system, technical information, know-how, proprietary right or intellectual property developed, conceived of, invented or otherwise produced by Consultant or Goldberg, alone or with others in connection with the design, manufacture and marketing of the products of the Company and its Affiliates, or conceived, developed, created or made by Consultant or Goldberg, alone or with others, during the Term and applicable to the business of the Company or its Affiliates, whether or not patentable or registrable (collectively referred to as "Trade Rights") shall become the sole and exclusive property of the Company.

(b) Consultant and Goldberg shall disclose all Trade Rights promptly and completely to the Company and shall, during the Term or thereafter, (i) execute all documents requested by the Company for vesting in the Company the entire right, title and interest in and to the same, (ii) execute all documents requested by the Company for filing and procuring such applications for patents, trademarks, service marks or copyrights as the Company, in its sole discretion, may desire to prosecute, and (iii) give the Company all assistance it may reasonably require, including the giving of testimony in any proceeding, in other to obtain, maintain and protect the Company's right therein and thereto; provided that the Company shall bear the entire cost and expense of such assistance, including without limitation paying the Consultant reasonable compensation for any time or effort expended by it in connection with such assistance after the Termination Date. In furtherance of the foregoing, Consultant and Goldberg each acknowledges and agrees that for all purposes of U.S. and foreign Copyright Laws, the Trade Rights and any inventions, discoveries, enhancements or improvements to any tangible or intangible property, resulting from the services performed by Consultant for the Company or its Affiliates (for the purposes of this paragraph all of the foregoing is collectively referred to as the "Work"), and any and all elements thereof, shall be deemed to constitute "works for hire" belonging to the Company within the meaning of Title 17, United States Code, Section 101, and any comparable provisions of the law of any other jurisdiction, such that all right, title and interest therein, including, without limitation, copyrights and

exclusive rights under copyright, vest in Toymax International. Consultant and Goldberg each hereby transfers and conveys to the Company the exclusive, world-wide, royalty-free, paid-up right to exploit, use, develop, license, and sell products and services relating to or derived from the Work; and the exclusive right, title and interest in and to all inventions, improvements, patent applications and letters patent, "know-how", and all intellectual property and other rights, tangible or intangible, which relate to or are based upon or derived from the Work; and to all information, documents, and specifications that relate to the Work. If the Work or any of the elements thereof is deemed not to be "works for hire" within the meaning of Title 17, United States Code, Section 101, then Consultant and Goldberg each hereby assigns and transfers to the Company all right, title and interest in and to the Work, including rights throughout the world for good and valuable consideration, receipt of which Consultant hereby acknowledges. For the sole and exclusive purpose of perfecting and documenting such limited assignment and transfer, Consultant and Goldberg each hereby grants to the Company an irrevocable power of attorney.

10. Restrictive Covenants.

(a) During the Term, and unless its retention as a consultant terminates pursuant to Section 13, for a further period of one (1) year after the Termination Date, neither Consultant nor Goldberg shall, directly or indirectly through any Affiliate or other intermediary (a) manufacture, produce, sell, market or otherwise promote any Competitive Product or serve as a partner, member, manager, director, officer or employee of, or consultant or advisor to, or in any manner own, control, manage, operate or otherwise participate or invest in, or be connected with any Person that engages in the marketing or sale of Competitive Products, or authorize the use of its or his name in connection therewith, or (b) for itself or himself or on behalf of any other Person, employ, engage or retain any Person who at any time during the preceding 12-month period shall have been an employee of the Company or its Affiliates, or contact any supplier, customer or employee of the Company or its Affiliates for the purpose of soliciting or diverting any such supplier, customer or employee from the Company or its Affiliates. The foregoing provisions notwithstanding, Consultant or Goldberg may invest its or his funds in securities of an issuer if the securities of such issuer are listed for trading on a registered securities exchange or actively traded in the over-the-counter market and Consultant's and its Affiliates' (including Goldberg) aggregate holdings therein represent less than 1% of the total number of shares or principal amount of the securities of such issuer then outstanding. Consultant and Goldberg each acknowledges that the provisions of this Section 10, and the period of time, lack of specific geographic area given the international nature of the business of the Company and its Affiliates, and the scope and type of restrictions on his activities set forth herein, are reasonable and necessary for the protection of the Company and are an essential inducement to JAKKS entering into this Agreement and acquiring shares of common stock of Toymax International Inc. from Goldberg and the other shareholders selling their shares to JAKKS pursuant to a Stock Purchase Agreement dated February 9, 2002.

(b) As used herein, the term "Competitive Product" means any product or service that is substantially similar to a product or service developed, marketed, sold by the Company or its Affiliates during the period of Consultant's retention by the Company.

(c) Consultant and Goldberg each acknowledges that the type of services the Company will require from them are of an intellectual and technical character which will require the disclosure of confidential and proprietary information of the Company to them and may result in the creation by them of information which is confidential and proprietary to the Company, and accordingly that the restrictive covenants contained herein are necessary in order to protect and maintain the business and assets and goodwill of the Company. Consultant and Goldberg each also acknowledges that the type of services that it and he has performed for Toymax International and its Affiliates as a consultant or employee of Toymax International and it affiliates were of an intellectual and technical character and required the disclosure of confidential and proprietary information of Toymax International and its Affiliates to them and resulted in the creation by them of information which is confidential and

proprietary to Toymax International and its Affiliates, and accordingly that the restrictive covenants contained herein are necessary in order to protect and maintain the business and assets and goodwill of Toymax International whose shares are being purchased by JAKKS. Consultant and Goldberg each acknowledges that the business of the Company and its Affiliates, including Toymax International and its Affiliates, extends beyond the geographic area of the State of New York and accordingly, it is reasonable that the restrictive covenants set forth above are not limited by specific geographic area but by the location of the customers of the Company and its Affiliates. Consultant and Goldberg each acknowledges that the remedy at law for any breach of this agreement by him will be inadequate and that, accordingly, the Company shall, in addition to all other available remedies (including without limitation seeking such damages as it can show it has sustained by reason of such breach), be entitled to injunctive relief without being required to post bond or other security and without having to prove the inadequacy of the available remedies at law.

11. Termination Upon Death or Disability. Consultant's retention hereunder shall terminate immediately upon the death of Goldberg. In the event that Goldberg is unable to furnish services to Consultant in carrying out Consultant's duties hereunder by reason of any disability or incapacity (due to any physical or mental injury, illness or defect) for an aggregate of 90 days in any consecutive 12-month period, the Company shall have the right to terminate Consultant's retention hereunder within 60 days after the 90th day of Goldberg's disability or incapacity by giving Consultant notice to such effect at least 30 days prior to the date of termination set forth in such notice, and on such date such retention shall terminate.

12. Termination by the Company with or without Cause.

(a) In addition to any other rights or remedies provided by law or in this Agreement, the Company may terminate Consultant's retention as a Consultant for "cause" under this Agreement if:

(i) Consultant or Goldberg is convicted of, or enters a plea of guilty or nolo contendere (which plea is not withdrawn prior to its approval by the court) to, a criminal offense, except minor road traffic offenses; or

(ii) the Company's Board of Directors determines, after due inquiry, that Consultant or Goldberg has:

(A) committed fraud against, or embezzled or misappropriated funds or other assets of, the Company (or any subsidiary thereof);

(B) violated, or caused the Company (or any subsidiary thereof) or any officer, employee or other agent thereof, or any other Person to violate, any material law, regulation or ordinance, which violation has or would reasonably be expected to have a significant detrimental effect on the Company or its Affiliates, or any material rule, regulation, policy or practice established by the Board of Directors of the Company;

(C) on a persistent or recurring basis, (A) failed properly to perform Consultant's duties hereunder or (B) acted in a manner detrimental to, or adverse to the interests of, either the Company or its Affiliates.

(b) The Company may effect such termination for cause under paragraph (a) of this Section by giving Consultant notice to such effect, setting forth in reasonable detail the factual basis for such termination, at least 20 days prior to the date of termination set forth therein; provided however that Consultant may avoid such termination if Consultant, prior to the date of termination set forth in such notice, cures or explains to the reasonable satisfaction of the Company's Board of Directors the factual basis for termination set forth therein.

(c) In making any determination pursuant to Section 12(a) as to the occurrence of any act or event described in clauses (A) to (D) of paragraph (ii) thereof (each, a "For Cause Event"), each of the following shall constitute convincing evidence of such occurrence:

(i) if Consultant or Goldberg is made a party to, or target of, any proceeding arising under or relating to any For Cause Event, Consultant or Goldberg's knowing failure to defend against such proceeding or to answer any complaint filed against him therein, or to deny any claim, charge, averment or allegation thereof asserting or based upon the occurrence of a For Cause Event;

(ii) any judgment, award, order, decree or other adjudication or ruling in any such proceeding finding or based upon the occurrence of a For Cause Event; or

(iii) any settlement or compromise of, or consent decree issued in, any such proceeding in which Consultant or Goldberg expressly admits the occurrence of a For Cause Event; provided that none of the foregoing shall be dispositive or create an irrefutable presumption of the occurrence of such For Cause Event; and provided further that the Company's Board of Directors may rely on any other factor or event as convincing evidence of the occurrence of a For Cause Event.

13. Termination by Consultant for Good Reason. In addition to any other rights or remedies provided by law or in this Agreement, Consultant may terminate its retention hereunder if (a) the Company violates, or fails to perform or satisfy any material covenant, condition or obligation required to be performed or satisfied by it hereunder or, (b) as a result of any action or failure to act by the Company, there is a material change in the nature or scope of Consultant's duties or obligations, or (c) relocation without Consultant's consent from the location set forth in Section 6 hereof, by giving the Company notice to such effect, setting forth in reasonable detail the factual basis for such termination, at least 20 days prior to the date of termination set forth therein; provided however that the Company may avoid such termination if it, prior to the date of termination set forth in such notice, cures or explains to the reasonable satisfaction of Consultant the factual basis for termination set forth therein. The termination by Consultant of its retention as a consultant pursuant to this Section 13 shall not constitute or be deemed to constitute for any purpose a "voluntary resignation" of such retention as a consultant.

14. Compensation upon Termination.

(a) Upon termination of Consultant's retention as a consultant hereunder, it shall be entitled to receive, in any case, any compensation or other amount due to it pursuant to Section 3 or 4 in respect of its retention prior to the Termination Date, and from and after the Termination Date, except as otherwise provided in Section 14(b), the Company shall have no further obligation to Consultant or Goldberg hereunder. Any amount payable to Consultant pursuant to this Section 14(a) upon the termination of the retention hereunder shall be paid promptly, and in any event within 10 days, after the Termination Date.

(b) If prior to the first anniversary of the date of this Agreement, Consultant terminates its retention hereunder for Good Reason pursuant to Section 13, or if the Company terminates Consultant's retention hereunder other than upon Goldberg's disability or incapacity pursuant to Section 11 and other than for cause pursuant to Section 12(a) through (c), the Company shall make to Consultant payments at the times and in the amounts provided herein for the payment of the Base Consulting Fee and Incentive Consulting Bonus in effect as of the Termination Date during the period, if any, beginning on the day after the Termination Date and ending on the first anniversary of the date of this Agreement.

15. Other Consequences of Termination.

(a) Upon the termination of its retention as a Consultant (for whatever reason and howsoever arising) the Consultant shall immediately repay all outstanding debts or loans due to the Company or any Affiliate by the Consultant or Goldberg, and the Company is hereby authorised to deduct from the Base Consulting Fee or the Incentive Consulting Bonus payments due to the Consultant a sum in repayment of all or any part of any such debts or loans.

16. Limitation of Authority. Except as expressly provided herein, no provision hereof shall be deemed to authorize or empower either party hereto to act on behalf of, obligate or bind the other party hereto.

17. Notices. Any Notice or demand required or permitted to be given or made hereunder to or upon any Party hereto shall be deemed to have been duly given or made for all purposes if (a) in writing and sent by (i) messenger or an overnight courier service against receipt, or (ii) certified or registered mail, postage paid, return receipt requested, or (b) sent by telegram, telecopy (confirmed orally), telex or similar electronic means, provided that a written copy thereof is sent on the same day by postage-paid first-class mail, to such Party at the following address:

to JAKKS:
22619 Pacific Coast Highway
Malibu, California 90265
Attn: President
Fax: (310) 456-7099

with a copy to:
Feder, Kaszovitz, Isaacson,
Weber, Skala, Bass & Rhine LLP
750 Lexington Avenue
New York, New York 10022
Attn: Murray L. Skala, Esq.
Fax: (212) 888-7776

to Consultant or Goldberg:

8 North Bank Court
Thornhill, Ontario, Canada L3T757
Fax: 905-731-1570

with a copy to:
Brown Raysman Millstein
Felder & Steiner LLP
900 Third Avenue
New York, New York 10022
Attn: Joel M. Handel, Esq.
Fax: (212) 812-3310

or such other address as any Party hereto may at any time, or from time to time, direct by Notice given to the other Parties in accordance with this Section. Except as otherwise expressly provided herein, the date of giving or making of any such Notice or demand shall be, in the case of clause (a) (i), the date of the receipt; in the case of clause (a) (ii), three business days after such Notice or demand is sent; and, in the case of clause (b), the business day next following the date such Notice or demand is sent.

18. Amendment. Except as otherwise provided herein, no amendment of this Agreement shall be valid or effective, unless in writing and signed by or on behalf of the parties hereto.

19. Waiver. No course of dealing or omission or delay on the part of either party hereto in asserting or exercising any right hereunder shall constitute or operate as a waiver of any such right. No waiver of any provision hereof shall be effective, unless in writing and signed by or on behalf of the party to be charged therewith. No waiver shall be deemed a continuing waiver or waiver in respect of any other or subsequent breach or default, unless expressly so stated in writing.

20. Governing Law. This Agreement shall be governed by, and interpreted and enforced in accordance with, the laws of the State of New York without regard to principles of choice of law or conflict of laws. Each Party to this Agreement submits to the jurisdiction of the courts of the State of New York, located in New York County, New York, United States of America, and to the jurisdiction of the United States District Court for the Southern District of New York, New York, New York, United States of America with respect to any matter arising out of this Agreement, waives any objection to venue in the Counties of New York, State of New York, or such District, and agrees that service of any summons, complaint, Notice or other process relating to such proceeding may be effected in the manner provided by Section 18 hereof. If service of process is required to be made within the United States of America, Consultant or Goldberg each appoints as its agent for service of any process the firm of Brown, Raysman, Millstein, Felder & Steiner LLP.

21. Severability. The provisions hereof are severable and in the event that any provision of this Agreement shall be determined to be invalid or unenforceable in any respect by a court of competent jurisdiction, the remaining provisions hereof shall not be affected, but shall, subject to the discretion of such court, remain in full force and effect, and any invalid or unenforceable provision shall be deemed, without further action on the part of the parties hereto, amended and limited to the extent necessary to render the same valid and enforceable.

22. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original and which together shall constitute one and the same agreement.

23. Further Assurances. Each Party hereto shall promptly execute, deliver, file or record such agreements, instruments, certificates and other documents and perform such other and further acts as any other Party hereto may reasonably request or as may otherwise be reasonably necessary or proper, to carry out the provisions of this Agreement.

24. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. This Agreement is not intended, and shall not be deemed, to create or confer any right or interest for the benefit of any Person not a Party hereto.

25. Assignment. Consultant's and Goldberg's obligations under this Agreement may not be assigned without the prior written consent of the Company, and any purported assignment without such consent shall be void and without effect.

26. Titles and Captions. The titles and captions of the Articles and Sections of this Agreement are for convenience of reference only and do not in any way define or interpret the intent of the parties or modify or otherwise affect any of the provisions hereof.

27. Remedies. In the event of any actual or prospective breach or default under this Agreement by either Party hereto, the other Party shall be entitled to equitable relief, including remedies in the nature of rescission, injunction and specific performance. All remedies hereunder are cumulative and not exclusive, and nothing herein shall be deemed to prohibit or limit either party from pursuing any other remedy or relief available at law or in equity for such actual or prospective breach or default, including the recovery of damages.

28. Assignment. This Agreement, and each right, interest and obligation hereunder, may not be assigned by either party hereto without the prior written consent of the other party hereto, and any purported assignment without such consent shall be void and without effect, except that this Agreement shall be assigned to, and assumed by, any Person with or into which the Company merges or consolidates, or which acquires all or substantially all of its assets, or which otherwise succeeds to and continues the Company's business substantially as an entirety. Except as otherwise expressly provided herein or required by law, Consultant shall not have any power of anticipation, assignment or alienation of any payments required to be made to it hereunder, and no other Person may acquire any right or interest in any thereof by reason of any purported sale, assignment or other disposition thereof, whether voluntary or involuntary, any claim in a bankruptcy or other insolvency proceeding against Consultant, or any other ruling, judgment, order, writ or decree.

29. Grammatical Conventions. Whenever the context so requires, each pronoun or verb used herein shall be construed in the singular or the plural sense and each capitalized term defined herein and each pronoun used herein shall be construed in the masculine, feminine or neuter sense.

30. References. The terms "herein," "hereto," "hereof," "hereby," and "hereunder," and other terms of similar import, refer to this Agreement as a whole, and not to any Section or other part hereof.

31. No Presumptions. Each Party hereto acknowledges that it has had an opportunity to consult with counsel and has participated in the preparation of this Agreement. No Party hereto is entitled to any presumption with respect to the interpretation of any provision hereof or the resolution of any alleged ambiguity herein based on any claim that the other Party hereto drafted or controlled the drafting of this Agreement.

32. Entire Agreement. This Agreement embodies the entire agreement of the parties hereto with respect to the subject matter hereof and supersedes all prior agreements, commitments or arrangements relating thereto.

IN WITNESS WHEREOF, the undersigned have duly executed this Agreement as of the day and year first above written.

JAKKS PACIFIC, INC.

By; /s/ JOEL M. BENNETT

Name: Joel M. Bennett

Title: Exec. V.P./C.F.O.

/s/ HARVEY GOLDBERG

Harvey Goldberg

1515037 ONTARIO LTD.

By: /s/ HARVEY GOLDBERG

Name: Harvey Goldberg

Title: President

EXHIBIT 11

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT executed on March 11, 2002 by and between JAKKS Pacific, Inc., a Delaware corporation ("JAKKS" or the "Company") with its offices at 22619 Pacific Coast Highway, Malibu, CA 90265 and Kenneth N. Price, an individual residing at 205 East 22nd Street, Apt. 4E, New York, New York 10010 ("Executive").

W I T N E S S E T H :

WHEREAS, concurrently herewith JAKKS has acquired a majority of the outstanding shares of capital stock of Toymax International Inc., a Delaware corporation ("Toymax International") from certain shareholders of Toymax International (the "Toymax Shares"), and

WHEREAS, Executive and Toymax International are parties to an employment agreement dated January 1, 2000 (the "Toymax Employment Agreement") and in consideration for JAKKS agreement to enter into this Agreement Executive has agreed to terminate the Toymax Employment Agreement and replace it with this employment agreement effective simultaneously with JAKKS' acquisition of the Toymax Shares pursuant to the Stock Purchase Agreement (the "Effective Date"), and

WHEREAS, simultaneously with the Effective Date, JAKKS desires to employ Executive on the terms and subject to the conditions hereinafter set forth, and Executive desires so to be employed;

NOW, THEREFORE, in consideration of the premises and the mutual covenants hereinafter set forth, the Company and Executive agree as follows:

1. Offices and Duties. Commencing with the Effective Date, the Company hereby employs Executive during the Term (as hereinafter defined) to serve as a Senior Vice President Sales-Toymax Division of the Company, responsible for managing sales of the Company's Toymax division (including the product lines produced by Toymax International as part of the Toymax, Funnoodle and Go Fly A Kite lines) and to perform such duties in connection therewith on behalf of the Company as the Board of Directors of the Company or a senior executive officer of the Company may from time to time direct that are consistent with Executive's position. The Board of Directors of the Company may elect or designate Executive to serve in such other corporate offices of the Company or a subsidiary thereof as they may from time to time deem necessary, proper or advisable with the consent of Executive, which shall not be unreasonably withheld or delayed. Executive hereby accepts such employment and agrees that throughout the Term he shall faithfully, diligently and to the best of his ability, in furtherance of the business of the Company, perform the duties assigned to him or incidental to the offices assumed by him pursuant to this Section. Executive shall devote all of his business time and attention to the business and affairs of the Company. Executive shall at all times be subject to the direction and control of the Board of Directors of the Company and observe and comply with such rules, regulations, policies and practices as the Board of Directors of the Company may from time to time reasonably establish in the exercise of their good faith discretion.

2. Term. The employment of Executive hereunder shall commence on the Effective Date and continue for a term ending on December 31, 2002 (the "Term"), subject to earlier termination upon the terms and conditions provided elsewhere herein. As used herein, "Termination Date" means the last day of the Term.

3. Compensation.

(a) As compensation for his services hereunder, the Company shall pay to Executive during the Term a base salary at the rate of $338,214.62 per annum (the "Base Salary"), such Base Salary to be paid in substantially equal installments no less often than monthly in accordance with the Company's normal payroll practices, subject to required tax withholding.

(b) The Executive may also receive such bonus during the Term as the Board of Directors of the Company may determine in its discretion, provided, however, that unless Executive's employment is terminated by the Company with cause (as defined in Section 13 below) or by Executive without Good Reason (as defined in Section 14 below), the Executive shall be entitled to receive (i) a bonus of not less than $100,000.00 (payable not later than January 7, 2003), and (ii) if Net Sales in North America of the Toy Max, Go Fly A Kite and Funnoodle product lines by the Company and Toymax International and its Affiliates for the twelve (12) month period ended December 31, 2002 is at least $85,000,000.00, an additional bonus(payable not later than February 28, 2003), of not less than $50,000.00 and, if the senior executive officers and the Board of Directors of the Company determine in their sole discretion that his overall performance merits a higher amount, such additional bonus may be up to $100,000.00. "Net Sales" shall mean gross sales less returns, discounts, rebates and allowances for markdowns and defective merchandise. Net Sales shall be calculated by the Chief Financial Officer of the Company consistent with the methods used to calculate Net Sales in the financial statements issued by the Company as part of its periodic reporting under the United States Securities and Exchange Act of 1934, as amended. The obligation to pay the bonuses provided for under this paragraph (b) shall survive the termination of this Agreement.

(c) In addition to his Base Salary and the bonuses provided above, Executive shall be entitled to participate, to the extent he is eligible under the terms and conditions thereof, in any stock, stock option or other equity participation plan and any profit-sharing, pension, retirement, insurance, medical service or other employee benefit plan generally available to other executive officers of the Company and to receive any other benefits or perquisites generally available to the executive officers of the Company pursuant to any employment policy or practice, which may be in effect from time to time during the Term. The Company shall be under no obligation hereunder to institute or to continue any such employee benefit plan or employment policy or practice.

(d) As used in this Agreement, the term "Affiliate" of a Person means another Person directly or indirectly controlling, controlled by, or under common control with, such Person; for this purpose, "control" of a Person means the power (whether or not exercised) to direct the policies, operations or activities of such Person by virtue of the ownership of, or right to vote or direct the manner of voting of, securities of such Person, or pursuant to agreement or law or otherwise.

(e) As used in this Agreement, the term "Person" includes without limitation a natural person, corporation, joint stock company, limited liability company, partnership, joint venture, association, trust, governmental authority, or any group of the foregoing acting in concert.

4. Expenses. The Company shall provide Executive with a monthly automobile allowance equal to US$600.00 per month to reimburse Executive for the cost of leasing or purchasing an automobile, use of the automobile for Company business, and expenses of repair, maintenance, parking and other expenses incidental to such use. The Company shall pay directly, or advance funds to Executive or reimburse Executive for, all expenses reasonably incurred by him in connection with the performance of his duties hereunder and the business of the Company, upon the submission to the Company of itemized expense reports, receipts or vouchers in accordance with its then customary policies and practices.

5. Location. Except for travel and temporary accommodation reasonably required to perform his services hereunder and travel as may reasonably be requested by JAKKS to its principal office in the United States (currently in Malibu, California, USA) or to its offices in New York, New York, USA, Executive shall not be required to perform his services hereunder at any location other than an office he maintains at the offices of Toymax International in Plainview, New York, or, if requested to do so by the Company, at the offices of the Company in New York, New York. The Parties acknowledge and agree that any permanent relocation of the Executive's regular office to the Company's offices in Malibu, California shall require the mutual agreement of the Company and the Executive on such terms as the Parties agree to in connection therewith, but any failure to agree on such relocation shall not affect the continued effectiveness and enforceability of this Agreement, it being understood and agreed that neither Party has made any commitment or representation to the other regarding such relocation. JAKKS may request Executive's attendance at meetings at JAKKS' offices in Malibu, California or New York, New York, or to participate in other activities relating to the Company and its business in Malibu, California or New York, New York, provided that the Executive shall not be required to stay at such locations for more than seven (7) working days in any one (1) calendar month.

6. Office. The Company shall provide Executive with suitable office space, furnishings and equipment, secretarial and clerical services and such other facilities and office support as are reasonably necessary for the performance of his services hereunder.

7. Vacation. Executive shall be entitled to four (4) weeks paid vacation during each year of his employment hereunder, such vacation to be taken at such time or times as shall be agreed upon by Executive and the Company. The Company acknowledges that Executive would like to take one week of vacation during October 2002, and the Company agrees to use reasonable efforts to honor such request, subject to the business needs of the Company as determined by the senior executive officers of the Company. Vacation time shall not be cumulative from year to year.

8. Key-Man Insurance. JAKKS shall have the right from time to time to purchase, increase, modify or terminate insurance policies on the life of Executive for the benefit of JAKKS in such amounts as JAKKS may determine in its sole discretion. In connection therewith, Executive shall, at such time or times and at such place or places as JAKKS may reasonably direct, submit himself to such physical examinations and execute and deliver such documents as JAKKS may deem necessary or appropriate.

9. Confidential Information.

(a) Executive shall hold in a fiduciary capacity for the benefit of the Company all confidential or proprietary information relating to or concerned with the Company and its Affiliates or their products, prospective products, operations, business and affairs ("Confidential Information"), and he shall not, at any time hereafter, use or disclose any Confidential Information to any person other than to the Company or its designees or except as may otherwise be required in connection with the business and affairs of the Company, and in furtherance of the foregoing Executive agrees that:

(i) Executive will receive, maintain and hold Confidential Information in strict confidence and will use the same level of care in safeguarding it that he uses with his own confidential material of a similar nature;

(ii) Executive will take all such steps as may be reasonably necessary to prevent the disclosure of Confidential Information; and

(iii) Executive will not utilize Confidential Information without first having obtained the Company's consent to such utilization.

(b) The commitments set forth in paragraph 9(a) shall not extend to any portion of Confidential Information:

(i) that is generally available to the public;

(ii) that was known to the Executive prior to disclosure (excluding information regarding the Company or its Affiliates which would otherwise be Confidential Information that was disclosed to Executive during the period of his employment by the Company or its predecessors or their respective Affiliates (including Toymax International Inc. and its Affiliates) or that was disclosed to Executive in connection with his acting as a director of Toymax International Inc. or its predecessors or their respective Affiliates, and excluding any other non-public information concerning products under development by or for the Company or its Affiliates (including Toymax International Inc. and its Affiliates);

(iii) that was not acquired, directly or indirectly and/or in any manner, from the Company or any of its Affiliates (including Toymax International Inc. and its Affiliates) and which Executive lawfully had in his possession prior to the date of this Agreement;

(iv) that, hereafter, through no act or omission on the part of the Executive, becomes information generally available to the public.

(c) At any time upon written request by the Company (i) the Confidential Information, including any copies, shall be returned to the Company, and (ii) all documents, drawings, specifications, computer software, and any other material whatsoever in the possession of the Executive that relates to such Confidential Information, including all copies and/or any other form of reproduction and/or description thereof made by Executive shall, at the Company's option, be returned to the Company or destroyed.

(d) In the event that Executive becomes legally compelled (by deposition, interrogatory, request of documents, subpoena, civil investigative demand or similar process) to disclose any of the Confidential Information, the Executive shall provide the Company with prompt prior written notice of such requirement so that it may seek a protective order or other appropriate remedy and/or waive compliance with the terms of this Agreement. In the event that such protective order or other remedy is not obtained, or the Company waives compliance with the provisions hereof, the Executive agrees to furnish only such portion of the Confidential Information which is legally required to be furnished.

10. Intellectual Property.

(a) Any patent, claim of copyright, trademark, trade name, brand name, service mark, logo, symbol, trade dress or design, or representation or expression of any thereof, or registration or application for registration thereof, or any other improvement, development or discovery, invention, trade secret, process, system, technical information, know-how, proprietary right or intellectual property developed, conceived of, invented or otherwise produced by Executive, alone or with others in connection with the design, manufacture and marketing of the products of the Company and its Affiliates, or conceived, developed, created or made by Executive, alone or with others, during the Term and applicable to the business of the Company or its Affiliates, whether or not patentable or registrable (collectively referred to as "Trade Rights") shall become the sole and exclusive property of the Company.

(b) Executive shall disclose all Trade Rights promptly and completely to the Company and shall, during the Term or thereafter, (i) execute all documents requested by the Company for vesting in the Company the entire right, title and interest in and to the same, (ii) execute all documents requested by the Company for filing and procuring such applications for patents, trademarks, service

marks or copyrights as the Company, in its sole discretion, may desire to prosecute, and (iii) give the Company all assistance it may reasonably require, including the giving of testimony in any Proceeding (as hereinafter defined), in other to obtain, maintain and protect the Company's right therein and thereto; provided that the Company shall bear the entire cost and expense of such assistance, including without limitation paying the Executive reasonable compensation for any time or effort expended by him in connection with such assistance after the Termination Date. In furtherance of the foregoing, Executive acknowledges and agrees that for all purposes of U.S. and foreign Copyright Laws, the Trade Rights and any inventions, discoveries, enhancements or improvements to any tangible or intangible property, resulting from the services performed by Executive for the Company or its Affiliates (for the purposes of this paragraph all of the foregoing is collectively referred to as the "Work"), and any and all elements thereof, shall be deemed to constitute "works for hire" belonging to the Company within the meaning of Title 17, United States Code, Section 101, and any comparable provisions of the law of any other jurisdiction, such that all right, title and interest therein, including, without limitation, copyrights and exclusive rights under copyright, vest in the Company. Executive hereby transfers and conveys to the Company the exclusive, world-wide, royalty-free, paid-up right to exploit, use, develop, license, and sell products and services relating to or derived from the Work; and the exclusive right, title and interest in and to all inventions, improvements, patent applications and letters patent, "know-how", and all intellectual property and other rights, tangible or intangible, which relate to or are based upon or derived from the Work; and to all information, documents, and specifications that relate to the Work. If the Work or any of the elements thereof is deemed not to be "works for hire" within the meaning of Title 17, United States Code, Section 101, then Executive hereby assigns and transfers to the Company all right, title and interest in and to the Work, including rights throughout the world for good and valuable consideration, receipt of which Executive hereby acknowledges. For the sole and exclusive purpose of perfecting and documenting such limited assignment and transfer, Executive hereby grants to the Company an irrevocable power of attorney.

11. Restrictive Covenants.

(a) During the Term, and unless Executive terminates his employment for "good reason" pursuant to Section 14, for a further period ending one (1) year after the Termination Date, Executive shall not, directly or indirectly through any Affiliate or other intermediary (a) manufacture, produce, sell, market or otherwise promote any Competitive Product or serve as a partner, member, manager, director, officer or employee of, or consultant or advisor to, or in any manner own, control, manage, operate or otherwise participate or invest in, or be connected with any Person that engages in the marketing or sale of Competitive Products, or authorize the use of its name in connection therewith, or (b) for himself or on behalf of any other Person, employ, engage or retain any Person who at any time during the preceding 12 month period shall have been an employee of the Company or its Affiliates, or contact any supplier, customer or employee of the Company or its Affiliates for the purpose of soliciting or diverting any such supplier, customer or employee from the Company or its Affiliates. The foregoing provisions notwithstanding, Executive may invest his funds in securities of an issuer if the securities of such issuer are listed for trading on a registered securities exchange or actively traded in the over-the-counter market and Executive's and his Affiliates' aggregate holdings therein represent less than 1% of the total number of shares or principal amount of the securities of such issuer then outstanding. Executive acknowledges that the provisions of this Section 11, and the period of time, lack of specific geographic area given the international nature of the business of the Company and its Affiliates and the scope and type of restrictions on his activities set forth herein, are reasonable and necessary for the protection of the Company and are an essential inducement to JAKKS entering into this Agreement.

(b) As used herein, the term "Competitive Product" means any product or service that is substantially similar to a product or service developed, marketed, sold by the Company or its Affiliates during the period of Executive's employment by the Company.

(c) Executive acknowledges that the type of services the Company will require from him are of an intellectual and technical character which will require the disclosure of confidential and

proprietary information of the Company to him and may result in the creation by him of information which is confidential and proprietary to the Company, and accordingly that the restrictive covenants contained herein are necessary in order to protect and maintain the business and assets and goodwill of the Company. Executive also acknowledges that the type of services that he has performed for Toymax International and its Affiliates as an employee of Toymax International were of an intellectual and technical character and required the disclosure of confidential and proprietary information of Toymax International and its Affiliates to him and resulted in the creation by him of information which is confidential and proprietary to Toymax International and its Affiliates, and accordingly that the restrictive covenants contained herein are necessary in order to protect and maintain the business and assets and goodwill of Toymax International whose shares are being purchased by JAKKS. Executive acknowledges that the business of the Company and its Affiliates, including Toymax International and its Affiliates, extends beyond the geographic area of the State of New York and accordingly, it is reasonable that the restrictive covenants set forth above are not limited by specific geographic area but by the location of the customers of the Company and its Affiliates. Executive acknowledges that the remedy at law for any breach of this agreement by him will be inadequate and that, accordingly, the Company shall, in addition to all other available remedies (including without limitation seeking such damages as it can show it has sustained by reason of such breach), be entitled to injunctive relief without being required to post bond or other security and without having to prove the inadequacy of the available remedies at law.

12. Termination Upon Death or Disability. Executive's employment hereunder shall terminate immediately upon his death. In the event that Executive is unable to perform his duties hereunder by reason of any disability or incapacity (due to any physical or mental injury, illness or defect) for an aggregate of 90 days in any consecutive 12-month period, the Company shall have the right to terminate Executive's employment hereunder within 60 days after the 90th day of his disability or incapacity by giving Executive notice to such effect at least 30 days prior to the date of termination set forth in such notice, and on such date such employment shall terminate.

13. Termination by the Company with or without Cause.

(a) In addition to any other rights or remedies provided by law or in this Agreement, the Company may terminate Executive's employment for "cause" under this Agreement if:

(i) Executive is convicted of, or enters a plea of guilty or nolo contendere (which plea is not withdrawn prior to its approval by the court) to a felony or other crime, a criminal offense, involving the acts identified in paragraph (ii) below; or

(ii) the Company's Board of Directors determines, after due inquiry, that Executive has:

(A) committed fraud against, or embezzled or misappropriated funds or other assets of, the Company (or any subsidiary thereof);

(B) violated, or caused the Company (or any subsidiary thereof) or any officer, employee or other agent thereof, or any other Person to violate, any material law, regulation or ordinance, which violation has or would reasonably be expected to have a significant detrimental effect on the Company or its Affiliates, or any material rule, regulation, policy or practice established by the Board of Directors of the Company;

(C) on a persistent or recurring basis, (A) failed properly to perform his duties hereunder or (B) acted in a manner detrimental to, or adverse to the interests of, either the Company or its Affiliates; or

(D) violated, or failed to perform or satisfy any material covenant, condition or obligation required to be performed or satisfied by Executive hereunder.

(b) The Company may effect such termination for cause under paragraph (a) of this Section by giving Executive notice to such effect, setting forth in reasonable detail the factual basis for such termination, at least thirty (30) days prior to the date of termination set forth therein; provided however that Executive may avoid such termination if Executive, prior to the date of termination set forth in such notice, cures or explains to the reasonable satisfaction of the Company's Board of Directors the factual basis for termination set forth therein.

(c) In addition to any other rights provided in this Agreement, the Company may terminate Executive's employment under this Agreement without cause and for no reason or any reason upon six (6) months prior notice given at any time after the six month anniversary of the date of this Agreement.

14. Termination by Executive for Good Reason. In addition to any other rights or remedies provided by law or in this Agreement, Executive may terminate his employment hereunder if (a) the Company violates, or fails to perform or satisfy any material covenant, condition or obligation required to be performed or satisfied by it hereunder or, (b) as a result of any action or failure to act by the Company, there is a material change in the nature or scope of the duties, obligations, rights or powers of Executive's employment, or (c) relocation without Executive's consent from the location set forth in Section 5 hereof, by giving the Company notice to such effect, setting forth in reasonable detail the factual basis for such termination, at least 20 days prior to the date of termination set forth therein; provided however that the Company may avoid such termination if it, prior to the date of termination set forth in such notice, cures or explains to the reasonable satisfaction of Executive the factual basis for termination set forth therein. The termination by Executive of his employment pursuant to this Section 14 shall not constitute or be deemed to constitute for any purpose a "voluntary resignation" of his employment.

15. Compensation upon Termination.

(a) Upon termination of Executive's employment hereunder, he shall be entitled to receive, in any case, any compensation or other amount due to him pursuant to Section 3 or 4 in respect of his employment prior to the Termination Date, and from and after the Termination Date, except as otherwise provided in Section 15(b), the Company shall have no further obligation to Executive hereunder. Any amount payable to Executive pursuant to this Section 15(a) upon termination of his employment hereunder shall be paid promptly, and in any event within 10 days, after the Termination Date.

(b) If prior to December 31, 2002, Executive terminates his employment hereunder for Good Reason pursuant to Section 14 or if the Company terminates his employment hereunder other than upon his disability or incapacity pursuant to Section 12 and other than for cause pursuant to Section 13(a) through (c, the Company shall make to Executive payments at the times and in the amounts provided herein for the payment of his Base Salary during the period, if any, beginning on the day after the Termination Date and ending on December 31, 2003 (such Base Salary payments, however, to be at the rate of $355,125.35 as of January 1, 2003), and the minimum bonuses payable at the times and in the amounts provided under paragraph 3(b).

(c) If Executive and the Company are unable to agree upon terms for the continuation of Executive's employment for the one (1) year period commencing January 1, 2003 and ending December 31, 2003 and Executive's employment terminates at any time after December 31, 2002 other than by reason of termination for cause by the Company, the Company shall make to Executive payments at the times and in the amounts provided herein for the payment of his Base Salary (but at the increased annual rate of $355,125.35) during the period, if any, beginning on the day after the Termination Date and ending on December 31, 2003.

(d) If Executive shall die prior to Executive's receipt of all payments required under this Agreement, the Company shall pay Executive's designated beneficiary or, if there is no designated beneficiary, his estate all such amounts that would have otherwise been payable to Executive under this Agreement as of the date of his death.

16. Other Consequences of Termination.

(a) Upon the termination of his employment (for whatever reason and howsoever arising) the Executive shall:

(i) at the request of the Board of Directors of the Company immediately resign without claim for compensation from any office held by him in the Company or any Affiliate (but without prejudice to any claim for damages for breach of this Agreement or for any compensation which otherwise may be payable pursuant to this Agreement or otherwise) and in the event of his failure to do so the Company is hereby irrevocably authorized to appoint some person in his name and on his behalf to sign and deliver such resignations to the Board; and

(ii) immediately repay all outstanding debts or loans due to the Company or any Affiliate, and the Company is hereby authorized to deduct from Base Salary payments due to the Executive a sum in repayment of all or any part of any such debts or loans.

17. Limitation of Authority. Except as expressly provided herein, no provision hereof shall be deemed to authorize or empower either party hereto to act on behalf of, obligate or bind the other party hereto.

18. Termination of Employment Agreement with Toymax International, Inc. Executive, JAKKS and Toymax International, by its signature at the end of this Agreement, agree that the Toymax Employment Agreement is hereby terminated as of the date hereof. Executive acknowledges that upon the Effective Date, he shall have no further claim for salary, bonus, vacation pay or any other form of compensation or benefit due to him from Toymax International or any of its Affiliates or any equity or other interest in the Company or any of its Affiliates (other than stock options granted to Executive prior to the date hereof under Toymax International's stock option plan), including but not limited to the payments under the Executive Bonus Plan referred to in the Employment Agreement. Executive acknowledges that upon the Effective Date the life insurance, disability and accident insurance and health insurance benefits referred to in the Toymax Employment Agreement shall be terminated, provided that Executive may arrange for continuation of such coverage and his assumption of all liability with respect thereto in accordance with the provisions of such policies at his sole cost and expense.

19. Notices. Any Notice or demand required or permitted to be given or made hereunder to or upon any Party hereto shall be deemed to have been duly given or made for all purposes if (a) in writing and sent by (i) messenger or an overnight courier service against receipt, or (ii) certified or registered mail, postage paid, return receipt requested, or (b) sent by telegram, telecopy (confirmed orally), telex or similar electronic means, provided that a written copy thereof is sent on the same day by postage-paid first-class mail, to such Party at the following address:

to JAKKS: 22619 Pacific Coast Highway
Malibu, California 90265
Attn: President
Fax: (310) 456-7099

with a copy to: Feder, Kaszovitz, Isaacson,
Weber, Skala, Bass & Rhine LLP
750 Lexington Avenue

New York, New York 10022
Attn: Murray L. Skala, Esq.
Fax: (212) 888-7776

to Executive:

Kenneth N. Price
205 E. 22nd Street, Apt. 4E
New York, New York 10010

or such other address as any Party hereto may at any time, or from time to time, direct by Notice given to the other Parties in accordance with this Section. Except as otherwise expressly provided herein, the date of giving or making of any such Notice or demand shall be, in the case of clause (a) (i), the date of the receipt; in the case of clause (a) (ii), three business days after such Notice or demand is sent; and, in the case of clause (b), the business day next following the date such Notice or demand is sent.

20. Amendment. Except as otherwise provided herein, no amendment of this Agreement shall be valid or effective, unless in writing and signed by or on behalf of the parties hereto.

21. Waiver. No course of dealing or omission or delay on the part of either party hereto in asserting or exercising any right hereunder shall constitute or operate as a waiver of any such right. No waiver of any provision hereof shall be effective, unless in writing and signed by or on behalf of the party to be charged therewith. No waiver shall be deemed a continuing waiver or waiver in respect of any other or subsequent breach or default, unless expressly so stated in writing.

22. Governing Law. This Agreement shall be governed by, and interpreted and enforced in accordance with, the laws of the State of New York without regard to principles of choice of law or conflict of laws. Each Party to this Agreement submits to the jurisdiction of the courts of the State of New York, located in New York County, New York, United States of America, and to the jurisdiction of the United States District Court for the Southern District of New York, New York, New York, United States of America with respect to any matter arising out of this Agreement, waives any objection to venue in the Counties of New York, State of New York, or such District, and agrees that service of any summons, complaint, Notice or other process relating to such proceeding may be effected in the manner provided by Section 19 hereof.

23. Severability. The provisions hereof are severable and in the event that any provision of this Agreement shall be determined to be invalid or unenforceable in any respect by a court of competent jurisdiction, the remaining provisions hereof shall not be affected, but shall, subject to the discretion of such court, remain in full force and effect, and any invalid or unenforceable provision shall be deemed, without further action on the part of the parties hereto, amended and limited to the extent necessary to render the same valid and enforceable.

24. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original and which together shall constitute one and the same agreement.

25. Further Assurances. Each Party hereto shall promptly execute, deliver, file or record such agreements, instruments, certificates and other documents and perform such other and further acts as any other Party hereto may reasonably request or as may otherwise be reasonably necessary or proper, to carry out the provisions of this Agreement.

26. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. This Agreement is not intended, and

shall not be deemed, to create or confer any right or interest for the benefit of any Person not a Party hereto.

27. Assignment. Executive's obligations under this Agreement may not be assigned without the prior written consent of the Company, and any purported assignment without such consent shall be void and without effect.

28. Titles and Captions. The titles and captions of the Articles and Sections of this Agreement are for convenience of reference only and do not in any way define or interpret the intent of the parties or modify or otherwise affect any of the provisions hereof.

29. Remedies. In the event of any actual or prospective breach or default under this Agreement by either Party hereto, the other Party shall be entitled to equitable relief, including remedies in the nature of rescission, injunction and specific performance. All remedies hereunder are cumulative and not exclusive, and nothing herein shall be deemed to prohibit or limit either party from pursuing any other remedy or relief available at law or in equity for such actual or prospective breach or default, including the recovery of damages.

30. Assignment. This Agreement, and each right, interest and obligation hereunder, may not be assigned by either party hereto without the prior written consent of the other party hereto, and any purported assignment without such consent shall be void and without effect, except that this Agreement shall be assigned to, and assumed by, any Person with or into which the Company merges or consolidates, or which acquires all or substantially all of its assets, or which otherwise succeeds to and continues the Company's business substantially as an entirety. Except as otherwise expressly provided herein or required by law, Executive shall not have any power of anticipation, assignment or alienation of any payments required to be made to him hereunder, and no other Person may acquire any right or interest in any thereof by reason of any purported sale, assignment or other disposition thereof, whether voluntary or involuntary, any claim in a bankruptcy or other insolvency Proceeding against Executive, or any other ruling, judgment, order, writ or decree.

31. Grammatical Conventions. Whenever the context so requires, each pronoun or verb used herein shall be construed in the singular or the plural sense and each capitalized term defined herein and each pronoun used herein shall be construed in the masculine, feminine or neuter sense.

32. References. The terms "herein," "hereto," "hereof," "hereby," and "hereunder," and other terms of similar import, refer to this Agreement as a whole, and not to any Section or other part hereof.

33. No Presumptions. Each Party hereto acknowledges that it has had an opportunity to consult with counsel and has participated in the preparation of this Agreement. No Party hereto is entitled to any presumption with respect to the interpretation of any provision hereof or the resolution of any alleged ambiguity herein based on any claim that the other Party hereto drafted or controlled the drafting of this Agreement.

34. Entire Agreement. This Agreement embodies the entire agreement of the parties hereto with respect to the subject matter hereof and supersedes all prior agreements, commitments or arrangements relating thereto.

IN WITNESS WHEREOF, the undersigned have duly executed this Agreement as of the day and year first above written.

JAKKS PACIFIC, INC.

By: /s/ JOEL M. BENNETT

Name: Joel M. Bennett
Title: Exec. V.P./C.F.O.

/s/ KENNETH N. PRICE
- ---
Kenneth N. Price

By its signature below, Toymax International Inc. consents to the termination of the Toymax Employment Agreement as provided in Section 18 of the within agreement.

TOYMAX INTERNATIONAL INC.

By: /s/ MICHAEL SABATINO

Name: Michael Sabatino
Title: CFO

EXHIBIT 12

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT executed on March 11, 2002 by and between JAKKS Pacific, Inc., a Delaware corporation ("JAKKS" or the "Company") with its offices at 22619 Pacific Coast Highway, Malibu, CA 90265 and Carmine Russo, an individual residing at 4 Anna Court, West Islip, New York 11795 ("Executive").

W I T N E S S E T H :

WHEREAS, concurrently herewith JAKKS has acquired a majority of the outstanding shares of capital stock of Toymax International Inc., a Delaware corporation ("Toymax International") from certain shareholders of Toymax International (the "Toymax Shares"), and

WHEREAS, Executive and Toymax International are parties to an employment agreement dated January 1, 2000, as amended by a written agreement dated February 16, 2000 (the "Toymax Employment Agreement") and in consideration for JAKKS agreement to enter into this Agreement Executive has agreed to terminate the Toymax Employment Agreement and replace it with this employment agreement effective simultaneously with JAKKS' acquisition of the Toymax Shares pursuant to the Stock Purchase Agreement (the "Effective Date"), and

WHEREAS, simultaneously with the Effective Date, JAKKS desires to employ Executive on the terms and subject to the conditions hereinafter set forth, and Executive desires so to be employed;

NOW, THEREFORE, in consideration of the premises and the mutual covenants hereinafter set forth, the Company and Executive agree as follows:

1. Offices and Duties. Commencing with the Effective Date, the Company hereby employs Executive during the Term (as hereinafter defined) to serve as a Senior Vice President--Toymax Division of the Company, responsible for performing executive and managerial functions regarding the operations of the Company's Toymax division (including the product lines produced by Toymax International as part of the Toymax, Funnoodle and Go Fly A Kite lines) and to perform such duties in connection therewith on behalf of the Company as the Board of Directors of the Company or the Company's Chairman Jack Friedman or President Stephen Berman may from time to time direct. The Board of Directors of the Company may elect or designate Executive to serve in such other corporate offices of the Company or a subsidiary thereof as they may from time to time deem necessary, proper or advisable. Executive hereby accepts such employment and agrees that throughout the Term he shall faithfully, diligently and to the best of his ability, in furtherance of the business of the Company, perform the duties assigned to him or incidental to the offices assumed by him pursuant to this Section. Executive shall devote all of his business time and attention to the business and affairs of the Company. Executive shall at all times be subject to the direction and control of the Board of Directors of the Company and observe and comply with such rules, regulations, policies and practices as the Board of Directors of the Company may from time to time reasonably establish in the exercise of their good faith discretion.

2. Term. The employment of Executive hereunder shall commence on the Effective Date and continue for a guaranteed minimum term ending on September 30, 2002 (the "Term"), and subject to earlier termination upon the terms and conditions provided elsewhere herein. As used herein, "Termination Date" means the last day of the Term.

3. Compensation.

(a) As compensation for his services hereunder, the Company shall pay to Executive during the Term a base salary at the rate of $322,107.15 per annum (the "Base Salary"), such Base Salary to be paid in substantially equal installments no less often than monthly, subject to required tax withholding.

(b) The Executive may also receive such bonus during the Term as the Board of Directors of the Company may determine in its discretion.

(c) In addition to his Base Salary and any bonus determined as provided above, Executive shall be entitled to participate, to the extent he is eligible under the terms and conditions thereof, in any stock, stock option or other equity participation plan and any profit-sharing, pension, retirement, insurance, medical service or other employee benefit plan generally available to other executive officers of the Company and to receive any other benefits or perquisites generally available to the executive officers of the Company pursuant to any employment policy or practice, which may be in effect from time to time during the Term. The Company shall be under no obligation hereunder to institute or to continue any such employee benefit plan or employment policy or practice.

(d) As used in this Agreement, the term "Affiliate" of a Person means another Person directly or indirectly controlling, controlled by, or under common control with, such Person; for this purpose, "control" of a Person means the power (whether or not exercised) to direct the policies, operations or activities of such Person by virtue of the ownership of, or right to vote or direct the manner of voting of, securities of such Person, or pursuant to agreement or law or otherwise.

(e) As used in this Agreement, the term "Person" includes without limitation a natural person, corporation, joint stock company, limited liability company, partnership, joint venture, association, trust, governmental authority, or any group of the foregoing acting in concert.

4. Expenses. The Company shall provide Executive with a monthly automobile allowance equal to US$600.00 per month to reimburse Executive for the cost of leasing or purchasing an automobile, use of the automobile for Company business, and expenses of repair, maintenance, parking and other expenses incidental to such use. The Company shall pay directly, or advance funds to Executive or reimburse Executive for, all expenses reasonably incurred by him in connection with the performance of his duties hereunder and the business of the Company, upon the submission to the Company of itemized expense reports, receipts or vouchers in accordance with its then customary policies and practices, pursuant to which expenses for which employees are entitled to reimbursement are paid in the next succeeding payroll period after submission of such documentation.

5. Location. Except for travel and temporary accommodation reasonably required to perform his services hereunder and travel as may reasonably be requested by JAKKS to its principal office in the United States (currently in Malibu, California, USA) or to its offices in New York, New York, USA, Executive shall not be required to perform his services hereunder at any location other than an office he maintains at the offices of Toymax International in Plainview, New York, or, if requested to do so by the Company, at the offices of the Company in New York, New York. JAKKS may request Executive's attendance at meetings at JAKKS' offices in Malibu, California or New York, New York, or to participate in other activities relating to the Company and its business in Malibu, California or New York, New York, provided that the Executive shall not be required to stay at the offices in Malibu, California for more than four (4) working days in any one (1) calendar month.

6. Office. The Company shall provide Executive with suitable office space, furnishings and equipment, secretarial and clerical services and such other facilities and office support as are reasonably necessary for the performance of his services hereunder.

7. Vacation. Executive shall be entitled to four (4) weeks paid vacation during each year of his employment hereunder, such vacation to be taken at such time or times as shall be agreed upon by Executive and the Company; such vacation shall be pro-rated according to the relationship that the number of months in the Term bears to twelve (12). Vacation time shall not be cumulative from year to year.

8. Key-Man Insurance. JAKKS shall have the right from time to time to purchase, increase, modify or terminate insurance policies on the life of Executive for the benefit of JAKKS in such amounts as JAKKS may determine in its sole discretion. In connection therewith, Executive shall, at such time or times and at such place or places as JAKKS may reasonably direct, submit himself to such physical examinations and execute and deliver such documents as JAKKS may deem necessary or appropriate.

9. Confidential Information.

(a) Executive shall hold in a fiduciary capacity for the benefit of the Company all confidential or proprietary information relating to or concerned with the Company and its Affiliates or their products, prospective products, operations, business and affairs ("Confidential Information"), and he shall not, at any time hereafter, use or disclose any Confidential Information to any person other than to the Company or its designees or except as may otherwise be required in connection with the business and affairs of the Company, and in furtherance of the foregoing Executive agrees that:

(i) Executive will receive, maintain and hold Confidential Information in strict confidence and will use the same level of care in safeguarding it that he uses with his own confidential material of a similar nature;

(ii) Executive will take all such steps as may be reasonably necessary to prevent the disclosure of Confidential Information; and

(iii) Executive will not utilize Confidential Information without first having obtained the Company's consent to such utilization.

(b) The commitments set forth in paragraph 9(a) shall not extend to any portion of Confidential Information:

(i) that is generally available to the public;

(ii) that was known to the Executive prior to disclosure (excluding information regarding the Company or its Affiliates which would otherwise be Confidential Information that was disclosed to Executive during the period of his employment by the Company or its predecessors or their respective Affiliates (including Toymax International Inc. and its Affiliates) or that was disclosed to Executive in connection with his acting as a director of Toymax International Inc. or its predecessors or their respective Affiliates, and excluding any other non-public information concerning products under development by or for the Company or its Affiliates (including Toymax International Inc. and its Affiliates);

(iii) that was not acquired, directly or indirectly and/or in any manner, from the Company or any of its Affiliates (including Toymax International Inc. and its Affiliates) and which Executive lawfully had in his possession prior to the date of this Agreement;

(iv) that, hereafter, through no act or omission on the part of the Executive, becomes information generally available to the public.

(c) At any time upon written request by the Company (i) the Confidential Information, including any copies, shall be returned to the Company, and (ii) all documents, drawings, specifications, computer software, and any other material whatsoever in the possession of the Executive that relates to such Confidential Information, including all copies and/or any other form of reproduction and/or description thereof made by Executive shall, at the Company's option, be returned to the Company or destroyed.

(d) In the event that Executive becomes legally compelled (by deposition, interrogatory, request of documents, subpoena, civil investigative demand or similar process) to disclose any of the Confidential Information, the Executive shall provide the Company with prompt prior written notice of such requirement so that it may seek a protective order or other appropriate remedy and/or waive compliance with the terms of this Agreement. In the event that such protective order or other remedy is not obtained, or the Company waives compliance with the provisions hereof, the Executive agrees to furnish only such portion of the Confidential Information which is legally required to be furnished.

10. Intellectual Property.

(a) Any patent, claim of copyright, trademark, trade name, brand name, service mark, logo, symbol, trade dress or design, or representation or expression of any thereof, or registration or application for registration thereof, or any other improvement, development or discovery, invention, trade secret, process, system, technical information, know-how, proprietary right or intellectual property developed, conceived of, invented or otherwise produced by Executive, alone or with others in connection with the design, manufacture and marketing of the products of the Company and its Affiliates, or conceived, developed, created or made by Executive, alone or with others, during the Term and applicable to the business of the Company or its Affiliates, whether or not patentable or registrable (collectively referred to as "Trade Rights") shall become the sole and exclusive property of the Company.

(b) Executive shall disclose all Trade Rights promptly and completely to the Company and shall, during the Term or thereafter, (i) execute all documents requested by the Company for vesting in the Company the entire right, title and interest in and to the same, (ii) execute all documents requested by the Company for filing and procuring such applications for patents, trademarks, service marks or copyrights as the Company, in its sole discretion, may desire to prosecute, and (iii) give the Company all assistance it may reasonably require, including the giving of testimony in any Proceeding (as hereinafter defined), in other to obtain, maintain and protect the Company's right therein and thereto; provided that the Company shall bear the entire cost and expense of such assistance, including without limitation paying the Executive reasonable compensation for any time or effort expended by him in connection with such assistance after the Termination Date. In furtherance of the foregoing, Executive acknowledges and agrees that for all purposes of U.S. and foreign Copyright Laws, the Trade Rights and any inventions, discoveries, enhancements or improvements to any tangible or intangible property, resulting from the services performed by Executive for the Company or its Affiliates (for the purposes of this paragraph all of the foregoing is collectively referred to as the "Work"), and any and all elements thereof, shall be deemed to constitute "works for hire" belonging to the Company within the meaning of Title 17, United States Code, Section 101, and any comparable provisions of the law of any other jurisdiction, such that all right, title and interest therein, including, without limitation, copyrights and exclusive rights under copyright, vest in the Company. Executive hereby transfers and conveys to the Company the exclusive, world-wide, royalty-free, paid-up right to exploit, use, develop, license, and sell products and services relating to or derived from the Work; and the exclusive right, title and interest in and to all inventions, improvements, patent applications and letters patent, "know-how", and all

intellectual property and other rights, tangible or intangible, which relate to or are based upon or derived from the Work; and to all information, documents, and specifications that relate to the Work. If the Work or any of the elements thereof is deemed not to be "works for hire" within the meaning of Title 17, United States Code, Section 101, then Executive hereby assigns and transfers to the Company all right, title and interest in and to the Work, including rights throughout the world for good and valuable consideration, receipt of which Executive hereby acknowledges. For the sole and exclusive purpose of perfecting and documenting such limited assignment and transfer, Executive hereby grants to the Company an irrevocable power of attorney.

11. Restrictive Covenants.

(a) During the Term, and unless Executive terminates his employment for "good reason" pursuant to Section 14, for a further period ending on the later of one (1) year after the Termination Date and the second anniversary of the date of this Agreement, Executive shall not, directly or indirectly through any Affiliate or other intermediary (a) manufacture, produce, sell, market or otherwise promote any Competitive Product or serve as a partner, member, manager, director, officer or employee of, or consultant or advisor to, or in any manner own, control, manage, operate or otherwise participate or invest in, or be connected with any Person that engages in the marketing or sale of Competitive Products, or authorize the use of its name in connection therewith, or (b) for himself or on behalf of any other Person, employ, engage or retain any Person who at any time during the preceding 12 month period shall have been an employee of the Company or its Affiliates, or contact any supplier, customer or employee of the Company or its Affiliates for the purpose of soliciting or diverting any such supplier, customer or employee from the Company or its Affiliates. The foregoing provisions notwithstanding, Executive may invest his funds in securities of an issuer if the securities of such issuer are listed for trading on a registered securities exchange or actively traded in the over-the-counter market and Executive's and his Affiliates' aggregate holdings therein represent less than 1% of the total number of shares or principal amount of the securities of such issuer then outstanding. Executive acknowledges that the provisions of this Section 11, and the period of time, lack of specific geographic area given the international nature of the business of the Company and its Affiliates and the scope and type of restrictions on his activities set forth herein, are reasonable and necessary for the protection of the Company and are an essential inducement to JAKKS entering into this Agreement.

(b) As used herein, the term "Competitive Product" means any product or service that is substantially similar to a product or service developed, marketed, sold by the Company or its Affiliates during the period of Executive's employment by the Company.

(c) Executive acknowledges that the type of services the Company will require from him are of an intellectual and technical character which will require the disclosure of confidential and proprietary information of the Company to him and may result in the creation by him of information which is confidential and proprietary to the Company, and accordingly that the restrictive covenants contained herein are necessary in order to protect and maintain the business and assets and goodwill of the Company. Executive also acknowledges that the type of services that he has performed for Toymax International and its Affiliates as an employee of Toymax International were of an intellectual and technical character and required the disclosure of confidential and proprietary information of Toymax International and its Affiliates to him and resulted in the creation by him of information which is confidential and proprietary to Toymax International and its Affiliates, and accordingly that the restrictive covenants contained herein are necessary in order to protect and maintain the business and assets and goodwill of Toymax International whose shares are being purchased by JAKKS. Executive acknowledges that the business of the Company and its Affiliates, including Toymax International and its Affiliates, extends beyond the geographic area of the State of New York and accordingly, it is reasonable that the restrictive covenants set forth above are not limited by specific geographic area but by the location of the customers of the Company and its Affiliates. Executive acknowledges that the remedy at law for any breach of this agreement by him will be inadequate and that, accordingly, the Company shall,

in addition to all other available remedies (including without limitation seeking such damages as it can show it has sustained by reason of such breach), be entitled to injunctive relief without being required to post bond or other security and without having to prove the inadequacy of the available remedies at law.

12. Termination Upon Death or Disability. Executive's employment hereunder shall terminate immediately upon his death. In the event that Executive is unable to perform his duties hereunder by reason of any disability or incapacity (due to any physical or mental injury, illness or defect) for an aggregate of 90 days in any consecutive 12-month period, the Company shall have the right to terminate Executive's employment hereunder within 60 days after the 90th day of his disability or incapacity by giving Executive notice to such effect at least 30 days prior to the date of termination set forth in such notice, and on such date such employment shall terminate.

13. Termination by the Company with or without Cause.

(a) In addition to any other rights or remedies provided by law or in this Agreement, the Company may terminate Executive's employment for "cause" under this Agreement if:

(i) Executive is convicted of, or enters a plea of guilty or nolo contendere (which plea is not withdrawn prior to its approval by the court) to a felony or other crime, a criminal offense, involving the acts identified in paragraph (ii) below; or

(ii) the Company's Board of Directors determines, after due inquiry, that Executive has:

(A) committed fraud against, or embezzled or misappropriated funds or other assets of, the Company (or any subsidiary thereof);

(B) violated, or caused the Company (or any subsidiary thereof) or any officer, employee or other agent thereof, or any other Person to violate, any material law, regulation or ordinance, which violation has or would reasonably be expected to have a significant detrimental effect on the Company or its Affiliates, or any material rule, regulation, policy or practice established by the Board of Directors of the Company;

(C) on a persistent or recurring basis, (A) failed properly to perform his material duties hereunder or (B) acted in a manner detrimental to, or adverse to the interests of, either the Company or its Affiliates; or

(D) violated, or failed to perform or satisfy any material covenant, condition or obligation required to be performed or satisfied by Executive hereunder.

(b) The Company may effect such termination for cause under paragraph (a) of this Section by giving Executive notice to such effect, setting forth in reasonable detail the factual basis for such termination, at least 20 days prior to the date of termination set forth therein; provided however that Executive may avoid such termination if Executive, prior to the date of termination set forth in such notice, cures or explains to the reasonable satisfaction of the Company's Board of Directors the factual basis for termination set forth therein.

(c) In making any determination pursuant to Section 13(a) as to the occurrence of any act or event described in clauses (A) to (D) of paragraph (ii) thereof (each, a "For Cause Event"), each of the following shall constitute convincing evidence of such occurrence:

(i) if Executive is made a party to, or target of, any Proceeding arising under or relating to any For Cause Event, Executive's knowing failure to defend against such Proceeding or to

answer any complaint filed against him therein, or to deny any claim, charge, averment or allegation thereof asserting or based upon the occurrence of a For Cause Event;

(ii) any judgment, award, order, decree or other adjudication or ruling in any such Proceeding finding or based upon the occurrence of a For Cause Event; or

(iii) any settlement or compromise of, or consent decree issued in, any such Proceeding in which Executive expressly admits the occurrence of a For Cause Event; provided that none of the foregoing shall be dispositive or create an irrefutable presumption of the occurrence of such For Cause Event; and provided further that the Company's Board of Directors may rely on any other factor or event as convincing evidence of the occurrence of a For Cause Event.

14. Termination by Executive for Good Reason. In addition to any other rights or remedies provided by law or in this Agreement, Executive may terminate his employment hereunder if (a) the Company violates, or fails to perform or satisfy any material covenant, condition or obligation required to be performed or satisfied by it hereunder or, (b) as a result of any action or failure to act by the Company, there is a material change in the nature or scope of the duties, obligations, rights or powers of Executive's employment, or (c) relocation without Executive's consent from the location set forth in Section 5 hereof, by giving the Company notice to such effect, setting forth in reasonable detail the factual basis for such termination, at least 20 days prior to the date of termination set forth therein; provided however that the Company may avoid such termination if it, prior to the date of termination set forth in such notice, cures or explains to the reasonable satisfaction of Executive the factual basis for termination set forth therein. The termination by Executive of his employment pursuant to this Section 14 shall not constitute or be deemed to constitute for any purpose a "voluntary resignation" of his employment.

15. Compensation upon Termination.

(a) Upon termination of Executive's employment hereunder, he shall be entitled to receive, in any case, any compensation or other amount due to him pursuant to Section 3 or 4 in respect of his employment prior to the Termination Date. Except as otherwise provided in Section 15(b) or 15 (c), the Company shall have no further obligation to Executive hereunder. Any amount payable to Executive pursuant to this Section 15(a) upon termination of his employment hereunder shall be paid promptly, and in any event within 10 days, after the Termination Date.

(b) If prior to September 30, 2002, Executive terminates his employment hereunder for "good reason" pursuant to Section 14 or if the Company terminates his employment hereunder other than upon his disability or incapacity pursuant to Section 12 and other than for cause pursuant to Section 13(a) through (c), the Company shall make to Executive payments at the times and in the amounts provided herein for the payment of his Base Salary through May 31, 2004, payable monthly in accordance with the Company's normal payroll practices, and the Company shall have no further obligations to Executive.

(c) If the Company and Executive are unable to agree for any reason whatsoever upon terms for the continuation of Executive's employment beyond September 30, 2002 (which failure shall not constitute "good reason" pursuant to Section 14 above), the Company shall make to Executive payments at the times and in the amounts provided herein for the payment of his Base Salary during the period beginning on the day after the Termination Date and ending on the twenty (20) month anniversary thereof, payable monthly in accordance with the Company's normal payroll practices (payments under this paragraph are in lieu of, and not in addition to the payments described in paragraph 15(b) above), and the Company shall have no further obligations to Executive.

(d) If Executive shall die prior to Executive's receipt of all payments required under this Agreement, the Company shall pay Executive's designated

beneficiary or, if there is no designated beneficiary, his estate all such amounts that would have otherwise been payable to Executive under this Agreement as of the date of his death.

16. Other Consequences of Termination.

(a) Upon the termination of his employment (for whatever reason and howsoever arising) the Executive shall:

(i) at the request of the Board of Directors of the Company immediately resign without claim for compensation from any office held by him in the Company or any Affiliate (but without prejudice to any claim for damages for breach of this Agreement) and in the event of his failure to do so the Company is hereby irrevocably authorized to appoint some person in his name and on his behalf to sign and deliver such resignations to the Board; and

(ii) immediately repay all outstanding debts or loans due to the Company or any Affiliate, and the Company is hereby authorized to deduct from Base Salary payments due to the Executive a sum in repayment of all or any part of any such debts or loans.

17. Limitation of Authority. Except as expressly provided herein, no provision hereof shall be deemed to authorize or empower either party hereto to act on behalf of, obligate or bind the other party hereto.

18. Termination of Employment Agreement with Toymax International, Inc. Executive, JAKKS and Toymax International, by its signature at the end of this Agreement, agree that the Toymax Employment Agreement is hereby terminated as of the date hereof. Executive acknowledges that upon the Effective Date, he shall have no further claim for salary, bonus, vacation pay or any other form of compensation or benefit due to him from Toymax International or any of its Affiliates or any equity or other interest in the Company or any of its Affiliates (other than stock options granted to Executive prior to the date hereof under Toymax International's stock option plan), including but not limited to the payments under the Executive Bonus Plan referred to in the Employment Agreement. Executive acknowledges that upon the Effective Date the life insurance, disability and accident insurance and health insurance benefits referred to in the Toymax Employment Agreement shall be terminated.

19. Notices. Any Notice or demand required or permitted to be given or made hereunder to or upon any Party hereto shall be deemed to have been duly given or made for all purposes if (a) in writing and sent by (i) messenger or an overnight courier service against receipt, or (ii) certified or registered mail, postage paid, return receipt requested, or (b) sent by telegram, telecopy (confirmed orally), telex or similar electronic means, provided that a written copy thereof is sent on the same day by postage-paid first-class mail, to such Party at the following address:

to JAKKS:	22619 Pacific Coast Highway Malibu, California 90265 Attn: President Fax: (310) 456-7099
with a copy to:	Feder, Kaszovitz, Isaacson, Weber, Skala, Bass & Rhine LLP 750 Lexington Avenue New York, New York 10022 Attn: Murray L. Skala, Esq. Fax: (212) 888-7776
to Executive:	4 Anna Court

West Islip, New York 11795
Fax: (516) 587-6808

with a copy to: Steven Mitchell Sack, Esq.
135 E. 57th Street, 12th Floor
New York, New York 10022
Fax: (212) 702-9702

or such other address as any Party hereto may at any time, or from time to time, direct by Notice given to the other Parties in accordance with this Section. Except as otherwise expressly provided herein, the date of giving or making of any such Notice or demand shall be, in the case of clause (a) (i), the date of the receipt; in the case of clause (a) (ii), three business days after such Notice or demand is sent; and, in the case of clause (b), the business day next following the date such Notice or demand is sent.

20. Amendment. Except as otherwise provided herein, no amendment of this Agreement shall be valid or effective, unless in writing and signed by or on behalf of the parties hereto.

21. Waiver. No course of dealing or omission or delay on the part of either party hereto in asserting or exercising any right hereunder shall constitute or operate as a waiver of any such right. No waiver of any provision hereof shall be effective, unless in writing and signed by or on behalf of the party to be charged therewith. No waiver shall be deemed a continuing waiver or waiver in respect of any other or subsequent breach or default, unless expressly so stated in writing.

22. Governing Law. This Agreement shall be governed by, and interpreted and enforced in accordance with, the laws of the State of New York without regard to principles of choice of law or conflict of laws. Each Party to this Agreement submits to the jurisdiction of the courts of the State of New York, located in New York County, New York, United States of America, and to the jurisdiction of the United States District Court for the Southern District of New York, New York, New York, United States of America with respect to any matter arising out of this Agreement, waives any objection to venue in the Counties of New York, State of New York, or such District, and agrees that service of any summons, complaint, Notice or other process relating to such proceeding may be effected in the manner provided by Section 19 hereof.

23. Severability. The provisions hereof are severable and in the event that any provision of this Agreement shall be determined to be invalid or unenforceable in any respect by a court of competent jurisdiction, the remaining provisions hereof shall not be affected, but shall, subject to the discretion of such court, remain in full force and effect, and any invalid or unenforceable provision shall be deemed, without further action on the part of the parties hereto, amended and limited to the extent necessary to render the same valid and enforceable.

24. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original and which together shall constitute one and the same agreement.

25. Further Assurances. Each Party hereto shall promptly execute, deliver, file or record such agreements, instruments, certificates and other documents and perform such other and further acts as any other Party hereto may reasonably request or as may otherwise be reasonably necessary or proper, to carry out the provisions of this Agreement.

26. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. This Agreement is not intended, and shall not be deemed, to create or confer any right or interest for the benefit of any Person not a Party hereto.

27. Assignment. Executive's obligations under this Agreement may not be assigned without the prior written consent of the Company, and any purported assignment without such consent shall be void and without effect.

28. Titles and Captions. The titles and captions of the Articles and Sections of this Agreement are for convenience of reference only and do not in any way define or interpret the intent of the parties or modify or otherwise affect any of the provisions hereof.

29. Remedies. In the event of any actual or prospective breach or default under this Agreement by either Party hereto, the other Party shall be entitled to equitable relief, including remedies in the nature of rescission, injunction and specific performance. All remedies hereunder are cumulative and not exclusive, and nothing herein shall be deemed to prohibit or limit either party from pursuing any other remedy or relief available at law or in equity for such actual or prospective breach or default, including the recovery of damages.

30. Assignment. This Agreement, and each right, interest and obligation hereunder, may not be assigned by either party hereto without the prior written consent of the other party hereto, and any purported assignment without such consent shall be void and without effect, except that this Agreement shall be assigned to, and assumed by, any Person with or into which the Company merges or consolidates, or which acquires all or substantially all of its assets, or which otherwise succeeds to and continues the Company's business substantially as an entirety. Except as otherwise expressly provided herein or required by law, Executive shall not have any power of anticipation, assignment or alienation of any payments required to be made to him hereunder, and no other Person may acquire any right or interest in any thereof by reason of any purported sale, assignment or other disposition thereof, whether voluntary or involuntary, any claim in a bankruptcy or other insolvency Proceeding against Executive, or any other ruling, judgment, order, writ or decree.

31. Grammatical Conventions. Whenever the context so requires, each pronoun or verb used herein shall be construed in the singular or the plural sense and each capitalized term defined herein and each pronoun used herein shall be construed in the masculine, feminine or neuter sense.

32. References. The terms "herein," "hereto," "hereof," "hereby," and "hereunder," and other terms of similar import, refer to this Agreement as a whole, and not to any Section or other part hereof.

33. No Presumptions. Each Party hereto acknowledges that it has had an opportunity to consult with counsel and has participated in the preparation of this Agreement. No Party hereto is entitled to any presumption with respect to the interpretation of any provision hereof or the resolution of any alleged ambiguity herein based on any claim that the other Party hereto drafted or controlled the drafting of this Agreement.

34. Entire Agreement. This Agreement embodies the entire agreement of the parties hereto with respect to the subject matter hereof and supersedes all prior agreements, commitments or arrangements relating thereto.

IN WITNESS WHEREOF, the undersigned have duly executed this Agreement as of the day and year first above written.

JAKKS PACIFIC, INC.

By: /s/ JOEL M. BENNETT

Name: Joel M. Bennett
Title: EVP/CFO

/s/ CARMINE RUSSO
- ---
Carmine Russo

By its signature below, Toymax International Inc. consents to the termination of the Toymax Employment Agreement as provided in Section 18 of the within agreement.

TOYMAX INTERNATIONAL INC.

By: /s/ MICHAEL SABATINO

Name: Michael Sabatino
Title: CFO

EXHIBIT 13

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT executed on March 11, 2002 by and between JAKKS Pacific, Inc., a Delaware corporation ("JAKKS" or the "Company") with its offices at 22619 Pacific Coast Highway, Malibu, CA 90265 and Michael Sabatino, an individual residing at 5 Edwards Lane, Glen Cove, NY 11542("Executive").

W I T N E S S E T H :

WHEREAS, concurrently herewith JAKKS has acquired a majority of the outstanding shares of capital stock of Toymax International Inc., a Delaware corporation ("Toymax International") from certain shareholders of Toymax International (the "Toymax Shares"), and

WHEREAS, Executive and Toymax International are parties to an employment agreement dated December 1, 2001, as amended by a Supplement dated January 26, 2002 (the "Toymax Employment Agreement") and in consideration for JAKKS agreement to enter into this Agreement Executive has agreed to terminate the Toymax Employment Agreement and replace it with this employment agreement effective simultaneously with JAKKS' acquisition of the Toymax Shares pursuant to the Stock Purchase Agreement (the "Effective Date"), and

WHEREAS, simultaneously with the Effective Date, JAKKS desires to employ Executive on the terms and subject to the conditions hereinafter set forth, and Executive desires so to be employed;

NOW, THEREFORE, in consideration of the premises and the mutual covenants hereinafter set forth, the Company and Executive agree as follows:

1. Offices and Duties. Commencing with the Effective Date, the Company hereby employs Executive during the Term (as hereinafter defined) to serve as a Senior Vice President-Finance of the Company, responsible for coordinating the merger of the operations of Toymax International and its Affiliates with the operations of the Company and its other Affiliates, and for management of the Company and its Affiliates' banking, accounts receivable, and international financial functions, and to perform such executive and supervisory duties in connection therewith on behalf of the Company as the Board of Directors of the Company or a senior executive officer of the Company may from time to time direct that are consistent with Executive's position. The Board of Directors of the Company may elect or designate Executive to serve in such other corporate offices of the Company or a subsidiary thereof as they may from time to time deem necessary, proper or advisable with the consent of the Executive, which shall not be unreasonably withheld or delayed. Executive hereby accepts such employment and agrees that throughout the Term he shall faithfully, diligently and to the best of his ability, in furtherance of the business of the Company, perform the duties assigned to him or incidental to the offices assumed by him pursuant to this Section. Executive shall devote all of his business time and attention to the business and affairs of the Company. Executive shall at all times be subject to the direction and control of the Board of Directors of the Company and observe and comply with such rules, regulations, policies and practices as the Board of Directors of the Company may from time to time reasonably establish in the exercise of their good faith discretion.

2. Term. The employment of Executive hereunder shall commence on the Effective Date and continue for a term ending on the second anniversary of the date hereof (the "Term"), subject, at the option of the Company, to extension for an additional twelve (12) month period by notice given to Executive by the Company not less than ninety (90) days prior to the end of the Term, and subject to

earlier termination upon the terms and conditions provided elsewhere herein. As used herein, "Termination Date" means the last day of the Term.

3. Compensation.

(a) As compensation for his services hereunder, the Company shall pay to Executive during the Term:

(i) a base salary at the rate of $225,000.00 per annum (the "Base Salary"), subject to such increases as the Company's Board of Directors may determine from time to time; such Base Salary will be paid in substantially equal installments no less often than monthly in accordance with the Company's normal payroll practices, subject to required tax withholding; and

(ii) a signing bonus of $25,000.00 payable concurrently herewith.

(b) The Executive may also receive an additional annual bonus in such amount as the Board of Directors of the Company may determine in its discretion, provided that such annual bonus shall be a minimum of $100,000.00, unless the Executive's employment is terminated for cause (as such term is defined in Section 13 of this Agreement.) The Board of Directors may also determine in its discretion to award additional bonuses to Executive. Executive shall also be entitled to participate in the Company's stock option plan, and, subject to the approval of the Board of Directors and the Stock Option Committee of the Board of Directors in their discretion, receive options to purchase between 15,000 and 20,000 shares of the Company's common stock pursuant to such plan and such terms as the Board of Directors and Stock Option Committee shall approve.

(c) In addition to his Base Salary and the bonuses and stock options provided above, Executive shall be entitled to participate, to the extent he is eligible under the terms and conditions thereof, in any stock, stock option or other equity participation plan and any profit-sharing, pension, retirement, insurance, medical service or other employee benefit plan generally available to other executive officers of the Company and to receive any other benefits or perquisites generally available to the executive officers of the Company pursuant to any employment policy or practice, which may be in effect from time to time during the Term. The Company shall be under no obligation hereunder to institute or to continue any such employee benefit plan or employment policy or practice.

(d) As used in this Agreement, the term "Affiliate" of a Person means another Person directly or indirectly controlling, controlled by, or under common control with, such Person; for this purpose, "control" of a Person means the power (whether or not exercised) to direct the policies, operations or activities of such Person by virtue of the ownership of, or right to vote or direct the manner of voting of, securities of such Person, or pursuant to agreement or law or otherwise.

(e) As used in this Agreement, the term "Person" includes without limitation a natural person, corporation, joint stock company, limited liability company, partnership, joint venture, association, trust, governmental authority, or any group of the foregoing acting in concert.

4. Expenses. The Company shall provide Executive with a monthly automobile allowance equal to US$600.00 per month to reimburse Executive for the cost of leasing or purchasing an automobile, use of the automobile for Company business, and expenses of repair, maintenance, parking and other expenses incidental to such use. The Company shall pay directly, or advance funds to Executive or reimburse Executive for, all expenses reasonably incurred by him in connection with the performance of his duties hereunder and the business of the Company, upon the submission to the Company of itemized expense reports, receipts or vouchers in accordance with its then customary policies and practices.

5. Location. Except for travel and temporary accommodation reasonably required to perform his services hereunder and travel as may reasonably be requested by JAKKS to its principal office in the United States (currently in Malibu, California, USA) or to its offices in New York, New York, USA, Executive shall not be required to perform his services hereunder at any location other than an office he maintains at the offices of Toymax International in Plainview, New York, or, if requested to do so by the Company, at the offices of the Company in New York, New York. The Parties acknowledge and agree that any permanent relocation of the Executive's regular office to the Company's offices in Malibu, California shall require the mutual agreement of the Company and the Executive on such terms as the Parties agree to in connection therewith, but any failure to agree on such relocation shall not affect the continued effectiveness and enforceability of this Agreement, it being understood and agreed that neither Party has made any commitment or representation to the other regarding such relocation. JAKKS may request Executive's attendance at meetings at JAKKS' offices in Malibu, California or New York, New York, or to participate in other activities relating to the Company and its business in Malibu, California or New York, New York, provided that the Executive shall not be required to stay at such locations for more than seven (7) working days in any one (1) calendar month.

6. Office. The Company shall provide Executive with suitable office space, furnishings and equipment, secretarial and clerical services and such other facilities and office support as are reasonably necessary for the performance of his services hereunder.

7. Vacation. Executive shall be entitled to four (4) weeks paid vacation during each year of his employment hereunder, such vacation to be taken at such time or times as shall be agreed upon by Executive and the Company. Vacation time shall not be cumulative from year to year.

8. Key-Man Insurance. JAKKS shall have the right from time to time to purchase, increase, modify or terminate insurance policies on the life of Executive for the benefit of JAKKS in such amounts as JAKKS may determine in its sole discretion. In connection therewith, Executive shall, at such time or times and at such place or places as JAKKS may reasonably direct, submit himself to such physical examinations and execute and deliver such documents as JAKKS may deem necessary or appropriate.

9. Confidential Information.

(a) Executive shall hold in a fiduciary capacity for the benefit of the Company all confidential or proprietary information relating to or concerned with the Company and its Affiliates or their products, prospective products, operations, business and affairs ("Confidential Information"), and he shall not, at any time hereafter, use or disclose any Confidential Information to any person other than to the Company or its designees or except as may otherwise be required in connection with the business and affairs of the Company, and in furtherance of the foregoing Executive agrees that:

(i) Executive will receive, maintain and hold Confidential Information in strict confidence and will use the same level of care in safeguarding it that he uses with his own confidential material of a similar nature;

(ii) Executive will take all such steps as may be reasonably necessary to prevent the disclosure of Confidential Information; and

(iii) Executive will not utilize Confidential Information without first having obtained the Company's consent to such utilization.

(b) The commitments set forth in paragraph 9(a) shall not extend to any portion of Confidential Information:

(i) that is generally available to the public;

(ii) that was known to the Executive prior to disclosure (excluding information regarding the Company or its Affiliates which would otherwise be Confidential Information that was disclosed to Executive during the period of his employment by the Company or its predecessors or their respective Affiliates (including Toymax International Inc. and its Affiliates) or that was disclosed to Executive in connection with his acting as a director of Toymax International Inc. or its predecessors or their respective Affiliates, and excluding any other non-public information concerning products under development by or for the Company or its Affiliates (including Toymax International Inc. and its Affiliates);

(iii) that was not acquired, directly or indirectly and/or in any manner, from the Company or any of its Affiliates (including Toymax International Inc. and its Affiliates) and which Executive lawfully had in his possession prior to the date of this Agreement;

(iv) that, hereafter, through no act or omission on the part of the Executive, becomes information generally available to the public.

(c) At any time upon written request by the Company (i) the Confidential Information, including any copies, shall be returned to the Company, and (ii) all documents, drawings, specifications, computer software, and any other material whatsoever in the possession of the Executive that relates to such Confidential Information, including all copies and/or any other form of reproduction and/or description thereof made by Executive shall, at the Company's option, be returned to the Company or destroyed.

(d) In the event that Executive becomes legally compelled (by deposition, interrogatory, request of documents, subpoena, civil investigative demand or similar process) to disclose any of the Confidential Information, the Executive shall provide the Company with prompt prior written notice of such requirement so that it may seek a protective order or other appropriate remedy and/or waive compliance with the terms of this Agreement. In the event that such protective order or other remedy is not obtained, or the Company waives compliance with the provisions hereof, the Executive agrees to furnish only such portion of the Confidential Information which is legally required to be furnished.

10. Intellectual Property.

(a) Any patent, claim of copyright, trademark, trade name, brand name, service mark, logo, symbol, trade dress or design, or representation or expression of any thereof, or registration or application for registration thereof, or any other improvement, development or discovery, invention, trade secret, process, system, technical information, know-how, proprietary right or intellectual property developed, conceived of, invented or otherwise produced by Executive, alone or with others in connection with the design, manufacture and marketing of the products of the Company and its Affiliates, or conceived, developed, created or made by Executive, alone or with others, during the Term and applicable to the business of the Company or its Affiliates, whether or not patentable or registrable (collectively referred to as "Trade Rights") shall become the sole and exclusive property of the Company.

(b) Executive shall disclose all Trade Rights promptly and completely to the Company and shall, during the Term or thereafter, (i) execute all documents requested by the Company for vesting in the Company the entire right, title and interest in and to the same, (ii) execute all documents requested by the Company for filing and procuring such applications for patents, trademarks, service marks or copyrights as the Company, in its sole discretion, may desire to prosecute, and (iii) give the Company all assistance it may reasonably require, including the giving of testimony in any Proceeding (as hereinafter defined), in other to obtain, maintain and protect the Company's right therein and thereto; provided that the Company shall bear the entire cost and expense of such assistance, including without limitation paying the Executive reasonable compensation for any time or effort expended by him in connection with such assistance after the Termination Date. In furtherance of the foregoing, Executive acknowledges and

agrees that for all purposes of U.S. and foreign Copyright Laws, the Trade Rights and any inventions, discoveries, enhancements or improvements to any tangible or intangible property, resulting from the services performed by Executive for the Company or its Affiliates (for the purposes of this paragraph all of the foregoing is collectively referred to as the "Work"), and any and all elements thereof, shall be deemed to constitute "works for hire" belonging to the Company within the meaning of Title 17, United States Code, Section 101, and any comparable provisions of the law of any other jurisdiction, such that all right, title and interest therein, including, without limitation, copyrights and exclusive rights under copyright, vest in the Company. Executive hereby transfers and conveys to the Company the exclusive, world-wide, royalty-free, paid-up right to exploit, use, develop, license, and sell products and services relating to or derived from the Work; and the exclusive right, title and interest in and to all inventions, improvements, patent applications and letters patent, "know-how", and all intellectual property and other rights, tangible or intangible, which relate to or are based upon or derived from the Work; and to all information, documents, and specifications that relate to the Work. If the Work or any of the elements thereof is deemed not to be "works for hire" within the meaning of Title 17, United States Code, Section 101, then Executive hereby assigns and transfers to the Company all right, title and interest in and to the Work, including rights throughout the world for good and valuable consideration, receipt of which Executive hereby acknowledges. For the sole and exclusive purpose of perfecting and documenting such limited assignment and transfer, Executive hereby grants to the Company an irrevocable power of attorney.

11. Intentionally omitted.

12. Termination Upon Death or Disability. Executive's employment hereunder shall terminate immediately upon his death. In the event that Executive is unable to perform his duties hereunder by reason of any disability or incapacity (due to any physical or mental injury, illness or defect) for an aggregate of 90 days in any consecutive 12-month period, the Company shall have the right to terminate Executive's employment hereunder within 60 days after the 90th day of his disability or incapacity by giving Executive notice to such effect at least 30 days prior to the date of termination set forth in such notice, and on such date such employment shall terminate.

13. Termination by the Company with or without Cause.

(a) In addition to any other rights or remedies provided by law or in this Agreement, the Company may terminate Executive's employment for "cause" under this Agreement if:

(i) Executive is convicted of, or enters a plea of guilty or nolo contendere (which plea is not withdrawn prior to its approval by the court) to a felony or other crime, a criminal offense, involving the acts identified in paragraph (ii) below; or

(ii) the Company's Board of Directors determines, after due inquiry, that Executive has:

(A) committed fraud against, or embezzled or misappropriated funds or other assets of, the Company (or any subsidiary thereof);

(B) violated, or caused the Company (or any subsidiary thereof) or any officer, employee or other agent thereof, or any other Person to violate, any material law, regulation or ordinance, which violation has or would reasonably be expected to have a significant detrimental effect on the Company or its Affiliates, or any material rule, regulation, policy or practice established by the Board of Directors of the Company;

(C) on a persistent or recurring basis, (A) failed properly to perform his duties hereunder or (B) acted in a manner detrimental to, or adverse to the interests of, either the Company or its Affiliates; or

(D) violated, or failed to perform or satisfy any material covenant, condition or obligation required to be performed or satisfied by Executive hereunder.

(b) The Company may effect such termination for cause under paragraph (a) of this Section by giving Executive notice to such effect, setting forth in reasonable detail the factual basis for such termination, at least thirty (30) days prior to the date of termination set forth therein; provided however that Executive may avoid such termination if Executive, prior to the date of termination set forth in such notice, cures or explains to the reasonable satisfaction of the Company's Board of Directors the factual basis for termination set forth therein.

(c) In addition to any other rights provided in this Agreement, the Company may terminate Executive's employment under this Agreement without cause and for no reason or any reason upon six (6) months prior notice given at any time after the six month anniversary of the date of this Agreement.

14. Termination by Executive for Good Reason. In addition to any other rights or remedies provided by law or in this Agreement, Executive may terminate his employment hereunder if (a) the Company violates, or fails to perform or satisfy any material covenant, condition or obligation required to be performed or satisfied by it hereunder or, (b) as a result of any action or failure to act by the Company, there is a material change in the nature or scope of the duties, obligations, rights or powers of Executive's employment, or (c) relocation without Executive's consent from the location set forth in Section 5 hereof, by giving the Company notice to such effect, setting forth in reasonable detail the factual basis for such termination, at least 20 days prior to the date of termination set forth therein; provided however that the Company may avoid such termination if it, prior to the date of termination set forth in such notice, cures or explains to the reasonable satisfaction of Executive the factual basis for termination set forth therein. The termination by Executive of his employment pursuant to this Section 14 shall not constitute or be deemed to constitute for any purpose a "voluntary resignation" of his employment.

15. Compensation upon Termination.

(a) Upon termination of Executive's employment hereunder, he shall be entitled to receive, in any case, any compensation or other amount due to him pursuant to Section 3 or 4 in respect of his employment prior to the Termination Date, and from and after the Termination Date, except as otherwise provided in Section 15(b), the Company shall have no further obligation to Executive hereunder. Any amount payable to Executive pursuant to this Section 15(a) upon termination of his employment hereunder shall be paid promptly, and in any event within 10 days, after the Termination Date.

(b) If Executive terminates his employment hereunder for Good Reason pursuant to Section 14 or if the Company terminates his employment hereunder other than upon his disability or incapacity pursuant to Section 12 and other than for cause pursuant to Section 13(a) through (c), the Company shall make to Executive payments at the times and in the amounts provided herein for the payment of his Base Salary, and the minimum Bonus required under paragraph 3(c), during the period, if any, beginning on the day after the Termination Date and ending on the second anniversary of the date of this Agreement.

(c) If Executive shall die prior to Executive's receipt of all payments required under this Agreement, the Company shall pay Executive's designated beneficiary or, if there is no designated beneficiary, his estate all such amounts that would have otherwise been payable to Executive under this Agreement as of the date of his death.

16. Other Consequences of Termination.

(a) Upon the termination of his employment (for whatever reason and howsoever arising) the Executive shall:

(i) at the request of the Board of Directors of the Company immediately resign without claim for compensation from any office held by him in the Company or any Affiliate (but without prejudice to any claim for damages for breach of this Agreement or for any compensation which otherwise may be payable pursuant to this Agreement or otherwise) and in the event of his failure to do so the Company is hereby irrevocably authorized to appoint some person in his name and on his behalf to sign and deliver such resignations to the Board; and

(ii) immediately repay all outstanding debts or loans due to the Company or any Affiliate, and the Company is hereby authorized to deduct from Base Salary payments due to the Executive a sum in repayment of all or any part of any such debts or loans.

17. Limitation of Authority. Except as expressly provided herein, no provision hereof shall be deemed to authorize or empower either party hereto to act on behalf of, obligate or bind the other party hereto.

18. Termination of Employment Agreement with Toymax International, Inc. Executive, JAKKS and Toymax International, by its signature at the end of this Agreement, agree that the Toymax Employment Agreement is hereby terminated as of the date hereof. Executive acknowledges that upon the Effective Date, he shall have no further claim for salary, bonus, vacation pay or any other form of compensation or benefit due to him from Toymax International or any of its Affiliates or any equity or other interest in the Company or any of its Affiliates(other than stock options granted to Executive prior to the date hereof under Toymax International's stock option plan), including but not limited to the payments under the Executive Bonus Plan referred to in the Employment Agreement. Executive acknowledges that upon the Effective Date the life insurance, disability and accident insurance and health insurance benefits referred to in the Toymax Employment Agreement shall be terminated.

19. Notices. Any Notice or demand required or permitted to be given or made hereunder to or upon any Party hereto shall be deemed to have been duly given or made for all purposes if (a) in writing and sent by (i) messenger or an overnight courier service against receipt, or (ii) certified or registered mail, postage paid, return receipt requested, or (b) sent by telegram, telecopy (confirmed orally), telex or similar electronic means, provided that a written copy thereof is sent on the same day by postage-paid first-class mail, to such Party at the following address:

to JAKKS:	22619 Pacific Coast Highway Malibu, California 90265 Attn: President Fax: (310) 456-7099
with a copy to:	Feder, Kaszovitz, Isaacson, Weber, Skala, Bass & Rhine LLP 750 Lexington Avenue New York, New York 10022 Attn: Murray L. Skala, Esq. Fax: (212) 888-7776
to Executive:	5 Edwards Lane Glen Cove, NY 11542 Fax: (516) 674-7023

or such other address as any Party hereto may at any time, or from time to time, direct by Notice given to the other Parties in accordance with this Section. Except as otherwise expressly provided herein, the date of giving or making of any such Notice or demand shall be, in the case of clause (a) (i), the date of the receipt; in the case of clause (a) (ii), three business days after such Notice or demand is sent; and, in the case of clause (b), the business day next following the date such Notice or demand is sent.

20. Amendment. Except as otherwise provided herein, no amendment of this Agreement shall be valid or effective, unless in writing and signed by or on behalf of the parties hereto.

21. Waiver. No course of dealing or omission or delay on the part of either party hereto in asserting or exercising any right hereunder shall constitute or operate as a waiver of any such right. No waiver of any provision hereof shall be effective, unless in writing and signed by or on behalf of the party to be charged therewith. No waiver shall be deemed a continuing waiver or waiver in respect of any other or subsequent breach or default, unless expressly so stated in writing.

22. Governing Law. This Agreement shall be governed by, and interpreted and enforced in accordance with, the laws of the State of New York without regard to principles of choice of law or conflict of laws. Each Party to this Agreement submits to the jurisdiction of the courts of the State of New York, located in New York County, New York, United States of America, and to the jurisdiction of the United States District Court for the Southern District of New York, New York, New York, United States of America with respect to any matter arising out of this Agreement, waives any objection to venue in the Counties of New York, State of New York, or such District, and agrees that service of any summons, complaint, Notice or other process relating to such proceeding may be effected in the manner provided by Section 19 hereof.

23. Severability. The provisions hereof are severable and in the event that any provision of this Agreement shall be determined to be invalid or unenforceable in any respect by a court of competent jurisdiction, the remaining provisions hereof shall not be affected, but shall, subject to the discretion of such court, remain in full force and effect, and any invalid or unenforceable provision shall be deemed, without further action on the part of the parties hereto, amended and limited to the extent necessary to render the same valid and enforceable.

24. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original and which together shall constitute one and the same agreement.

25. Further Assurances. Each Party hereto shall promptly execute, deliver, file or record such agreements, instruments, certificates and other documents and perform such other and further acts as any other Party hereto may reasonably request or as may otherwise be reasonably necessary or proper, to carry out the provisions of this Agreement.

26. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. This Agreement is not intended, and shall not be deemed, to create or confer any right or interest for the benefit of any Person not a Party hereto.

27. Assignment. Executive's obligations under this Agreement may not be assigned without the prior written consent of the Company, and any purported assignment without such consent shall be void and without effect.

28. Titles and Captions. The titles and captions of the Articles and Sections of this Agreement are for convenience of reference only and do not in any way define or interpret the intent of the parties or modify or otherwise affect any of the provisions hereof.

29. Remedies. In the event of any actual or prospective breach or default under this Agreement by either Party hereto, the other Party shall be entitled to equitable relief, including remedies in the nature of rescission, injunction and specific performance. All remedies hereunder are cumulative and not exclusive, and nothing herein shall be deemed to prohibit or limit either party from pursuing any other remedy or relief available at law or in equity for such actual or prospective breach or default, including the recovery of damages.

30. Assignment. This Agreement, and each right, interest and obligation hereunder, may not be assigned by either party hereto without the prior written consent of the other party hereto, and any purported assignment without such consent shall be void and without effect, except that this Agreement shall be assigned to, and assumed by, any Person with or into which the Company merges or consolidates, or which acquires all or substantially all of its assets, or which otherwise succeeds to and continues the Company's business substantially as an entirety. Except as otherwise expressly provided herein or required by law, Executive shall not have any power of anticipation, assignment or alienation of any payments required to be made to him hereunder, and no other Person may acquire any right or interest in any thereof by reason of any purported sale, assignment or other disposition thereof, whether voluntary or involuntary, any claim in a bankruptcy or other insolvency Proceeding against Executive, or any other ruling, judgment, order, writ or decree.

31. Grammatical Conventions. Whenever the context so requires, each pronoun or verb used herein shall be construed in the singular or the plural sense and each capitalized term defined herein and each pronoun used herein shall be construed in the masculine, feminine or neuter sense.

32. References. The terms "herein," "hereto," "hereof," "hereby," and "hereunder," and other terms of similar import, refer to this Agreement as a whole, and not to any Section or other part hereof.

33. No Presumptions. Each Party hereto acknowledges that it has had an opportunity to consult with counsel and has participated in the preparation of this Agreement. No Party hereto is entitled to any presumption with respect to the interpretation of any provision hereof or the resolution of any alleged ambiguity herein based on any claim that the other Party hereto drafted or controlled the drafting of this Agreement.

34. Entire Agreement. This Agreement embodies the entire agreement of the parties hereto with respect to the subject matter hereof and supersedes all prior agreements, commitments or arrangements relating thereto.

IN WITNESS WHEREOF, the undersigned have duly executed this Agreement as of the day and year first above written.

JAKKS PACIFIC, INC.

By: /s/ JOEL M. BENNETT

Name: Joel M. Bennett
Title: Exec. V.P./C.F.O.

/s/ MICHAEL SABATINO

Michael Sabatino

By its signature below, Toymax International Inc. consents to the termination of the Toymax Employment Agreement as provided in Section 18 of the within agreement.

TOYMAX INTERNATIONAL INC.

By: /s/ SANFORD B. FRANK

Name: Sanford B. Frank
Title: Secretary

DAN ALMAGOR
CHAIRMAN AND
EXECUTIVE PARTNER

PERSONAL AND CONFIDENTIAL

December 14, 2001

Mr. David Ki Kwan Chu
Chairman of the Board
Toymax International, Inc.
125 East Bethpage Road
Plainview, New York 11803

Dear David:

This Agreement confirms that ACG International Inc. (including affiliated, subsidiaries and all other entities, collectively and individually, ("ACG") has been engaged by Toymax International, Inc. (including affiliated, subsidiaries and all other entities, collectively and individually, the "Company") as an advisor whose assignment is to assist with the Company's desire to execute a transaction (or a combination of transactions) to Sell an/or to merge the Company.

I. SERVICES PROVIDED BY ACG:

In accepting the engagement, ACG agrees to:

- - advise about the Company's strategy for selling the Company, as well as about the Transaction's possible structure and terms;

- - Assist with the identification of potential prospective buyers and advise in the process of selecting the buyer

- - Coordinate and advise about preparing presentation materials concerning the Company, as well as about making effective presentations to Potential buyers;

- - Advise about structuring, negotiating, and closing the Transaction on favorable terms.

ACG agrees to keep and maintain all material and nonpublic information, which it receives, concerning the Company confidential and to disclose only that information as contemplated for the execution of this Agreement or as required by law.

II. DEFINITIONS:

EXPIRATION AND TERMINATION DATES: For purposes of this Agreement, this Agreement expires three years from the date of approval of this Agreement by the Company (the "Expiration Date"). Each party has the right to terminate this Agreement upon thirty (30) days notice. Any termination will not relieve the Company's obligation to compensate and indemnify ACG as well as to comply with its other agreements hereunder.

POTENTIAL BUYERS: For purposes of this Agreement, prospective potential buyers include but not limited to, e.g., strategic buyers, investors, lenders, banks, private equity funds, joint venture or strategic corporate partners, merger partners, intermediaries, investment bankers, merchant bankers, and/or sources - -- are individually and collectively defined as "Potential Buyer" or "Buyer."

TRANSACTION: For purposes of this Agreement, "Transaction" shall mean a transaction (or combination of transactions) whereby the Company accepts a bid offer from a Potential Buyer.

CLOSING AND CLOSING DATE: For purposes of this Agreement, a "Closing" is defined as an event at which all or part of the Transaction is consummated; a "Closing Date" is defined as the day on which a Closing occurs or is chiefly completed.

III. COMPENSATION FOR SERVICES PROVIDED BY ACG:

A. Fees - For ACG's efforts, ACG's compensation would consist of cash advisory fees whose payment schedule is designed to minimize costs to the Company while ACG's work is being done, and to reward ACG's efforts when a transaction closes.

ACG will earn advisory fees totaling 2% of the Total Transaction Value, including but not limited to any stock, cash and any other remuneration consideration. Prior to closing, a fee at the rate of $7,500 per month should be payable in monthly installments, with the first payment starting with the execution of this Agreement. The balance of the advisory fees would be payable in full in a single cash installment at the closing. If no closing occurs, the balance maximum total is $100,000.

B. Method of Payment - The Company agrees to pay ACG its such fee by wire transfer to the bank account so designated by ACG or to an ACG Affiliate and to provide evidence that irrevocable instructions have been issued to the institution accepting funds on behalf of the Company.

IV. OTHER ISSUES:

(A) EXPENSES: In addition to any fees that may be payable to ACG hereunder and regardless of whether any Transaction is consummated, the Company agrees to reimburse ACG promptly for all reasonable out-of-pocket expenses incurred by ACG hereunder including, but not limited to, long-distance telephone, facsimile, legal, copying, travel, word processing, internet communication, document binding, and mailing costs.

(B) SURVIVABILITY: All terms and conditions of this Agreement not modified by expiration or termination or closing (including, for example, but not limited to, money owed to ACG, arbitration, and indemnification) will survive the Expiration or Termination or Closing Dates.

V. REPRESENTATIONS AND WARRANTIES:

The undersigned represents and warrants to ACG that he is duly authorized and has full power and authority to execute this and to enter into and consummate the Transaction, and has no reason to believe that this Agreement or the Transaction may violate any laws, rules, or regulations of any government, government agency, or court of law, or any bylaws of the Company.

In addition, the Company agrees:

(A) to make available to ACG all information relating to the Transaction which ACG reasonably requests as well as any other information relating to the Transaction prepared by the Company or any of the Company's advisors;

(B) to notify ACG of all communications between the Company and Potential Buyer, and provide ACG with copies of all direct correspondence between the Company and any Potential Buyers;

(C) that if the Company elects to consummate any transaction contemplated by this Agreement under the form of another or new entity, then the Company shall cause the other entity to ratify all the terms and conditions of this Agreement; and the Company shall continue to be liable for the performance of the terms, covenants, and conditions herein.

VI. ACKNOWLEDGEMENTS

The Company acknowledges:

(A) That ACG shall be entitled to rely upon all information supplied to ACG by the Company or its advisors and shall not in any respect be responsible for the accuracy or completeness of such information.

(B) that ACG does not guarantee that any transaction will be consummated, and that the Company will have no claim whatsoever against ACG if any transaction (including the Transaction) is not consummated;

(C) That ACG does not perform legal or accounting or tax services or render legal or accounting or tax advice on any aspect of any transaction contemplated by this Agreement.

(D) That ACG is purely an independently contracting advisor to the Company and is neither retained nor authorized to act as an exclusive or nonexclusive agent in arranging any placement of any securities of the Company.

VII. ACG REPRESENTATIONS AND WARRANTIES

ACG represents and warrants that it is duly authorized and has full power and authority to execute this Agreement, and agrees to promptly make available to the Company all information relating to the Transaction which the Company reasonably requests.

(A) To notify the Company of all communications between ACG and Potential Buyers, and provide the Company with copies of all direct correspondence between ACG and any Potential Buyers.

VIII. INDEMNIFICATION BY THE COMPANY:

In connection with the engagement of ACG to advise and assist with matters set forth in this Agreement, the Company hereby agrees to indemnify and hold harmless ACG and its affiliates, the respective directors, officers, partners, agents and employees of ACG and its affiliates, and each other person, if any, controlling ACG or any of its affiliates (all of which are hereinafter called the "Indemnified Person") to the full extent permitted by law, from and against all losses, claims, damages, liabilities, and expenses incurred by them as they are incurred (including but not limited to reasonable fees and disbursements of counsel), which; (a) are related to or arise out of actions taken or omitted to be taken (including statements made or omitted to be made) by the company or by an Indemnified Person; (i) with the Company's consent, or (ii) in conformity with the Company's actions or omission in connection with the engagement of ACG pursuant to this Agreement; or, (b) are otherwise related to or arise out of ACG's activities on the Company's behalf under ACG's engagement pursuant to this Agreement.

IX. Miscellaneous Conditions:

(A) GOVERNING LAW: This Agreement shall be governed by and construed solely and exclusively in accordance with the laws of the State of New York. This Agreement supersedes all prior agreements and can only be amended in writing as mutually agreed to by the Company and ACG.

(B) DISPUTES: Should any dispute, controversy, or claim arise out of or in connection with this Agreement, or the breach, termination, or invalidity thereof, and reasonable efforts to resolve it have failed, ACG and the Company specifically and irrevocably agree that it will be promptly submitted to American Mediation Council LLC ("AMC") under its Mediation Rules. If in AMC's sole judgement, good faith efforts to resolve the dispute have failed, then ACG and the Company agree that the dispute will be promptly submitted to resolution by binding arbitration in New York City in accordance with the rules of commercial procedure of the American Arbitration Association. A judgment upon any award rendered by the arbitrators shall be entered by a court having subject matter jurisdiction therein and all parties expressly waive any challenge to the use of arbitration in accordance with this paragraph.

ACG and the Company agree that jurisdiction and venue for the entry of judgment upon said arbitration award shall be solely and exclusively in New York County. The arbitrators are directed to award the expenses of the arbitration -- including required travel and other expenses of the arbitrators and any representatives of the arbitrators, the costs and charges of the American Arbitration Association, and all reasonable attorney's fees and costs -- to the prevailing party in the arbitration. In such event, no action shall be entertained if filed more than one year subsequent to the date the cause(s) of action actually occurred regardless of whether damages were otherwise as of said time calculable. The arbitrator shall not have the authority to amend this Agreement.

(C) ASSIGNMENT: No interest of any party under this Agreement may be assigned or otherwise transferred except with the written consent of the other party. This Agreement shall bind and inure to the benefit of the successors, assigns, personal representatives, heirs, and legatees of the parties hereto, as their interests shall appear.

(D) NOTICES: All notices, consents, and other communications (except where otherwise indicated) relating to this Agreement must be in writing and shall be deemed to have been duly given at the time when received by the addressee at its principal place of business or to whatever new address has been communicated by a notice given under the terms of this paragraph.

(E) WAIVER AND SEVERABILITY: Failure by a party to this Agreement to insist upon strict compliance by another party to this Agreement with any of the terms of this Agreement will not be deemed a waiver by such party of strict compliance with any other instance of the same term or of any other term contained in this Agreement. No waiver of any provisions of this Agreement shall be effective unless it is in writing, signed by the party against whom it is asserted. The unenforceability or invalidity of any article,

subarticle, section, or provision of this Agreement shall not affect the enforceability or validity of the remaining provisions, or portions thereof, of this Agreement, and effect shall give rise to the intent manifested by the remaining provisions, or portions thereof.

(F) COUNTERPARTS: This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, and all of which taken together shall constitute but one and the same instrument. Counterpart copies may be executed by telefax.

(G) ENTIRE AGREEMENT: This Agreement constitutes and contains the entire agreement between ACG and the Company with respect to the subject matter hereof, and supersedes any and all prior agreements, arrangements, and understandings between the parties hereof and thereof relating to the subject matter hereof and thereof. No modification, amendment, or waiver of the provisions of this Agreement shall be effective unless made in writing specifically referring to this Agreement and signed by each of the parties hereto. Both parties hereby disclaim specific authorship of this Agreement.

(H) Confidentiality: The Company agrees that any information or advice rendered by ACG or its representatives or agents in connection with this Agreement are for the sole confidential use of the Company, and the Company will not, and will not permit any third party, to disclose or otherwise refer to such advice or information in any manner without ACG's prior written consent.

XII. SIGNATURES:

If the foregoing correctly sets forth the agreement and understanding between ACG and the Company, please sign the acknowledgement below, whereupon this letter shall constitute a binding agreement, and return the executed letter to ACG.

Very cordially,

For ACG International INC.

By: /s/ DAN ALMAGOR
Dan Almagor, Chairman and Executive Partner

Agreed and Accepted:

Date: December 14, 2001

For Toymax International, Inc.

by: /s/ CHU KI KWAN
David Chu, Chairman of the Board

EXHIBIT 14(B)

B R O W N R A Y S M A N

BROWN RAYSMAN MILLSTEIN FELDER & STEINER LLP

JOEL M. HANDEL
(212) 702-5728 (direct dial)
(212) 812-3263 (desktop fax)
jhandel@brownraysman.com

February 8, 2002

Murray Skala, Esq.
Feder, Kaszovitz, Isaacson, Weber, Skala, Bass & Rhine LLP
750 Lexington Avenue
New York, New York 10022

Re: Datex Consulting International

Dear Murray:

This will confirm the understanding we reached (which I have confirmed with Dan Almagor) relating to the Investment Advisor Agreement between Toymax International, Inc. (the "Company") and Datex Consulting Group ("Datex"). It has been agreed that in connection with the consummation of the agreement by Jakks Pacific and the Company, Datex will have earned a fee of $1,089,000. The fee shall be payable 70% immediately upon the closing of the Stock Purchase Agreement between Jakks and the shareholders of the Company who are a party thereto, and the balance of 30% immediately upon the closing of the merger of the Company with the Jakks subsidiary. Upon the payment in full of such fees, all obligations pursuant to the agreement between the Company and Datex shall terminate.

Very truly yours,

/s/ JOEL M. HANDEL

Joel M. Handel

JMH:mvm

LOAN AGREEMENT

Dated as of October 12, 2001

among

JAKKS PACIFIC, INC.
FLYING COLORS TOYS, INC.
ROAD CHAMPS, INC. and
PENTECH INTERNATIONAL INC.

as joint and several co-Borrowers

the Lenders and the Issuing Lenders
referred to herein

and

BANK OF AMERICA, N.A.
as Administrative Agent
for itself and for the other Lenders

BANC OF AMERICA SECURITIES LLC
Lead Arranger and Sole Book Manager

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LOAN AGREEMENT

Dated as of October 12, 2001

This LOAN AGREEMENT ("Agreement") is entered into by and among JAKKS PACIFIC, INC., a Delaware corporation, FLYING COLORS TOYS, INC., a Michigan corporation, ROAD CHAMPS, INC., a Delaware corporation, and PENTECH INTERNATIONAL INC., a Delaware corporation (collectively, the "Borrowers"), the lenders named on the signature pages hereof or which hereafter become parties hereto in accordance with Section 11.8, hereof, as the Lenders, and BANK OF AMERICA, N.A., as Administrative Agent for itself and for the other Lenders. While not a party hereto, BANC OF AMERICA SECURITIES LLC has acted as Lead Arranger and Sole Book Manager for the credit facilities described herein.

RECITALS

A. The Borrowers have requested the provision of certain credit facilities pursuant to this Agreement.

B. The Borrowers are engaged in integrated operations that require financing on a basis permitting the availability of credit from time to time to each Borrower as required for the continued successful operation of each of them separately and their integrated operations collectively. Each Borrower expects to derive benefit, directly or indirectly, from such availability because the successful operation of each Borrower is dependent on the continued successful performance of the functions of the integrated group.

In consideration of the mutual covenants and agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE 1
DEFINITIONS AND ACCOUNTING TERMS

1.1 Defined Terms. As used in this Agreement, the following terms shall have the respective meanings set forth below:

"Acquisition" means any transaction, or any series of related transactions, by which any Borrower and/or any Subsidiary of such Borrower directly or indirectly (i) acquires any business or all or substantially all of the assets of any firm, partnership, joint venture, corporation or division thereof, whether through purchase of assets, merger or otherwise, or (ii) acquires (in one transaction or as the most recent transaction in a series of transactions) control of at least a majority in ordinary voting power of the Securities of a

corporation which have ordinary voting power for the election of directors, or (iii) acquires control of a majority of the ownership interest in any partnership or joint venture.

"Administrative Agent" means Bank of America, when acting in its capacity as Administrative Agent under any of the Loan Documents, or any successor Administrative Agent.

"Administrative Agent's Office" means the Administrative Agent's address as set forth on the signature pages of this Agreement, or such other address as the Administrative Agent hereafter may designate by written notice to the Borrowers and the Lenders.

"Advance" means any advance made or to be made by any Lender under its Pro Rata Share, and includes each Base Rate Advance and each Eurodollar Rate Advance.

"Affiliate" means, as to any Person, any other Person which directly or indirectly controls, or is under common control with, or is controlled by, such Person. As used in this definition, "control" (and the correlative terms, "controlled by" and "under common control with") shall mean possession, directly or indirectly, of power to direct or cause the direction of management or policies (whether through ownership of Securities or partnership or other ownership interests, by contract or otherwise); provided that, in any event, any Person that owns, directly or indirectly, 10% or more of the Securities having ordinary voting power for the election of directors or other governing body of a corporation (other than Securities having such power only by reason of the happening of a contingency), or 10% or more of the partnership or other ownership interests of any other Person (other than as a limited partner of such other Person), will be deemed to control such corporation or other Person.

"Agent Related Persons" means Bank of America and any successor Administrative Agent, together with their respective Affiliates, and the officers, directors, employees, agents and attorneys-in-fact of such Persons and Affiliates.

"Agreement" means this Loan Agreement, either as originally executed or as it may from time to time be supplemented, modified, amended, restated or extended.

"Approved Customers" means the following customers of the Borrowers, each of whom shall, for the period in which their senior unsecured debt securities are rated not lower than Ba1 by Moody's Investors Service, Inc. and BB+ by Standard & Poors Rating Service (a Division of McGraw, Hill, Inc.), have the following concentration limits (as described in clause (k) of the definition of "Eligible Accounts"):

Walmart	30%
Dayton Hudson Corporation (Target)	30%
Kmart	20%
Toys-R-Us	20%

"Approved Swap Agreement" means each interest rate, currency or other similar swap or hedging agreement between any one or more of the Borrowers and any Lender, either as originally executed or as the same may from time to time be supplemented, modified, amended, renewed, extended, replaced or supplanted.

"Assignment Agreement" means an Assignment Agreement substantially in the form of Exhibit A.

"Availability Reserves" means such reserves against borrowing availability under the Commitment as the Administrative Agent or the Requisite Lenders may establish from time to time in the exercise of their reasonable credit judgment, including, without limitation, reserves for rent at leased locations subject to statutory or contractual landlord's liens, inventory shrinkage, dilution, custom charges, warehousemen's or bailee's charges, and for the amount of estimated maximum exposure, as determined by the Administrative Agent from time to time, under any interest rate contracts which Borrower enters into with any Lender (including interest rate swaps, caps, floors, options thereon, combinations thereof, or similar contracts).

"Bank of America" means Bank of America, N.A., its successors and assigns.

"Base Rate" means, as of any date of determination, the greater of (a) the Prime Rate or (b) the Federal Funds Rate plus .50%.

"Base Rate Advance" means each Advance made by a Lender designated as a Base Rate Advance in accordance with Article 2.

"Base Rate Loan" means a Loan made hereunder and designated as a Base Rate Loan in accordance with Article 2.

"Base Rate Margin" means (a) for the initial Pricing Period, 0.25% per annum, and (b) for each subsequent Pricing Period, the interest rate per annum set forth in the matrix below opposite the Leverage Ratio in effect as of the last day of the Fiscal Quarter ending two months prior to the first day of such Pricing Period:

Leverage Ratio	Base Rate Margin
Less than or equal to 1.25:1.00	0.25%
Greater than 1.25:1.00 but less than or equal to 1.50:1.00	0.50%
Greater than 1.50:1.00	0.75%

"Borrower Security Agreement" means a security agreement in favor of the Administrative Agent for the benefit of the Lenders executed by the Borrowers on the Closing Date, either as originally executed or as the same may from time to time be supplemented, modified, amended, renewed, extended or supplanted.

"Borrowers" means the persons listed as such in the preamble to this Agreement, their successors and permitted assigns.

"Borrowers Quick Ratio" means, as of each date of determination thereof, the ratio of (a) the sum of (i) the market value of the Borrowers' combined Cash, Cash Equivalents and marketable Securities on that date, plus (ii) the gross amount of the Borrowers' trade accounts receivable on that date, to (b) the Borrowers' combined current liabilities, determined in accordance with Generally Accepted Accounting Principles, as of that date, plus the aggregate outstanding Obligations as of that date.

"Borrowing Base" means, as of each date of determination, the sum of:

(a) up to 70% times the balance due with respect to the Eligible Accounts as of that date, provided that the Administrative Agent or the Requisite Lenders may determine, in the exercise of their reasonable credit judgment, to reduce the advance rate against Eligible Accounts stated above from time to time in response to excess dilution of the Eligible Accounts or other factors that could reasonably be expected to impair collection of the full amount of the Eligible Accounts; and

(b) the Inventory Advance Rate times the value of Eligible Inventory as of that date, provided that the amount resulting from this clause (b) shall not be in excess of up to 20% of the aggregate Borrowing Base.

"Borrowing Base Certificate" means each Borrowing Base Certificate delivered by the Borrowers pursuant to Section 7.1(a), each of which shall be substantially in the form of Exhibit B.

"Business Day" means any Monday, Tuesday, Wednesday, Thursday or Friday, other than a day on which banks are authorized or required to be closed in California.

"Capital Expenditure" means any expenditure during any fiscal period that is considered a capital expenditure under Generally Accepted Accounting Principles, consistently applied, including any amount that is required to be treated as an asset subject to a Capital Lease.

"Capital Lease" means, as to any Person, a lease of any Property by that Person as lessee that is, or should be in accordance with Financial Accounting Standards Board Statement No. 13, recorded as a "capital lease" on the balance sheet of that Person prepared in accordance with Generally Accepted Accounting Principles.

"Cash" means, when used in connection with any Person, all monetary and non-monetary items owned by that Person that are treated as cash in accordance with Generally Accepted Accounting Principles, consistently applied.

"Cash Equivalents" means:

(a) direct obligations of the United States government;

(b) commercial paper that is rated P-1 or higher by Moody's Investors Service, Inc. or A-1 or higher by Standard and Poor's Corporation and that is issued by issuers whose long term unsecured debt rating is A1/A+ or better and that have not been identified by either rating agency as an issuer whose rating is likely to be downgraded;

(c) banker's acceptances and certificates of deposit of any Lender or any United States bank whose total assets are at least $10,000,000,000 and whose senior long term debt is rated A2/A or higher by Moody's Investors Service, Inc. and Standard and Poor's Corporation; and

(d) repurchase obligations, Dollar investments in money market funds, and tax exempt municipal notes, provided that the debt ratings and/or standings of the issuers thereof are comparable in quality to those set forth in clauses (b) and (c) above;

provided that such Cash Equivalents that are not money market funds must have remaining maturities not in excess of 180 days, and such Cash Equivalents that are money market funds must have average remaining maturities not in excess of 180 days and be able to be withdrawn by the Borrowers upon demand.

"Cash Proceeds" means (a) the gross cash payments (including any cash received by way of deferred payment pursuant to a note receivable or otherwise, but only as and when so received) received from any sale, transfer, exchange or other disposition of assets and (b) the gross cash consideration received from or upon the sale or other disposition of any asset received, directly or indirectly, in exchange for the asset which is the subject of that sale, transfer, exchange or disposition.

"Certificate of a Responsible Official" means a certificate signed by a Responsible Official of the Person providing the certificate.

"Change in Control" means (a) any transaction or series of related transactions in which any Unrelated Person or two or more Unrelated Persons acting in concert acquire beneficial ownership (within the meaning of Rule 13d-3(a) under the Securities Exchange Act of 1934, as amended), directly or indirectly, of 25% or more of the outstanding common stock or any other class of stock of the Company having ordinary voting power, (b) the Company consolidates with or merges into another Person or conveys, transfers or leases its properties and assets substantially as an entirety to any Person or any Person consolidates with or merges into the Company pursuant to a transaction in which the outstanding common stock of the Company is changed into or exchanged for cash, Securities or other property, with the effect that any Unrelated Person becomes the beneficial owner, directly or indirectly, of 25% or more of Common Stock or that the Persons who were the holders of Common Stock immediately prior to the transaction hold less than 66 2/3% of the common stock of the surviving corporation after the transaction, (c) during any period of 24 consecutive months, individuals who at the beginning of such period were directors of the Company (together with any new or replacement directors whose election by the board of directors, or whose nomination for election, was approved by a vote of at least a majority of the directors then still in office who were either directors at the beginning of such period or whose election or nomination for reelection was previously so approved) cease for any reason to constitute a majority of the directors then in office or (d) a "change in control" as defined in any document governing Indebtedness of the Company or any of its Subsidiaries in excess of $5,000,000 which gives the holders of such Indebtedness the right to accelerate or otherwise require payment of such Indebtedness prior to the maturity date thereof.

"Clean Down Period" means a period of 30 consecutive days, beginning on or after January 1 and ending on or before March 31 in each year, during which the aggregate principal amount of the outstanding Obligations is to be reduced to an amount which is not greater than $30,000,000 and maintained below $30,000,000 for the entirety of such period.

"Closing Date" means the Business Day on which the consummation of all of the transactions contemplated in Section 8.1 occurs.

"Code" means the Internal Revenue Code of 1986, as amended or replaced and as in effect from time to time.

"Collateral" means, collectively, all of the collateral subject to the Liens, or intended to be subject to the Liens, created by the Collateral Documents.

"Collateral Documents" means, collectively, the Borrower Security Agreement, the Guarantor Security Agreement, the Pledge Agreement, the Lockbox Account Agreement, and any other pledge agreement, hypothecation agreement, security agreement, assignment, deed of trust, mortgage or similar instrument executed by the Borrowers or any of their Subsidiaries to secure the Obligations.

"Commission" means the Securities and Exchange Commission.

"Commitment" means the commitment by Lenders to make revolving Loans to the Borrowers and to issue Letters of Credit in an aggregate principal amount, subject to Section 2.6, not to exceed $50,000,000.

"Commitment Fee Rate" means (a) for the initial Pricing Period, 0.375% per annum, and (b) for each subsequent Pricing Period, the rate per annum set forth in the matrix below opposite the Leverage Ratio in effect as of the last day of the Fiscal Quarter ending two months prior to the first day of such Pricing Period:

Leverage Ratio	Commitment Fee Rate
Less than or equal to 1.50:1.00	0.375%
Greater than 1.50:1.00	0.50%.

"Company" means JAKKS Pacific, Inc.

"Compliance Certificate" means a certificate in the form of Exhibit C, properly completed and signed by a Senior Officer of each of the Borrowers and delivered to the Administrative Agent.

"Consolidated Quick Ratio" means, as of each date of determination thereof, the ratio of (a) the sum of (i) the market value of the Company's consolidated Cash, Cash Equivalent and marketable Securities on that date, plus (ii) the gross amount of the Company's consolidated trade accounts receivable on that date, to (b) the Company's consolidated current liabilities, determined in accordance with Generally Accepted Accounting Principles, as of that date, plus the aggregate outstanding Obligations as of that date.

"Contingent Obligation" means, as to any Person, any (a) direct or indirect guarantee of Indebtedness of, or other obligation performable by, any other Person, including any endorsement (other than for collection or deposit in the ordinary course of business), co-making or sale with recourse of the obligations of any other Person,

(b) contingent reimbursement obligations in respect of any letter of credit, including a Letter of Credit, or (c) assurance given to an obligee with respect to the performance of an obligation by, or the financial condition of, any other Person, whether direct, indirect or contingent, including any purchase or repurchase agreement covering such obligation or any collateral security therefor, any agreement to provide funds (by means of loans, capital contributions or otherwise) to such other Person, any agreement to support the solvency or level of any balance sheet item of such other Person, or any "keep-well", "take-or-pay", "through put" or other arrangement of whatever nature having the effect of assuring or holding harmless any obligee against loss with respect to any obligation of such other Person. The amount of any Contingent Obligation shall be deemed to be an amount equal to the stated or determinable amount of the related primary obligation (unless the Contingent Obligation is limited by its terms to a lesser amount, in which case to the extent of such amount) or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined in good faith by the Person so obligated.

"Contractual Obligation" means, as to any Person, any provision of any outstanding Securities issued by that Person or of any material agreement, instrument or undertaking to which that Person is a party or by which it or any of its Property is bound.

"Creditor Parties" means, collectively the Administrative Agent, the Issuing Lenders, Bank of America, in its capacity as a party to the Approved Swap Agreement, and the Lenders.

"Debtor Relief Laws" means the Bankruptcy Code of the United States of America, as amended from time to time, and all other applicable liquidation, conservatorship, bankruptcy, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws from time to time in effect affecting the rights of creditors generally.

"Default" means any event that, with the giving of any applicable notice or passage of time set forth in Section 9.1, or both, would be an Event of Default.

"Default Rate" means the rate of interest specified in Section 3.7.

"Designated Eurodollar Market" means, with respect to any Eurodollar Loan, (a) the London Eurodollar Market, (b) if prime banks in the London Eurodollar Market are at the relevant time not accepting deposits of Dollars or if the Administrative Agent determines that the London Eurodollar Market does not represent at the relevant time the effective pricing to the Lenders for deposits of Dollars in the London Eurodollar Market, the Cayman Islands Eurodollar Market or (c) such other Eurodollar Market as may from time to time be selected by the Administrative Agent with the approval of the Requisite Lenders, provided that the Designated Eurodollar Market shall not be changed (i) without notice to the Borrowers from the Administrative Agent or (ii) with respect to any Eurodollar

Loan requested by a Borrower, prior to the making of that Eurodollar Loan unless consented to by that Borrower.

"Disposition" means the sale, transfer or other disposition in any single transaction or series of related transactions (including by means of a sale-leaseback transaction) of any asset, or group of related assets, of any Borrower or of any Subsidiary of a Borrower (a) which asset or assets constitute a line of business or substantially all the assets of such Borrower or Subsidiary or (b) the aggregate amount of the Cash Proceeds of such assets is more than $500,000, other than (i) inventory or other assets sold or otherwise disposed of in the ordinary course of business of such Borrower or Subsidiary, (ii) equipment sold or otherwise disposed of where substantially similar equipment in replacement thereof has theretofore been acquired, or within 90 days thereafter is acquired, by such Borrower or Subsidiary and (iii) obsolete assets no longer useful in the business of such Borrower or Subsidiary whose carrying value on the books of such Borrower or Subsidiary is zero or de minimus.

"Distribution" means, (i) with respect to any shares of capital stock or any warrant or right to acquire shares of capital stock or any other equity Security issued by a Person (other than pursuant to the terms of Indebtedness which is convertible into or exchangeable for capital stock or any other equity Security), (a) the retirement, redemption, purchase, or other acquisition for value by such Person of any such Security, (b) the declaration or (without duplication) payment by such Person of any dividend in cash or in Property (other than common stock or any other equity Security of such Person) on or with respect to any such Security, (c) any Investment by such Person in the holder of any such Security, and (d) any other payment by such Person constituting a distribution under applicable Laws with respect to such Security, and (ii) any payment in respect of Indebtedness owed by any Borrower to any other Borrower, Affiliate or shareholder thereof, or Person not dealing at arm's length with any such Borrower, Affiliate or Person, which is not expressly permitted by this Agreement.

"Dollars" or the symbol "$" means United States dollars.

"Domestic Subsidiary" means each Subsidiary of the Company organized under the laws of the United States or any subdivision thereof.

"EBITDA" means, for any fiscal period, Net Income, plus to the extent deducted in arriving at Net Income, (i) income tax expense, (ii) gross interest expense, plus (iii) depreciation, plus (iv) amortization (or minus non-cash gains or reserve reversals), minus (v) extraordinary cash income/gains (except to the extent of any corresponding extraordinary cash losses incurred during the same period), minus (vi) gains (or plus losses) on sales of fixed assets.

"Eligible Accounts" means, as of any date of determination and as to each Borrower, the aggregate book value of the accounts receivable of that Borrower as to which the Administrative Agent holds a first priority perfected security interest, provided that such accounts receivable:

(a) arose in the ordinary course of business of that Borrower;

(b) represent amounts owed for services rendered or goods delivered;

(c) have been the subject of an invoice submitted to the relevant account debtor within five days of the date of shipment of the related goods or the rendering of the related services;

(d) are due and payable within 90 days of the issuance of the invoice;

(e) are not more than 60 days past due (nor more than 90 days from the issuance of the invoice);

(f) do not represent amounts owed to that Borrower for goods shipped on a consignment or "bill and hold" basis;

(g) do not have as the account debtor a Person that is the subject of any pending proceeding under any Debtor Relief Law;

(h) do not have as the account debtor any Governmental Agency or any Affiliate, officer or employee of the Borrowers or their Subsidiaries;

(i) do not have as the account debtor a Person located outside the United States and Canada, unless the payment of such accounts receivable are secured by an acceptable letter of credit issued to that Borrower by a bank reasonably acceptable to the Requisite Lenders;

(j) do not include any account receivable due from an account debtor or their Affiliates if 25% or more of the aggregate accounts receivable due from that account debtor do not qualify as "Eligible Accounts" hereunder;

(k) do not include any account receivable which, when added to all other accounts receivable owing from the respective account debtor, causes the total of all accounts receivable owing from that account debtor to exceed 10% of all accounts receivable from all account debtors, provided that as to the Approved Customers, the limit expressed in this clause (k) shall be increased to the amounts set forth in the definition thereof;

(l) do not include any account receivable which is subject to any known or asserted offset, counterclaim or defense, or with respect to which the account debtor has disputed its liability;

(m) do not include the amount of any contra accounts with respect to an account debtor as a result of amounts owing from the Borrowers to such account debtor;

(n) do not include any account receivable which is unenforceable unless a future condition is met, including any accounts receivable arising out of cash-on-delivery sales, consignments or guaranteed sales;

(o) do not include accounts receivable which are evidenced by any promissory note or other instrument;

(p) have not been the subject of a "rebilling" or any other re-invoicing of such account receivable submitted to the relevant account debtor on a date which is more than 30 days following the date upon which the initial invoice with respect to such account receivable was submitted to that account debtor;

(q) have not otherwise been objected to by the Requisite Lenders in the exercise of their reasonable discretion for a reason which is not the express subject matter of any of clauses (a) through (p) above.

"Eligible Assignee" means, as to each assignment by a Lender under Section 11.8, (a) another Lender, (b) with respect to any Lender, any Affiliate of that Lender, (c) any commercial bank having a combined capital and surplus of $100,000,000 or more, (d) any (i) savings bank, savings and loan association or similar financial institution or (ii) insurance company engaged in the business of writing insurance which, in either case (A) has a net worth of $200,000,000 or more, (B) is engaged in the business of lending money and extending credit under credit facilities substantially similar to those extended under this Agreement and (C) is operationally and procedurally able to meet the obligations of a Lender hereunder to the same degree as a commercial bank and (e) any other financial institution (including a mutual fund or other fund) having total assets of $250,000,000 or more which meets the requirements set forth in subclauses (B) and (C) of clause (d) above; provided that each Eligible Assignee must either (a) be organized under the Laws of the United States of America, any State thereof or the District of Columbia or (b) be organized under the Laws of the Cayman Islands or any country which is a member of the Organization for Economic Cooperation and Development, or a political subdivision of such a country, and (i) act hereunder through a branch, agency or funding office located in the United States of America and (ii) be exempt from withholding of tax on interest and deliver the documents related thereto pursuant to Section 11.9.

"Eligible Inventory" means, as of any date of determination and as to each Borrower, the value, as determined in accordance with Generally Accepted Accounting Principles based on the lesser of cost or market value, of the finished goods inventory of that Borrower, excluding:

(a) finished goods inventory that is subject to any Lien, other than any Lien in favor of the Administrative Agent;

(b) finished goods inventory that is damaged, defective, unsalable, slow-moving (being items that did not have any sales activity during the last six months) or otherwise unfit for use;

(c) inventory consisting of work-in-process, packaging materials, pallets, bags, boxes, capitalized depot freight and handling costs or supplies, or discontinued inventory;

(d) inventory which is (i) located at locations other than those described on Schedule 1.1 or such other locations of which the Borrowers have advised the Administrative Agent in writing;

(e) inventory covered by a negotiable document of title which has not been delivered to the Administrative Agent in pledge;

(f) inventory other than that which is held for sale or use in the ordinary course of such Borrower's business and is of good and merchantable quality;

(g) inventory which has been placed on consignment; and

(h) finished goods inventory that has otherwise been objected to by the Requisite Lenders in the exercise of their reasonable discretion for a reason which is not the express subject matter of any of clauses (a) through (g) above.

"Enforcement or Remedial Action" shall mean any step taken by any Person to enforce compliance with or to collect or impose penalties, fines or other sanctions provided by any Environmental Law.

"Environmental Claims" means all claims, however asserted, by any Governmental Agency or other Person alleging potential liability or responsibility for violation of any Environmental Law, or any Enforcement or Remedial Action or for release or injury to the environment or threat to public health, personal injury (including sickness, disease or death), property damage, natural resources damage, or otherwise alleging liability or responsibility for damages (punitive or otherwise), cleanup, removal, remedial or response costs, restitution, civil or criminal penalties, injunctive relief, or other type of relief, resulting

from or based upon the presence, placement, discharge, emission or release (including intentional and unintentional, negligent and non-negligent, sudden or non-sudden, accidental or non-accidental, placement, spills, leaks, discharges, emissions or releases) of any Hazardous Material at, in, or from Property, whether or not owned by the Borrowers.

"Environmental Laws" means all federal, state or local laws, statutes, common law duties, rules, regulations, ordinances and codes together with all administrative orders, directed duties, policies, notices, decrees, requests, licenses, authorizations and permits of, and agreements with, any Governmental Agencies, in each case relating to, regulating or imposing liability or standards of conduct regarding environmental, health, safety, project liability and land use matters (including matters related to air and water quality, the handling, transportation, storage, treatment, usage or disposal of Hazardous Materials, air emissions, noise control, industrial hygiene, zoning, and land-use permits) including the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), the Clean Air Act, the Federal Water Pollution Control Act of 1972, the Solid Waste Disposal Act, the Federal Resource Conservation and Recovery Act, the Toxic Substances Control Act, the Emergency Planning and Community Right-to-Know Act, the California Hazardous Waste Control Law, the California Solid Waste Management, Resource, Recovery and Recycling Act, the California Water Code and the California Health and Safety Code.

"ERISA" means the Employee Retirement Income Security Act of 1974, and any regulations issued pursuant thereto, as amended or replaced and as in effect from time to time.

"ERISA Affiliate" means, with respect to any Person, any Person (or any trade or business, whether or not incorporated) that is under common control with that Person within the meaning of Section 414 of the Code.

"Eurodollar Base Rate" means, with respect to any Eurodollar Loan, the average per annum interest rate at which Dollar deposits would be offered for the applicable interest period by major banks in the Designated Eurodollar Market, as shown on the Telerate Page 3750 (or such other page as may replace it) at approximately 11:00 a.m. London time two Eurodollar Business Days before the commencement of the interest period. If such rate does not appear on the Telerate Page 3750 (or such other page that may replace it), the rate for that interest period will be determined by such alternate method as reasonably selected by the Administrative Agent. The Administrative Agent's determination of the Eurodollar Base Rate shall be conclusive in the absence of manifest error.

"Eurodollar Business Day" means any Business Day on which dealings in Dollar deposits are conducted by and among banks in the Designated Eurodollar Market.

"Eurodollar Lending Office" means, as to each Lender, its office or branch so designated by written notice to the Borrowers and the Administrative Agent as its Eurodollar Lending Office. If no Eurodollar Lending Office is designated by a Lender, its Eurodollar Lending Office shall be its office at its address for purposes of notices hereunder.

"Eurodollar Loan" means a Loan made hereunder and designated as a Eurodollar Loan in accordance with Article 2.

"Eurodollar Market" means a regular, established market located outside the United States of America by and among banks for the solicitation, offer and acceptance of Dollar deposits in such banks.

"Eurodollar Period" means:

(a) as to each Eurodollar Loan, the period commencing on the date specified by the Borrowers pursuant to Section 2.1(c) and ending one, two, three or six months thereafter, as specified by the Borrowers in the applicable Request for Loan; provided that:

(i) The first day of any Eurodollar Period shall be a Eurodollar Business Day;

(ii) Any Eurodollar Period that would otherwise end on a day that is not a Eurodollar Business Day shall be extended to the next succeeding Eurodollar Business Day unless such Eurodollar Business Day falls in another calendar month, in which case such Eurodollar Period shall end on the next preceding Eurodollar Business Day; and

(iii) No Eurodollar Period shall extend beyond the Maturity Date.

"Eurodollar Rate" means, with respect to any Eurodollar Loan, the interest rate (rounded upward to the next 1/16 of 1%) determined to be equal to the Eurodollar Base Rate divided by the sum of 1 minus the Eurodollar Reserve Percentage.

"Eurodollar Rate Advance" means each Advance made by a Lender designated as a Eurodollar Rate Advance in accordance with Article 2.

"Eurodollar Rate Margin" means (a) for the initial Pricing Period, 1.50% per annum, and (b) for each subsequent Pricing Period, the interest rate per annum set forth in the matrix below opposite the Leverage Ratio in effect as of the last day of the Fiscal Quarter ending two months prior to the first day of such Pricing Period:

Leverage Ratio	Eurodollar Rate Margin
Less than or equal to 1.25:1.00	1.50%
Greater than 1.25:1.00 but less than or equal to 1.50:1.00	1.75%
Greater than 1.50:1.00	2.00%.

"Eurodollar Reserve Percentage" means, with respect to any Eurodollar Loan, as of the date of determination of the Eurodollar Base Rate for that Eurodollar Loan, the total of the maximum reserve percentages for determining the reserves to be maintained, if any, by member banks of the Federal Reserve System for Eurocurrency Liabilities, as defined in Regulation D, having a term equal (or as nearly as practicable equal) to the Eurodollar Period of such Eurodollar Loan, rounded upward to the nearest 1/100 of 1%. The percentage will be expressed as a decimal, and will include, but not be limited to, marginal, emergency, supplemental, special, and other reserve percentages. The determination by the Administrative Agent of any applicable Eurodollar Reserve Percentage shall be conclusive in the absence of manifest error.

"Event of Default" shall have the meaning provided in Section 9.1.

"Federal Funds Rate" means, as of any date of determination, a fluctuating interest rate per annum equal to the federal funds effective rate for the previous Business Day as quoted by the Federal Reserve Bank of New York or, if such rate is not so published for any day which is a Business Day, the average of the quotations for such day on such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by the Administrative Agent.

"Fiscal Quarter" means the fiscal quarter of the Borrowers ending on each March 31, June 30, September 30 and December 31.

"Fiscal Year" means the fiscal year of the Borrowers ending on each December 31.

"Fixed Charge Coverage Ratio" means, as of each date of determination, the ratio of (a) EBITDA for the twelve month period ending on that date minus Capital Expenditures made in cash during the same period (net of any portion thereof representing amounts expended using funds received from insurance proceeds, trade-in allowances or the sale of similar assets being replaced), and minus state and federal income taxes paid in cash during that period, to (b) Interest Expense paid in cash during that period, plus the amount of payments of principal scheduled to be made by the Company and its Subsidiaries with

respect to Indebtedness during the twelve month period following the date of determination (other than any intercompany Indebtedness), plus an amount equal to 20% of the average principal amount of the Commitment during such period, plus any Distributions made by the Company during that period.

"Foreign Subsidiary" means each Subsidiary of the Company which is not organized under the laws of the United States or any subdivision thereof.

"Funded Debt" means, for any fiscal period, the sum without duplication of the Company's consolidated (i) liabilities for borrowed money (excluding all Subordinated Obligations), (ii) interest bearing obligations, (iii) obligations under Capital Leases, (iv) obligations to reimburse the issuer of any letter of credit (including any Letter of Credit issued by any Issuing Lender under this Agreement) for amounts drawn or which may be drawn under such letters of credit, other than Letters of Credit issued for the importation or purchase of goods, (v) any obligation to the extent secured by a Lien on the assets of the Company or any of its Subsidiaries, and (vi) all guaranties of financial obligations issued by the Company or any of its Subsidiaries.

"Funding Account" means account no. 14590-08406 maintained by the Borrowers with Bank of America, or any other account designated by the Borrowers and reasonably acceptable to the Administrative Agent.

"Generally Accepted Accounting Principles" means, as of any date of determination, accounting principles (a) set forth as generally accepted in then currently effective Opinions of the Accounting Principles Board of the American Institute of Certified Public Accountants, (b) set forth as generally accepted in then currently effective Statements of the Financial Accounting Standards Board or (c) that are then approved by such other entity as may be approved by a significant segment of the accounting profession in the United States of America. The term "consistently applied," as used in connection therewith, means that the accounting principles applied are consistent in all material respects to those applied at prior dates or for prior periods.

"Government Securities" means readily marketable direct full faith and credit obligations of the United States of America or obligations unconditionally guaranteed by the full faith and credit of the United States of America.

"Governmental Agency" means (a) any international, foreign, federal, state, county or municipal government, or political subdivision thereof, (b) any governmental or quasi-governmental agency, authority, board, bureau, commission, department, instrumentality or public body, or (c) any court, administrative tribunal or public utility.

"Guarantor" means, each now existing or hereafter acquired Domestic Subsidiary of the Company which is not a Borrower.

"Guarantor Security Agreement" means the security agreement to be executed and delivered on the Closing Date by each of the Guarantors, either as originally executed or as it may from time to time be supplemented, modified, amended, extended or supplanted.

"Guaranty" means the continuing guaranty of the Obligations to be executed and delivered pursuant to Article 8 by each of the Guarantors, either as originally executed or as it may from time to time be supplemented, modified, amended, extended or supplanted.

"Hazardous Materials" means all those substances which are regulated by, or which may form the basis of liability under, any Environmental Law, including all substances identified under any Environmental Law as a pollutant, contaminant, hazardous waste, hazardous constituent, special waste, hazardous substance, hazardous material, or toxic substance, or petroleum or petroleum derived substance or waste.

"Indebtedness" means, as to any Person, without duplication, (a) all indebtedness of such Person for borrowed money, (b) that portion of the obligations of such Person under Capital Leases which is properly recorded as a liability on a balance sheet of that Person prepared in accordance with Generally Accepted Accounting Principles, (c) any obligation of such Person that is evidenced by a promissory note or other instrument representing an extension of credit to such Person, whether or not for borrowed money, (d) any payment obligation of such Person for the deferred purchase price of Property or services (other than trade or other accounts payable in the ordinary course of business in accordance with customary industry terms), (e) any payment obligation of such Person that is secured by a Lien on assets of such Person, whether or not that Person has assumed such obligation or whether or not such obligation is non-recourse to the credit of such Person, but only to the extent of the fair market value of the assets so subject to the Lien, (f) payment obligations of such Person arising under acceptance facilities or under facilities for the discount of accounts receivable of such Person, (g) any direct or contingent obligations of such Person under letters of credit issued for the account of such Person and (h) any obligations of such Person under a Swap Agreement.

"Intangible Assets" means, as of any date of determination, the intangible assets of the Borrowers and their Subsidiaries, including goodwill, patents, trademarks, trade names, organization expense, capitalized acquisition expenses, deferred research and development costs and deferred marketing expense, deferred tax assets and money due from Affiliates, officers, directors or shareholders of the Borrowers and their Subsidiaries.

"Interest Expense" means, as of the last day of any fiscal period, the sum of (a) all interest, fees, charges and related expenses paid or payable (without duplication) for that fiscal period to a lender in connection with borrowed money or the deferred purchase price of assets that are considered "interest expense" under Generally Accepted Accounting

Principles, plus (b) the portion of rent paid or payable (without duplication) for that fiscal period under Capital Lease Obligations that should be treated as interest in accordance with Financial Accounting Standards Board Statement No. 13, in each case determined for the Company and its Subsidiaries on a consolidated basis.

"Inventory Advance Rate" means 20% provided that (a) the Inventory Advance Rate shall be 30% for the determinations of the Borrowing Base made as of the last Business Days of April, May, September, October and November in each year, and (b) the Administrative Agent or the Requisite Lenders may determine, in the exercise of their reasonable credit judgment based upon their review of any audit or appraisal of the Inventory, to reduce the Inventory Advance Rate from time to time.

"Investment" means, when used in connection with any Person, any investment by or of that Person, whether by means of purchase or other acquisition of capital stock or other Securities of any other Person or by means of loan, advance, capital contribution, guaranty or other debt or equity participation or interest, or otherwise, in any other Person, including any partnership and joint venture interests of such Person in any other Person. The amount of any Investment shall be the amount actually invested, without adjustment for increases or decreases in the value of such Investment.

"Issuing Lenders" means Bank of America, BNP Paribas and any other Lender which expressly agrees to perform all of the obligations that, by the terms of this Agreement, are required to be performed by an Issuing Lender hereunder, in each case when acting in its capacity as issuer of any Letter of Credit.

"Laws" means, collectively, all international, foreign, federal, state, and local statutes, treaties, rules, regulations, ordinances, codes and administrative or judicial precedents.

"Lenders" means Bank of America, each of the banks, financial institutions or institutional lenders listed on the signature pages hereto and each other Lender which hereafter becomes a party hereto pursuant to Section 11.8.

"Letter of Credit" means a commercial letter of credit or standby letter of credit issued by an Issuing Lender for the account of a Borrower in the ordinary course of its business.

"Letter of Credit Usage" means, at any date of determination, the sum of (i) the maximum aggregate amount that is or at any time thereafter may become available for drawing or payment under issued and outstanding Letters of Credit issued pursuant to the Commitment, plus (ii) the aggregate amount of all drawings honored or payments made by the Issuing Lenders under such Letters of Credit and not reimbursed by the Borrowers.

"Leverage Ratio" means, as of each date of determination thereof, the ratio of (a) Funded Debt as of that date, to (b) EBITDA for the twelve month period ending on that date.

"Lien" means any mortgage, deed of trust, pledge, hypothecation, assignment for security, security interest, encumbrance, lien or charge of any kind, whether voluntarily incurred or arising by operation of Law or otherwise, affecting any Property, including any agreement to grant any of the foregoing, any conditional sale or other title retention agreement, any lease in the nature of a security interest, and/or the filing of or agreement to give any financing statement (other than a precautionary financing statement with respect to a lease that is not in the nature of a security interest) under the Uniform Commercial Code or comparable Law of any jurisdiction with respect to any Property.

"Loan" means any group of Advances made at any one time under the Commitment by the Lenders pursuant to Article 2.

"Loan Documents" means, collectively, this Agreement, the Collateral Documents, the Guaranty, each Request for Loan, each Request for Letter of Credit, each Request for Redesignation, each Letter of Credit, the Subordination Agreements, each Compliance Certificate, each Approved Swap Agreement, and any other certificates, documents or agreements to, with or for the benefit of the Creditor Parties, of any type or nature heretofore or hereafter executed and delivered by the Borrowers or any of their Subsidiaries or Affiliates to the Creditor Parties in any way relating to or in furtherance of this Agreement, in each case either as originally executed or as the same may from time to time be supplemented, modified, amended, restated, extended or supplanted.

"Lockbox Account" means, as to each Borrower, an account in the name of the Administrative Agent at Bank of America, into which the proceeds of all trade accounts receivable of that Borrower is to be deposited in accordance with Section 6.20.

"Lockbox Account Agreement" means the Lockbox Account Agreement executed by each of the Borrowers and the Guarantors on the Closing Date to govern the Lockbox Account, either as originally executed or as the same may from time to time be supplemented, modified, amended, restated, extended or supplanted.

"Material Adverse Effect" means any set of circumstances or events which (a) has or may reasonably be expected to have any material adverse effect whatsoever upon the validity or enforceability of any Loan Document, (b) has or may reasonably be expected to have a materially adverse effect on the condition (financial or otherwise) or business operations of the Borrowers and their Subsidiaries, taken as a whole, or the prospects of the Borrowers and their Subsidiaries, taken as a whole, (c) materially impairs or may reasonably be expected to materially impair the ability of the Borrowers and their Subsidiaries, to perform their Obligations or (d) materially impairs or may reasonably be expected to

materially impair the ability of the Creditor Parties to enforce their legal remedies pursuant to the Loan Documents.

"Material Contract" means each agreement specified on Schedule 4.21 and each other each other contract or agreement to which any Borrower is a party, contemplating annual payments or receipts of monies, or the exchange of Property having a value in excess of $500,000, other than supply contracts for which the amount shall be $10,000,000.

"Maturity Date" means October 10, 2004.

"Multiemployer Plan" means any employee benefit plan of the type described in Section 4001(a)(3) of ERISA.

"Negative Pledge" means any covenant binding on any Borrower or any current or future guarantor of the Obligations that prohibits the creation of Liens on any Property of any of the Borrowers or of any such guarantor to the Creditor Parties or prohibiting the granting of any such covenant to any of the Creditor Parties.

"Net Cash Proceeds" means, with respect to any sale, transfer or other disposition of Property, the Cash Proceeds received by any of the Borrowers or by any Subsidiary of any of the Borrowers upon such sale, transfer or other disposition minus, (a) the actual expenses of such sale paid or payable by any of the Borrowers or by any Subsidiary of any of the Borrowers in connection with such sale, transfer or other disposition (including any lease cancellation expenses, license termination fees, penalties or other costs associated therewith), (b) any amount paid or payable by the transferor to retire existing Liens on the Property sold, and (c) an amount representing the taxes (other than income taxes) reasonably estimated by the Borrowers to be payable by any of the Borrowers or Subsidiary thereof with respect to such sale, transfer or other disposition.

"Net Income" means, for any fiscal period, the consolidated net income of the Company and its Subsidiaries (for clarity, exclusive of the income of THQ and other joint venturers), determined in accordance with Generally Accepted Accounting Principles, consistently applied.

"Net Worth" means, as of each date of determination, the consolidated net worth of the Company as of that date, determined in accordance with Generally Accepted Accounting Principles, consistently applied.

"Obligations" means all present and future obligations of every kind or nature of the Borrowers or any Party at any time and from time to time owed to any of the Creditor Parties under any of the Loan Documents, whether due or to become due, matured or unmatured, liquidated or unliquidated, or contingent or noncontingent, including obligations

of performance as well as obligations of payment, and including interest that accrues after the commencement of any proceeding under any Debtor Relief Law by or against any of the Borrowers or any Affiliate of any of the Borrowers.

"Party" means each party to the Loan Documents other than the Creditor Parties.

"PBGC" means the Pension Benefit Guaranty Corporation or any successor thereof established under ERISA.

"Pension Plan" means any "employee pension benefit plan" that is subject to Title IV of ERISA and which is maintained for employees (or former employees) of any of the Borrowers or of any ERISA Affiliate of any of the Borrowers, other than a Multiemployer Plan.

"Permitted Acquisition" means an Acquisition by the Company or any of its Domestic Subsidiaries (as applicable, the "Acquiror") of another Person which will be a Domestic Subsidiary engaged in the same or a similar line of business as that of the Company and its Subsidiaries (the "Target"), provided that: (i) such Acquisition shall have been approved by the board of directors of the Target (i.e., such Acquisition shall not be "hostile"); (ii) upon the closing of such Acquisition, the Administrative Agent shall be granted a first-priority security interest in all assets of the Target, subject only to Permitted Encumbrances; (iii) the Administrative Agent shall have received and been satisfied with its review of a completed Environmental Assessment and Questionnaire with respect to the real property of the Target not later than ten Business Days prior to the estimated date of the consummation of the Acquisition; (iv) upon the completion of the Acquisition, the Company and its Domestic Subsidiaries shall own not less than 80% of the voting stock of the Target (with the remaining voting stock owned by management of the Target or the former owners thereof), (v) not more than $5,000,000 in assets of all Targets, in the aggregate, shall be located outside of the United States of America, and (vi) no Default or Event of Default shall exist at the time of such Acquisition or after giving effect thereto.

"Permitted Encumbrances" means:

(a) Inchoate Liens incident to construction or maintenance of real property, or Liens incident to construction or maintenance of real property, now or hereafter filed of record for which adequate reserves have been set aside and which are being or will be, within 30 days, contested in good faith by appropriate proceedings diligently pursued and have not proceeded to judgment, provided that, by reason of nonpayment of the obligations secured by such Liens, no such real property is subject to a material risk of loss or forfeiture;

(b) Liens for taxes and assessments on real property which are not yet past due, or Liens for taxes and assessments on real property for which adequate reserves have been set aside and are being contested in good faith by appropriate proceedings diligently pursued and have not proceeded to judgment, provided that, by reason of nonpayment of the obligations secured by such Liens, no such real property is subject to a material risk of loss or forfeiture;

(c) easements, exceptions, reservations, covenants, conditions, restrictions, and assessment Liens arising thereunder, operating agreements, or other agreements granted, reserved or entered into before or after the date hereof for the purpose of ingress, egress, parking, encroaching, pipelines, conduits, cables, wire communication lines, power lines and substations, streets, trails, walkways, drainage, irrigation, water and sewerage, dikes, canals, ditches, the removal of oil, gas, coal or other minerals, use, operation, repair, maintenance and reconstruction, and other like purposes affecting real property which in the aggregate do not materially burden or impair the fair market value or use of such real property for the purposes for which it is or may reasonably be expected to be held;

(d) rights reserved to or vested in any Governmental Agency by Law to control or regulate, or obligations or duties under Law to any Governmental Agency with respect to, the use of any real property;

(e) statutory Liens, other than those described in clauses (a) or (b) above, arising in the ordinary course of business with respect to obligations which are not delinquent or are being contested in good faith by appropriate proceedings diligently pursued, provided that, if delinquent, adequate reserves have been set aside with respect thereto and, by reason of nonpayment, no Property is subject to a material risk of loss or forfeiture;

(f) Liens consisting of pledges or deposits to secure obligations under workers' compensation laws or similar legislation, that do not exceed $100,000 in the aggregate at any time outstanding, including Liens of judgments thereunder which are not currently dischargeable;

(g) Liens consisting of deposits of Property to secure statutory obligations of any of the Borrowers or of any Subsidiary of any of the Borrowers in the ordinary course of its business;

(h) Liens created by or resulting from any litigation or legal proceeding involving any of the Borrowers or any Subsidiary of any of the Borrowers in the ordinary course of its business which are currently being contested in good faith by appropriate proceedings diligently pursued, provided that adequate reserves have been set aside, and

such Liens are discharged or stayed within 30 days of creation and no Property is subject to a material risk of loss or forfeiture.

"Permitted Joint Ventures" means Investments by the Company or any of its Domestic Subsidiaries in less than 67% of the voting stock of another Person engaged in the same or a similar line of business as that of the Company and its Subsidiaries.

"Person" means any entity, whether an individual, trustee, corporation, general partnership, limited partnership, limited liability company, joint stock company, trust, estate, unincorporated organization, business association, firm, joint venture, Governmental Agency, or otherwise.

"Pricing Period" means (a) the period beginning on the Closing Date and ending on November 30, 2001, and (b) each of the succeeding three month periods beginning on the first day of each June, September, December and March.

"Prime Rate" means the rate of interest publicly announced from time to time by Bank of America as its "Prime Rate." The Prime Rate is set by Bank of America based on various factors, including Bank of America's costs and desired returns, general economic conditions and other factors, and is used as a reference point for pricing some loans. Bank of America may price loans at, above or below its Prime Rate. Any change in the Prime Rate shall take effect on the day specified in the public announcement of such change.

"Pro Rata Share" means, with respect to each Lender, the percentage of the Commitment held by that Lender from time to time. The dollar amount of the Commitment which is equal to the Pro Rata Share of each Lender as of the Closing Date is set forth on that Lender's signature page to this Agreement.

"Projections" means the projected financial information prepared by the Borrowers and included in the Confidential Offering Memorandum dated April, 2001.

"Property" means any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible.

"Regulations D, T, U and X" means Regulations D, T, U and X, as at any time amended, of the Board of Governors of the Federal Reserve System, or any other regulations in substance substituted therefor.

"Request for Letter of Credit" means a written request for a Letter of Credit, substantially in the form of Exhibit D, together with the standard form of application for letters of credit used by the relevant Issuing Lender, signed by a Responsible Official of each Borrower and properly completed to provide all information to be included therein.

"Request for Loan" means a written request for a Loan, substantially in the form of Exhibit E, signed by a Responsible Official of each Borrower and properly completed to provide all information required to be included therein.

"Request for Redesignation" means a written request to continue or redesignate a Loan substantially in the form of Exhibit F, signed by a Responsible Official of each Borrower and properly completed to provide all information required to be included therein.

"Requirement of Law" means, as to any Person, the articles or certificate of incorporation and by-laws or other organizational or governing documents of such Person, and any Law, or judgment, award, decree, writ or determination of a Governmental Agency, in each case applicable to or binding upon such Person or any of its Property or to which such Person or any of its Property is subject.

"Requisite Lenders" means as of any date of determination, Lenders having in the aggregate 66-2/3% or more of the Commitment then in effect or, following termination of the Commitment, owning or holding, in the aggregate, 66-2/3% of the aggregate principal amount of the Loans and the Letter of Credit Usage outstanding on such date, provided that when there are fewer than three Lenders, "Requisite Lenders" shall mean all of the Lenders.

"Responsible Official" means (a) when used with reference to a Person other than an individual, any corporate officer of such Person, general partner of such Person, corporate officer of a corporate general partner of such Person, or corporate officer of a corporate general partner of a partnership that is a general partner of such Person, or any other responsible official thereof duly acting on behalf thereof, and (b) when used with reference to a Person who is an individual, such Person. Any document or certificate hereunder that is signed or executed by a Responsible Official of a Person shall be conclusively presumed to have been authorized by all necessary corporate, partnership and/or other action on the part of that Person.

"Right of Others" means, as to any Property in which a Person has an interest, (a) any legal or equitable right, title or other interest (other than a Lien) held by any other Person in or with respect to that Property, and (b) any option or right held by any other Person to acquire any right, title or other interest in or with respect to that Property, including any option or right to acquire a Lien.

"Securities" means any capital stock, share, voting trust certificate, bonds, debentures, notes or other evidences of indebtedness (other than commercial obligations incurred in the ordinary course of business), limited partnership interests, limited liability company membership interests, or any warrant, option or other right to purchase or acquire any of the foregoing.

"Senior Officer" means the (a) President, (b) Vice President, (c) Chief Financial Officer, (d) Chief Executive Officer or (e) Treasurer of a Person or the persons performing the equivalent functions.

"Special Eurodollar Circumstance" means the application or adoption of any Law or interpretation, or any change therein or thereof, or any change in the interpretation or administration thereof by any Governmental Agency, central bank or comparable authority charged with the interpretation or administration thereof, or compliance by any Lender or its Eurodollar Lending Office with any request or directive (whether or not having the force of Law) of any such Governmental Agency, central bank or comparable authority, or the existence or occurrence of circumstances affecting the Designated Eurodollar Market generally that are beyond the reasonable control of that Lender.

"Standby Letter of Credit" means each Letter of Credit which is issued hereunder for a purpose other than the support of the purchase of goods by the Company and its Subsidiaries.

"Subordinated Obligations" means unsecured Indebtedness of the Company that is subordinated to the Obligations (and to any other Indebtedness which in form or substance refinances the Obligations), all of the provisions of which (including amount, maturity, amortization, interest rate, covenants, defaults, remedies and subordination), have been approved in writing as to form and substance by the Administrative Agent with the written consent of the Requisite Lenders, and in any event (and without limitation on the foregoing) having the following attributes:

(a) such Indebtedness shall be the obligation solely of the Company, and no Subsidiary shall have any direct or contingent obligations with respect thereto;

(b) the subordination provisions of such Indebtedness shall provide for a 180-day remedies standstill (which may be invoked by the Administrative Agent not more frequently than once each year);

(c) the interest rate payable with respect to such Indebtedness shall not exceed 12% per annum;

(d) no reductions to the principal balance thereof shall be required prior to maturity, and the maturity thereof shall not be earlier than six months following the Maturity Date; and

(e) none of the representations, warranties, covenants, defaults or other provisions thereof shall be more onerous to the Company and its Subsidiaries than those provided for herein.

"Subsidiary" means, as of any date of determination and with respect to any Person, any corporation, partnership or joint venture, whether now existing or hereafter organized or acquired: (a) in the case of a corporation, of which a majority of the Securities having ordinary voting power for the election of directors or other governing body (other than Securities having such power only by reason of the happening of a contingency) are at the time beneficially owned by such Person and/or one or more Subsidiaries of such Person, or (b) in the case of a partnership or joint venture, of which such Person or a Subsidiary of such Person is a general partner or joint venturer and of which a majority of the partnership or other ownership interests are at the time beneficially owned by such Person and/or one or more of their Subsidiaries.

"Swap Agreements" means one or more written agreements between a Borrower and one or more financial institutions providing for "swap", "cap", "collar" or other interest rate or currency risk protection with respect to any Indebtedness.

"Target" means the Person which is the subject of any Permitted Acquisition.

"Target Adjusted EBITDA" means, in respect of any Target, the EBITDA of such Target (determined as if it were already a party hereto), after making adjustments thereto to eliminate excess owner compensation and other items permitted under Regulation S-X of the Commission.

"Termination Event" means (a) a "reportable event" as defined in Section 4043 of ERISA (other than a "reportable event" that is not subject to the provision for 30 day notice to the PBGC), (b) the withdrawal of either of the Borrowers or any of their ERISA Affiliates from a Pension Plan during any plan year in which it was a "substantial employer" as defined in Section 4001(a)(2) of ERISA, (c) the filing of a notice of intent to terminate a Pension Plan or the treatment of an amendment to a Pension Plan as a termination thereof pursuant to Section 4041 of ERISA, (d) the institution of proceedings to terminate a Pension Plan by the PBGC or (e) any other event or condition which, in any such case as aforesaid, might reasonably be expected to constitute grounds under ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan.

"to the best knowledge of" means, when modifying a representation, warranty or other statement of any Person, that the fact or situation described therein is known by the Person (or, in the case of a Person other than a natural Person, known by a Responsible Official of that Person) making the representation, warranty or other statement, or with the exercise of reasonable due diligence under the circumstances (in accordance with the standard of what a reasonable Person in similar circumstances would have done) should have been known by the Person (or, in the case of a Person other than a natural Person, should have been known by a Responsible Official of that Person).

"Trademark Security Agreement" means the Trademark Security Agreement executed by the Borrowers in favor of the Administrative Agent for the benefit of the Lenders on the Closing Date, either as originally executed or as the same may from time to time be supplemented, modified, amended, renewed, extended or supplanted.

"Unrelated Person" means any Person other than (a) Persons owning 10% or more of the common stock of the Company as of the Closing Date, and (b) any employee stock ownership plan or other employee benefit plan covering the employees of a member of the Company and its Subsidiaries.

"Wholly-Owned Subsidiary" means a Subsidiary of a Borrower, 100% of the capital stock or other equity interest of which is owned, directly or indirectly, by such Borrower, except for director's qualifying shares required by applicable Laws.

1.2 Use of Defined Terms. Any defined term used in the plural shall refer to all members of the relevant class, and any defined term used in the singular shall refer to any one or more of the members of the relevant class.

1.3 Accounting Terms. All accounting terms not specifically defined in this Agreement shall be construed in conformity with, and all financial data required to be submitted by this Agreement shall be prepared in conformity with, Generally Accepted Accounting Principles applied on a consistent basis, except as otherwise specifically prescribed herein. In the event that Generally Accepted Accounting Principles change during the term of this Agreement such that the financial covenants contained in Sections 6.10 through 6.15 would then be calculated in a different manner or with different components, the Borrowers and the Lenders agree to amend this Agreement in such respects as are necessary to conform those covenants as criteria for evaluating the Borrowers' financial condition to substantially the same criteria as were effective prior to such change in Generally Accepted Accounting Principles.

1.4 Rounding. Any financial ratios required to be maintained by the Borrowers pursuant to this Agreement shall be calculated by dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio is expressed in this Agreement and rounding the result up or down to the nearest number (with a round-up if there is no nearest number) to the number of places by which such ratio is expressed in this Agreement.

1.5 Exhibits and Schedules. All Exhibits and Schedules to this Agreement, either as originally existing or as the same may from time to time be supplemented, modified, amended or supplanted are incorporated herein by this reference.

1.6 Miscellaneous Terms. The term "or" is disjunctive; the term "and" is conjunctive. The term "shall" is mandatory; the term "may" is permissive. Masculine terms also

apply to females; feminine terms also apply to males. The term "including" is by way of example and not limitation.

ARTICLE 2
LOANS AND LETTERS OF CREDIT

2.1 Loans-General.

(a) Subject to the terms and conditions set forth in this Agreement, at any time and from time to time from the Closing Date through the Maturity Date, each Lender shall, pro rata according to that Lender's Pro Rata Share, make Advances to the Borrowers under the Commitment in such amounts as the Borrowers may request; provided that:

(i) giving effect to the requested Loan, (A) the sum of the aggregate outstanding principal balance of the Loans plus the Letter of Credit Usage shall not exceed (B) the lesser of the Borrowing Base, less any Availability Reserves, or the Commitment; and

(ii) no Loans may be requested which would result in the sum of the aggregate outstanding principal balance of the Loans plus the Letter of Credit Usage being in excess of $30,000,000 if the effect thereof would be to eliminate the possibility that a Clean Down Period would occur when required.

Subject to the limitations set forth herein (including, without limitation, the requirements of Section 3.6(d)), the Borrowers may borrow, repay and reborrow under the Commitment without premium or penalty.

(b) Each Loan shall be made pursuant to a written Request for Loan which shall specify (i) the requested date of such Loan, (ii) whether such Loan is to be a Base Rate Loan or a Eurodollar Loan, (iii) the amount of such Loan, and (iv) the Eurodollar Period for such Loan if such Loan is to be a Eurodollar Loan.

(c) Promptly following receipt of a Request for Loan, the Administrative Agent shall notify each Lender thereof by telephone or telecopier of the date and type of the Loan, the applicable Eurodollar Period, and that Lender's Pro Rata Share of the Loan. Not later than 11:00 a.m., Los Angeles time, on the date specified for each Loan, each Lender shall make its Pro Rata Share of that Loan available to the Administrative Agent at the Administrative Agent's Office in immediately available funds. Upon fulfilment of the applicable conditions set forth in Article 8, the Loan shall be credited in immediately available funds to the Funding Account.

(d) Unless the Requisite Lenders otherwise consent, (i) each Base Rate Loan shall be in an integral multiple of $100,000 which is not less than $500,000 and (ii) each Eurodollar Loan shall be in an integral multiple of $100,000 which is not less than $1,000,000.

(e) If no Request for Loan has been delivered within the requisite notice periods set forth in Sections 2.2 or 2.3 in connection with a Loan which, if made, would not increase the outstanding principal amount of the Obligations and would not result in the sum of the outstanding Loans plus the Letter of Credit Usage being in excess of the Borrowing Base, then the Borrowers shall be deemed to have requested, as of the date upon which the related then outstanding Loan is due pursuant to Section 3.1(d)(i) and not paid, a Base Rate Loan in an amount equal to the amount necessary to cause the outstanding principal amount of the Obligations to remain the same and the Lenders shall make the Advances necessary to make such Loan notwithstanding the Borrowers' failure to deliver a Request for Loan or other notice required by Sections 2.1(c), 2.2 and 2.3.

(f) Unless the Administrative Agent otherwise consents, no more than four Eurodollar Loans shall be outstanding at any one time.

(g) A Request for Loan shall be irrevocable upon the Administrative Agent's first receipt thereof.

2.2 Base Rate Loans. Each request by the Borrowers for a Base Rate Loan shall be made pursuant to a Request for Loan received by the Administrative Agent, at the Administrative Agent's Office, not later than 9:00 a.m., Los Angeles time, on the Business Day prior to the Business Day of the requested Base Rate Loan. All Loans shall constitute Base Rate Loans unless properly designated as Eurodollar Loans pursuant to Section 2.3.

2.3 Eurodollar Loans.

(a) Each request by the Borrowers for a Eurodollar Loan shall be made pursuant to a Request for Loan received by the Administrative Agent, at the Administrative Agent's Office, not later than 9:00 a.m., Los Angeles time, at least three Eurodollar Business Days before the first day of the applicable Eurodollar Period.

(b) At or about 11:00 a.m., Los Angeles time, two Eurodollar Business Days before the first day of the applicable Eurodollar Period, the Administrative Agent shall determine the applicable Eurodollar Rate (which determination shall be conclusive in the absence of manifest error) and promptly shall give notice of the same to the Borrowers and the Lenders by telephone, telecopier or telex.

(c) No Eurodollar Loan may be requested during the continuance of a Default or Event of Default or which would necessarily result in a failure of the Borrowers to comply with Section 6.18.

(d) Nothing contained herein shall require any Lender to fund any Eurodollar Loan in the Designated Eurodollar Market.

2.4 Redesignation of Loans. The Borrowers may redesignate a Base Rate Loan, or any portion thereof subject to Section 2.1(c), as a Eurodollar Loan by delivering a Request for Redesignation to the Administrative Agent subject to the same time limitations and other conditions set forth in Sections 2.3 and 3.1(e)(iv) in the case of a Request for Loan. The Borrowers may redesignate a Eurodollar Loan, or any portion thereof subject to Sections 2.1(c) and 2.1(g), as a Base Rate Loan by delivering a Request for Redesignation to the Administrative Agent subject to the same time limitations and other conditions set forth in Sections 2.2 and 3.1(e)(iv); provided that such redesignation shall not be effective prior to the end of the Eurodollar Period for that Eurodollar Loan. If no timely Request for Redesignation is delivered to the Administrative Agent prior to the end of the Eurodollar Period for any Eurodollar Loan, it shall automatically be redesignated as a Base Rate Loan as of the end of such Eurodollar Period.

2.5 Letters of Credit.

(a) Subject to the terms and conditions hereof, at any time and from time to time from the Closing Date through the day prior to the Maturity Date, the Issuing Lenders severally agree to issue such Letters of Credit as the Borrowers may request by a Request for Letter of Credit; provided that:

(i) giving effect to the issuance of such Letter of Credit (A) the sum of the aggregate outstanding principal balance of the Loans plus the Letter of Credit Usage shall not exceed (B) the lesser of the Borrowing Base or the Commitment;

(ii) no Letters of Credit may be requested which would result in the sum of the aggregate outstanding principal balance of the Loans plus the Letter of Credit Usage being in excess of $30,000,000 if the effect thereof would be to eliminate the possibility that a Clean Down Period would occur when required;

(iii) the aggregate undrawn effective face amount of all Letters of Credit issued in support of the purchase of merchandise by the Borrowers and their Subsidiaries plus the amount drawn with respect thereto and not reimbursed as required herein shall not exceed $15,000,000 at any time; and

(iv) the aggregate undrawn effective face amount of all Standby Letters of Credit plus the amount drawn and not reimbursed as required herein shall not exceed $2,000,000 at any time.

(b) Unless all the Lenders otherwise consent in a writing delivered to the Administrative Agent, the term of a Letter of Credit shall not exceed one year and shall not extend beyond the Maturity Date, in the case of standby letters of credit, or the date which is 30 days prior to the Maturity Date, in the case of commercial letters of credit.

(c) Each Request for Letter of Credit shall be submitted to the relevant Issuing Lender and the Administrative Agent at least five Business Days prior to the date when the issuance of a Letter of Credit is requested unless such Issuing Lender and the Administrative Agent otherwise agree in their discretion. Upon issuance of a Letter of Credit, the Issuing Lenders shall promptly notify the Administrative Agent.

(d) Upon the issuance of a Letter of Credit, each Lender shall be deemed to have purchased a pro rata participation from the relevant Issuing Lender, in an amount equal to that Lender's Pro Rata Share of the Letter of Credit. Without limiting the scope and nature of each such Lender's participation in any Letter of Credit, to the extent that such Issuing Lender has not been reimbursed by the Borrowers for any payment required to be made by such Issuing Lender under any Letter of Credit, each such Lender shall reimburse the Administrative Agent for the account of such Issuing Lender in the case of each Letter of Credit, promptly upon demand for the amount of such payment in accordance with its Pro Rata Share. The obligation of each such Lender so to reimburse such Issuing Lender shall be absolute and unconditional and shall not be affected by the occurrence of an Event of Default or any other occurrence or event. Any such reimbursement shall not relieve or otherwise impair the obligation of the Borrowers to reimburse such Issuing Lender for the amount of any payment made by such Issuing Lender under any Letter of Credit together with interest as hereinafter provided.

(e) After the making by an Issuing Lender of any payment with respect to any Letter of Credit issued for the account of the Borrowers, the Borrowers agree to pay to such Issuing Lender, within one Business Day after demand therefor, an amount equal to such payment made by such Issuing Lender under that Letter of Credit, together with interest on such amount at the rate applicable to Base Rate Loans from the date of such payment through the date which is one Business Day after demand and, thereafter, at the Default Rate through the date of payment by the Borrowers. The principal amount of any such payment made to such Issuing Lender shall be used to reimburse such Issuing Lender for the payment made by it under the Letter of Credit. Each Lender that has reimbursed an Issuing Lender pursuant to Section 2.5(d) for its Pro Rata Share of any payment made by such Issuing Lender under a Letter of Credit shall thereupon acquire a participation, to the extent of such reimbursement, in the claim of such Issuing Lender against the Borrowers under this Section 2.5(e).

(f) If the Borrowers fail to make the payment required by Section 2.5(e), the Administrative Agent may but is not required to, without notice to or the consent of the Borrowers, cause Advances (as Base Rate Loans) to be made by the Lenders in accordance with their respective Pro Rata Shares in an aggregate amount equal to the amount paid by the relevant Issuing Lender on that Letter of Credit and, for this purpose, the conditions precedent set forth in Article 8 shall not apply. The proceeds of such Advances shall be paid to such Issuing Lender to reimburse it for the payment made by it under the Letter of Credit.

(g) The issuance of any supplement, modification, amendment, renewal, or extension to or of any Letter of Credit shall be treated in all respects the same as the issuance of a new Letter of Credit, and shall require the submission of a new Request for Letter of Credit; provided however that nothing contained in this clause (g) shall require the payment of any additional issuance fees in respect thereof by any Borrower other than with respect to any extension of the term thereof or renewal thereof or any increase in the amount of such Letter of Credit.

(h) The obligation of the Borrowers to pay to an Issuing Lender the amount of any payment made by such Issuing Lender under any Letter of Credit issued for the account of that Borrower shall be absolute, unconditional, and irrevocable, subject only to performance by such Issuing Lender of its obligations to the Borrowers under California Commercial Code Section 5109. Without limiting the foregoing, the obligations of the Borrowers shall not be affected by any of the following circumstances:

(i) any lack of validity or enforceability of the Letter of Credit, this Agreement, or any other agreement or instrument relating thereto;

(ii) any amendment or waiver of or any consent to departure from the Letter of Credit, this Agreement, or any other agreement or instrument relating thereto;

(iii) the existence of any claim, setoff, defense, or other rights which the Borrowers may have at any time against any Lender, any beneficiary of the Letter of Credit (or any persons or entities for whom any such beneficiary may be acting) or any other Person, whether in connection with the Letter of Credit, this Agreement, or any other agreement or instrument relating thereto, or any unrelated transactions;

(iv) any demand, statement, or any other document presented under the Letter of Credit proving to be forged, fraudulent, invalid, or insufficient in any respect or any statement therein being untrue or inaccurate in any respect whatsoever so long as any such document appears to comply with the terms of the Letter of Credit;

(v) the solvency or financial responsibility of any party issuing any documents in connection with a Letter of Credit;

(vi) any failure or delay in notice of shipments or arrival of any Property;

(vii) any error in the transmission of any message relating to a Letter of Credit not caused by such Issuing Lender, or any delay or interruption in any such message;

(viii) any error, neglect or default of any correspondent of such Issuing Lender in connection with a Letter of Credit;

(ix) any consequence arising from acts of God, war, insurrection, disturbances, labor disputes, emergency conditions or other causes beyond the control of the Lenders;

(x) so long as such Issuing Lender in good faith determines that the draft, contract or document appears to comply with the terms of the Letter of Credit, the form, accuracy, genuineness or legal effect of any contract or document referred to in any document submitted to such Issuing Lender in connection with a Letter of Credit; and

(xi) where such Issuing Lender has acted in good faith and without gross negligence, any other circumstance whatsoever.

(i) The Issuing Lenders shall be entitled to the protection accorded to the Administrative Agent pursuant to Article 10, mutatis mutandis.

2.6 Voluntary Reduction of the Commitment. The Borrowers shall have the right, at any time and from time to time, without penalty or charge, upon at least five Business Days prior written notice to the Administrative Agent, voluntarily to reduce, permanently and irrevocably, in aggregate principal amounts in an integral multiple of $1,000,000, or to terminate, all or a portion of the then undisbursed portion of the Commitment, provided that any such reduction or termination shall be accompanied by payment of all accrued and unpaid commitment fees with respect to the portion of the Commitment being reduced or terminated.

2.7 Rights to Assume Funds Available for Advances. Provided Administrative Agent has notified Lenders in accordance with Section 2.1(c), unless the Administrative Agent shall have been notified by any Lender no later than 10:00 a.m. (Los Angeles time) on the Business Day prior to the Business Day proposed for the funding by the Administrative Agent of any Loan that such Lender does not intend to make available to the Administrative Agent such Lender's portion of the total amount of such Loan, the Administrative Agent may assume that such Lender has made such amount available to the Administrative Agent on the date of the Loan and may, in reliance upon such assumption, make available to the Borrowers a corresponding amount. If the Administrative Agent has made funds available to the Borrowers based on such an assumption and such corresponding amount is not in fact made available to the Administrative Agent by such Lender, the Administrative Agent shall be entitled to recover such corresponding amount on demand from such Lender. If such Lender does not pay such corresponding amount forthwith upon demand therefor,

the Administrative Agent promptly shall notify the Borrowers and the Borrowers shall pay such corresponding amount to the Administrative Agent. The Administrative Agent also shall be entitled to recover from such Lender interest on such corresponding amount in respect of each day from the date such corresponding amount was made available by the Administrative Agent to the Borrowers to the date such corresponding amount is recovered by the Administrative Agent, at a rate per annum equal to the Federal Funds Rate. Nothing herein shall be deemed to relieve any Lender from its obligation to fulfill its Pro Rata Share or to prejudice any rights which the Administrative Agent and each Borrower may have against any Lender as a result of any default by such Lender hereunder.

2.8 Collateral. The Obligations shall be secured by a first priority (subject to Liens permitted by Section 6.9) perfected Lien on the Collateral pursuant to the Collateral Documents.

ARTICLE 3
PAYMENTS AND FEES

3.1 Principal and Interest.

(a) Interest shall be payable on the outstanding daily unpaid principal amount of each Loan from the date thereof until payment in full is made and shall accrue and be payable at the rates set forth herein before and after default, before and after maturity, before and after judgment, and before and after the commencement of any proceeding under any Debtor Relief Law, with interest on overdue interest to bear interest at the Default Rate to the fullest extent permitted by applicable Laws.

(b) Interest accrued on each Base Rate Loan shall be due and payable on the last Business Day of each calendar month. Except as otherwise provided in Section 3.7, the unpaid principal amount of each Base Rate Loan shall bear interest at a fluctuating rate per annum equal to the Base Rate plus the Base Rate Margin. Each change in the interest rate for Base Rate Loans shall take effect simultaneously with the corresponding changes in the Base Rate and the Base Rate Margin.

(c) Interest on each Eurodollar Loan which is for a term of three months or less shall be due and payable on the last day of the related Eurodollar Period. Interest accrued on each other Eurodollar Loan shall be due and payable on the date which is three months after the date such Eurodollar Loan was made, every three months thereafter and, in any event, on the last day of the related Eurodollar Period. Except as otherwise provided in Section 3.7, the unpaid principal amount of any Eurodollar Loan shall bear interest at a rate per annum equal to the Eurodollar Rate for that Eurodollar Loan plus the Eurodollar Margin.

(d) If not sooner paid, the principal Indebtedness under this Agreement shall be payable as follows:

(i) The principal amount of each Eurodollar Loan shall be immediately payable in cash on the last day of the related Eurodollar Period.

(ii) The Loans shall be immediately payable in cash in the amount by which the aggregate outstanding amount of the Loans plus the Letter of Credit Usage at any time exceeds the lesser of the Commitment or the Borrowing Base.

(iii) The Loans shall be immediately payable in cash in the amount by which the aggregate outstanding amount of the Loans plus the Letter of Credit Usage exceeds $30,000,000 on March 1 of each year unless a Clean Down Period has previously been completed in that year.

(iv) The Loans shall be payable immediately in cash on the Maturity Date.

(e) The Loans may, at any time and from time to time, voluntarily be paid or prepaid in whole or in part without premium or penalty and without prior notice, except that with respect to any voluntary prepayment under this Section 3.1(e), (i) each prepayment shall be in an integral multiple of $100,000, which is, in the case of any prepayment of any Eurodollar Loan, not less than $500,000 or, if less, the balance of the Loan, (ii) the Administrative Agent shall have received written notice of any prepayment at least one Business Day, in the case of a Base Rate Loan, or by 9:00 a.m. (California local time) three Business Days, in the case of a Eurodollar Loan, before the date of prepayment, which notice shall identify the date and amount of the prepayment and the Loan(s) being prepaid, (iii) each prepayment of principal in respect of a Eurodollar Loan shall be accompanied by payment of interest accrued through the date of payment on the amount of principal paid and (iv) in any event, any payment or prepayment of all or any part of any Eurodollar Loan on a day other than the last day of the applicable Eurodollar Period shall be subject to Section 3.6(d).

3.2 Commitment Fees. From and after the Closing Date, the Borrowers shall pay commitment fees to the Administrative Agent for the ratable account of the Lenders in amount equal to the Commitment Fee Rate times the average daily amount by which the Commitment exceeds the sum of the principal amount of the outstanding Loans and the Letter of Credit Usage. These commitment fees shall be payable quarterly in arrears on the last Business Day of each Fiscal Quarter, upon any termination or reduction of the Commitment, and on the Maturity Date.

3.3 Letter of Credit Fees. With respect to each Letter of Credit issued by an Issuing Lender, the Borrowers shall pay to such Issuing Lender the following fees on a non-refundable basis prior to the issuance of such Letter of Credit:

(i) prior to the issuance of any Letter of Credit, a fronting fee in an amount set forth in a letter agreement with such Issuing Lender, which fee shall be for the sole account of such Issuing Lender, plus

(ii) for the ratable account of the Lenders, a letter of credit fee equal to the then applicable Eurodollar Margin times the maximum face amount of each Letter of Credit for the tenor of the Letter of Credit, plus

(iii) for the sole account of such Issuing Lender, such standard payment, negotiation, processing, amendment and other similar charges as and when such Issuing Lender may from time to time advise the Borrowers are applicable to Letters of Credit.

3.4 Upfront Fees. On the Closing Date, the Borrowers shall pay to the Administrative Agent for the account of the Lenders upfront fees in the amounts set forth in a fee letter of even date herewith between the Administrative Agent and the Company. The Administrative Agent has advised each Lender of the rate at which such fees shall be paid upon its allocated Pro Rata Share. The upfront fees are fully earned when due and are not refundable under any circumstances.

3.5 Capital Adequacy. If any Lender determines that either (i) the introduction of or any change in any law, order or regulation or in the interpretation or administration of any law, order or regulation by any Governmental Agency charged with the interpretation thereof or (ii) compliance with any guideline or request issued or made from the date hereof from any such Governmental Agency (whether or not having the force of law) has or would have the effect of reducing the rate of return on the capital of that Lender or any corporation controlling that Lender as a consequence of that Lender's Pro Rata Share or the making or maintaining of Loans or Letters of Credit below the rate at which that Lender or such other corporation could have achieved but for such introduction, change or compliance (taking into account the policies of that Lender or corporation with regard to capital), then the Borrowers shall from time to time, upon demand by such Lender, pay to that Lender additional amounts sufficient to compensate such Lender or other corporation for such reduction. A certificate as to such amounts, submitted to the Borrowers by the relevant Lender, shall be conclusive and binding for all purposes, absent manifest error.

3.6 Eurodollar Fees and Costs.

(a) If, after the date hereof, the existence or occurrence of any Special Eurodollar Circumstance:

(1) shall subject any Lender or its Eurodollar Lending Office to any tax, duty or other charge or cost with respect to any Eurodollar Rate Advance, or its obligation to make Eurodollar Rate Advances, or shall change the basis of taxation of payments to any Lender of the principal of or interest on any Eurodollar Rate Advance or any other amounts due under this Agreement in respect of any Eurodollar Rate Advance or its obligation to make Eurodollar Rate Advances (except for changes in any tax, duty or other charge on the overall net income, gross income or gross receipts of such Lender or its Eurodollar Lending Office);

(2) shall impose, modify or deem applicable any reserve (including any reserve imposed by the Board of Governors of the Federal Reserve System), special deposit or similar requirements against assets of, deposits with or for the account of, or credit extended by, any Lender or its Eurodollar Lending Office; or

(3) shall impose on any Lender or its Eurodollar Lending Office or the Designated Eurodollar Market any other condition affecting any Eurodollar

Loan, its obligation to make Eurodollar Rate Advances or this Agreement, or shall otherwise affect any of the same;

and the result of any of the foregoing, as reasonably determined by such Lender, increases the cost to such Lender or its Eurodollar Lending Office of making or maintaining any Eurodollar Rate Advance or in respect of any Eurodollar Rate Advance, its obligation to make Eurodollar Rate Advances or reduces the amount of any sum received or receivable by such Lender or its Eurodollar Lending Office with respect to any Eurodollar Rate Advance or its obligation to make Eurodollar Rate Advances (assuming the Lender's Eurodollar Lending Office had funded 100% of its Eurodollar Rate Advance in the Designated Eurodollar Market), then, upon demand by such Lender (with a copy to the Administrative Agent), the relevant Borrower shall pay to such Lender such additional amount or amounts as will compensate such Lender for such increased cost or reduction (determined as though such Lender's Eurodollar Lending Office had funded 100% of its Eurodollar Rate Advance in the Designated Eurodollar Market). A statement of any Lender claiming compensation under this Section and setting forth the additional amount or amounts to be paid to it hereunder shall be conclusive in the absence of manifest error. Each Lender agrees to endeavour promptly to notify the relevant Borrower of any event of which it has actual knowledge (and, in any event, within one year from the date on which it obtained such knowledge), occurring after the Closing Date, which will entitle such Lender to compensation pursuant to this Section, and agrees to designate a different Eurodollar Lending Office if such designation will avoid the need for or reduce the amount of such compensation and will not, in the judgment of such Lender, otherwise be disadvantageous to such Lender.

(b) If, after the date hereof, the existence or occurrence of any Special Eurodollar Circumstance shall, in the reasonable opinion of any Lender, make it unlawful, impossible or impracticable for such Lender or its Eurodollar Lending Office to make, maintain or fund any Eurodollar Loan, or materially restrict the authority of such Lender to purchase or sell, or to take deposits of, Dollars in the Designated Eurodollar Market, or to determine or charge interest rates based upon the Eurodollar Rate, and such Lender shall so notify the Administrative Agent and the Borrowers, then such Lender's obligation to make Eurodollar Rate Advances shall be suspended for the duration of such illegality, impossibility or impracticability and the Administrative Agent forthwith shall give notice thereof to the other Lenders and the Borrowers. Upon receipt of such notice, the outstanding principal amount of such Lender's Eurodollar Rate Advances, together with accrued interest thereon, automatically shall be converted to Base Rate Advances with Eurodollar Periods corresponding to the Eurodollar Loans of which such Eurodollar Rate Advances were a part on either (1) the last day of the Eurodollar Period(s) applicable to such Eurodollar Rate Advances if such Lender may lawfully continue to maintain and fund such Eurodollar Rate Advances to such day(s) or (2) immediately if such Lender may not lawfully continue to fund and maintain such Eurodollar Rate Advances to such day(s), provided that in such event the conversion shall not be subject to payment of a prepayment

fee under Section 3.6(d). In the event that such Lender is unable, for the reasons set forth above, to make, maintain or fund any Eurodollar Loan, such Lender shall fund such amount as a Base Rate Advance for the same period of time, and such amount shall be treated in all respects as a Base Rate Advance.

(c) If, with respect to any proposed Eurodollar Loan:

(1) the Administrative Agent reasonably determines that, by reason of circumstances affecting the Designated Eurodollar Market generally that are beyond the reasonable control of the Lenders, deposits in Dollars (in the applicable amounts) are not being offered to the Lenders in the Designated Eurodollar Market for the applicable Eurodollar Period; or

(2) the Requisite Lenders advise the Administrative Agent that the Eurodollar Rate as determined by the Administrative Agent (i) does not represent the effective pricing to such Lenders for deposits in Dollars in the Designated Eurodollar Market in the relevant amount for the applicable Eurodollar Period, or (ii) will not adequately and fairly reflect the cost to such Lenders of making the applicable Eurodollar Rate Advances;

then the Administrative Agent forthwith shall give notice thereof to the Borrowers and the Lenders, whereupon until the Administrative Agent notifies the Borrowers that the circumstances giving rise to such suspension no longer exist, the obligation of the Lenders to make any future Eurodollar Rate Advances shall be suspended. If at the time of such notice there is then pending a Request for Loan that specifies a Eurodollar Loan, such Request for Loan shall be deemed to specify a Base Rate Loan.

(d) Upon payment or prepayment of any Eurodollar Loan (other than as the result of a conversion required under Section 3.6(b)), on a day other than the last day in the applicable Eurodollar Period (whether voluntarily, involuntarily, by reason of acceleration, or otherwise), or upon the failure of a Borrower to borrow on the date or in the amount specified for a Eurodollar Loan in any Request for Loan, the relevant Borrower shall indemnify the Lenders against and reimburse each Lender on demand for all costs, expenses, penalties, losses, legal fees and damages incurred or sustained, or that would be incurred or sustained, by the Lenders, including loss of interest, as reasonably determined by the Lenders, to the extent that the same are a direct result of such payment, prepayment or failure to borrow. Each Lender's determination of the amount payable under this Section 3.6(d) shall be conclusive in the absence of manifest error. The Borrower shall also pay any customary administrative fees charged by such Lender in connection with the foregoing. For purposes of calculating amounts payable by Borrowers to the Lenders under this Section 3.6, each Lender shall be deemed to have funded each Eurodollar Loan made by it at the Eurodollar Rate for such Loan by a matching deposit or other borrowing in the

Designated Eurodollar Market for a comparable amount and for a comparable period, whether or not such Eurodollar Rate Loan was in fact so funded.

3.7 Post Default Interest and Late Payments. So long as any Event of Default has occurred and is continuing, the Loans shall thereafter bear interest, and, in any event if any installment of principal or interest or any fee or cost or other amount payable under any Loan Document to any Creditor Party is not paid when due, the Obligations shall thereafter bear interest until any overdue amount is paid in full or the Event of Default is cured or waived, at a fluctuating interest rate per annum at all times equal to 2% per annum above the rate of interest that would otherwise be applicable pursuant to this Agreement (the "Default Rate"), to the fullest extent permitted by applicable Laws. Accrued and unpaid interest on past due amounts (including interest on past due interest) shall be compounded quarterly, on the last day of each calendar quarter, to the fullest extent permitted by applicable Laws.

3.8 Right to Assume Payments Will be Made by the Borrowers. Unless the Administrative Agent shall have been notified by the relevant Borrower prior to the date on which any payment to be made by that Borrower hereunder is due that such Borrower does not intend to remit such payment, the Administrative Agent may, in its sole discretion, assume that such Borrower has remitted such payment when so due and may, in its sole discretion and in reliance upon such assumption, make available to each Lender on such payment date an amount equal to such Lender's share of such assumed payment. If such Borrower has not in fact remitted such payment to the Administrative Agent each Lender shall forthwith on demand repay to the Administrative Agent the amount of such assumed payment made available to such Lender, together with interest thereon in respect of each day from and including the date such amount was made available by the Administrative Agent to such Lender to the date such amount is repaid to the Administrative Agent at the Federal Funds Rate.

3.9 Computation of Interest and Fees. Computation of Base Rate interest hereunder shall be made on the basis of a year of 365 days (or 366 days for leap years) and the actual number of days elapsed. Calculation of all other interest or fees under this Agreement shall be calculated on the basis of a year of 360 days and the actual number of days elapsed. The Borrowers acknowledge that such calculation method will result in a higher yield to the Lenders than a method based on a year of 365 or 366 days.

3.10 Non-Business Days. If any payment to be made by a Borrower or any other Party under any Loan Document shall come due on a day other than a Business Day, payment shall instead be considered due on the next succeeding Business Day and the extension of time shall be reflected in computing interest.

3.11 Manner and Treatment of Payments.

(a) Each payment hereunder shall be made to the Administrative Agent, at the Administrative Agent's Office, for the account of the relevant Creditor Party in

immediately available funds not later than 11:00 a.m., Los Angeles time, on the day of payment (which must be a Business Day). All payments received after these deadlines on any Business Day, shall be deemed received on the next succeeding Business Day. The amount of all payments received by the Administrative Agent for the account of any Lender shall be promptly paid by the Administrative Agent to that Lender in immediately available funds. All payments shall be made in Dollars.

(b) Each Lender shall use its best efforts to keep a record of Advances made by it and payments received by it with respect to each of the Loans and such record shall, as against each Borrower, be presumptive evidence of the amounts owing. Notwithstanding the foregoing sentence, no Lender shall be liable to any Party for any failure to keep such a record.

(c) Each payment of any amount payable by a Borrower or any other Party under this Agreement or any other Loan Document shall be made free and clear of, and without reduction by reason of, any taxes, assessments or other charges imposed by any Governmental Agency, central bank or comparable authority (other than taxes on overall net income, gross income or gross receipts of a Lender or its Eurodollar Lending Office). To the extent that a Borrower is obligated by applicable Laws to make any deduction or withholding on account of taxes, assessments or other charges imposed by any Governmental Agency from any amount payable to any Lender under this Agreement, such Borrower shall (i) make such deduction or withholding and pay the same to the relevant Governmental Agency and (ii) pay such additional amount to that Lender as is necessary to result in that Lender's receiving a net after-tax (or after-assessment or after-charge) amount equal to the amount to which that Lender would have been entitled under this Agreement absent such deduction or withholding.

3.12 Funding Sources. Nothing in this Agreement shall be deemed to obligate any Lender to obtain the funds for any Loan in any particular place or manner or to constitute a representation by any Lender that it has obtained or will obtain the funds for any Loan in any particular place or manner.

3.13 Failure to Charge Not Subsequent Waiver. Any decision by any Creditor Party not to require payment of any interest (including interest arising under Section 3.7), fee, cost or other amount payable under any Loan Document, or to calculate any amount payable by a particular method, on any occasion shall in no way limit or be deemed a waiver of that Creditor Party's right to require full payment of any interest (including interest arising under Section 3.7), fee, cost or other amount payable under any Loan Document, or to calculate an amount payable by another method, on any other or subsequent occasion.

3.14 Authority to Charge Account. The Borrowers hereby authorize Bank of America upon notice from the Administrative Agent to charge the Funding Account and thereafter to remit to the Administrative Agent, in such amounts as may from time to time be necessary to cause timely payment of principal, interest, fees and other charges payable by the Borrowers under the Loan Documents.

3.15 Survivability. All of the Borrowers' obligations under Sections 3.5 and 3.6 shall survive the date on which all Loans hereunder are fully paid.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES

Each Borrower represents and warrants to the Creditor Parties as follows:

4.1 Accounts Receivable and Inventory. Each account described on any Borrowing Base Certificate delivered to the Administrative Agent as an Eligible Account is fully earned and is the subject of an appropriate invoice to the customer and otherwise fulfills the eligibility criteria set forth in the definition of "Eligible Accounts." All inventory reported on any Borrowing Base Certificate delivered to the Administrative Agent as Eligible Inventory is of merchantable quality, is salable in the ordinary course of business of the Borrower and its Subsidiaries and otherwise fulfills the eligibility criteria set forth in the definition of "Eligible Inventory."

4.2 Existence and Qualification; Power; Compliance With Laws. Each Borrower is a corporation duly formed, validly existing and in good standing under the laws of the state of its incorporation, as described in the preamble to this Agreement. Each of the Borrowers is duly qualified to transact business, is in good standing in its jurisdiction of incorporation and each other jurisdiction, in which the conduct of its business or the ownership or leasing of its properties makes such qualification or registration necessary, except where the failure so to qualify or register and to be in good standing would not constitute a Material Adverse Effect. The chief executive offices and principal place of business of each Borrower are located at the addresses for notices set forth for that Borrower in the signature pages to this Agreement. Each of the Borrowers has all requisite corporate power and authority to conduct its business, to own and lease its properties and to execute and deliver each Loan Document to which it is a party and to perform the Obligations. All outstanding shares of capital stock of each Borrower are duly authorized, validly issued, fully paid, non-assessable and issued in compliance with all applicable state and federal securities and other Laws. Except as set forth on Schedule 4.2, no Person holds any material option, warrant or other right to acquire any shares of capital stock of any Borrower. Each Borrower is in compliance with all Laws and other legal requirements applicable to its business, has obtained all authorizations, consents, approvals, orders, licenses and permits from, and has accomplished all filings, registrations and qualifications with, or obtained exemptions from any of the foregoing from, any Governmental Agency that are necessary for the transaction of its business, except where the failure so to comply, file, register, qualify or obtain exemptions does not constitute a Material Adverse Effect.

4.3 Authority; Compliance With Other Agreements and Instruments and Government Regulations. The execution, delivery and performance by each Borrower and the Guarantors of each Loan Document to which it is a Party have been duly authorized by all necessary corporate action, and do not:

(a) Require any consent or approval of any partner, director, stockholder, security holder or creditor of such Party, except as heretofore obtained;

(b) Violate or conflict with any provision of that such Party's charter, articles or certificate of incorporation or bylaws, as applicable;

(c) Result in or require the creation or imposition of any Lien or right of others (other than pursuant to the Collateral Documents) upon or with respect to any Property now owned or leased or hereafter acquired by that Party;

(d) Violate any Requirement of Law applicable to such Party;

(e) Result in a breach of or constitute a default under, or cause or permit the acceleration of any obligation owed under, any indenture or loan or credit agreement or any other Contractual Obligation to which such Party is a party or by which such Party or any of its Property is bound;

and no Party is in violation of, or default under, any Requirement of Law or Contractual Obligation, or any indenture, loan or credit agreement described in Section 4.3(e), in any respect that constitutes a Material Adverse Effect.

4.4 No Governmental Approvals Required. No authorization, consent, approval, order, license or permit from, or filing, registration or qualification with, any Governmental Agency is required to authorize or permit under applicable Laws the execution, delivery and performance by any Borrowers or Guarantor of any of the Loan Documents to which it is a Party.

4.5 Subsidiaries.

(a) As of the Closing Date, Schedule 4.5 hereto correctly sets forth the names, the form of legal entity, jurisdictions of organization, chief executive offices and principal place of business of all Subsidiaries of the Borrowers. Except as described in Schedule 4.5, none of the Borrowers owns as of the Closing Date any capital stock or equity interest in any Person. All of the outstanding shares of capital stock, or all of the units of equity interest, as the case may be, of each such Subsidiary which is wholly-owned by a Borrower are (and as to each partially owned Subsidiary, to the best knowledge of the Borrowers, are) owned of record and beneficially as indicated on Schedule 4.5, except as set forth thereon, and all such shares or equity interests so owned are duly authorized, validly issued, fully paid, nonassessable, and were issued in compliance with all applicable state, federal and other Laws, and are free and clear of all Liens.

(b) Each such Subsidiary is a legal entity of the form described for that Subsidiary in Schedule 4.5, duly organized, validly existing, and in good standing under the Laws of its jurisdiction of organization, is duly qualified to do business as a foreign organization and is in good standing as such, and has filed fictitious business name statements, in each jurisdiction in which the conduct of its business or the ownership or leasing of its properties makes such qualification necessary (except where the failure to be

so duly qualified and in good standing does not constitute a Material Adverse Effect), and has all requisite power and authority to conduct its business and to own and lease its properties.

(c) Each such Subsidiary is in compliance with all Laws and other requirements applicable to its business and has obtained all authorizations, consents, approvals, orders, licenses, and permits from, and each such Subsidiary has accomplished all filings, registrations, and qualifications with, or obtained exemptions from any of the foregoing from, any Governmental Agency that are necessary for the transaction of its business, except where the failure to be in such compliance, obtain such authorizations, consents, approvals, orders, licenses, and permits, accomplish such filings, registrations, and qualifications, or obtain such exemptions, does not constitute a Material Adverse Effect.

4.6 Financial Statements. The Borrowers have furnished to the Administrative Agent (a) the audited consolidated and unaudited consolidating financial statements of the Company and its Subsidiaries for the Fiscal Year ended December 31, 2000 and (b) the internally prepared consolidated and consolidating financial statements of the Company and its Subsidiaries for the three month fiscal period ended June 30, 2001. Such financial statements fairly present in all material respects the financial condition, results of operations and changes in financial position of the Company and its Subsidiaries as of such dates and for such periods in conformity with Generally Accepted Accounting Principles consistently applied, subject only to normal year-end accruals and audit adjustments.

4.7 No Other Liabilities; No Material Adverse Effect. The Borrowers and their Subsidiaries do not have any material liability or material contingent liability required under Generally Accepted Accounting Principles to be reflected or disclosed, and not reflected or disclosed, in the financial statements described in Section 4.6, other than liabilities and contingent liabilities arising in the ordinary course of business since the date of such financial statements. As of the Closing Date, no circumstance or event has occurred that constitutes a Material Adverse Effect since December 31, 2000.

4.8 Title to and Location of Property. The Borrowers and their Subsidiaries have valid title to the Property (other than assets which are the subject of a Capital Lease) reflected in the financial statements described in Section 4.6, other than items of Property or exceptions to title which are in each case immaterial and Property subsequently sold or disposed of in the ordinary course of business. Such Property of the Borrowers and the Subsidiaries is free and clear of all Liens and Rights of Others, other than those permitted under Section 6.9. All Property of the Borrowers and their Subsidiaries is located at one of the locations described in Schedule 4.8.

4.9 Intangible Assets. The Borrowers and their Subsidiaries own, or possess the right to use to the extent necessary in their respective businesses, all material trademarks, trade names, copyrights, patents, patent rights, computer software, licenses and other intangible assets that are used in the conduct of their businesses as now operated. None of the intangible assets

described in the first sentence of this Section, to the best knowledge of each Borrower, conflicts with the valid trademark, trade name, copyright, patent, patent right or intangible asset of any other Person to the extent that such conflict constitutes a Material Adverse Effect.

4.10 Governmental Regulation. Neither any of the Borrowers nor any Subsidiary of any of the Borrowers is subject to regulation under the Public Utility Holding Company Act of 1935, the Federal Power Act, the Interstate Commerce Act, the Investment Company Act of 1940 or to any other Law limiting or regulating its ability to incur Indebtedness for money borrowed.

4.11 Litigation. Except for (a) any matter fully covered (subject to applicable deductibles and retentions) by insurance for which the insurance carrier has assumed full responsibility, (b) any matter, or series of related matters, involving a claim against the Borrowers or any of their Subsidiaries of less than $250,000, and (c) matters set forth in Schedule 4.11, as of the Closing Date, there are no actions, suits, proceedings or investigations pending as to which any of the Borrowers or any Subsidiary of any of the Borrowers has been served or has received written notice or, to the best knowledge of the Borrowers, threatened against or affecting any of the Borrowers, any Subsidiary of any of the Borrowers or any Property of any of them before any Governmental Agency. Except for matters set forth in Schedule 4.11, there is no reasonable basis, to the best knowledge of the Borrowers, for any action, suit, proceeding or investigation against or affecting any of the Borrowers, any Subsidiary of any of the Borrowers or any Property of any of them before any Governmental Agency which would constitute a Material Adverse Effect.

4.12 Binding Obligations. Each of the Loan Documents to which the Borrowers and the Guarantors are a party will, when executed and delivered by such Party, constitute the legal, valid and binding obligation of such Party, enforceable against such Party in accordance with its terms, except as enforcement may be limited by Debtor Relief Laws or equitable principles relating to the granting of specific performance and other equitable remedies and/or defenses as a matter of judicial discretion.

4.13 No Default. No event has occurred and is continuing that is a Default or Event of Default.

4.14 ERISA.

(a) Except as disclosed in Schedule 4.14, as of the Closing Date, neither any of the Borrowers nor any ERISA Affiliate of any of the Borrowers maintains, contributes to or is required to contribute to any "employee pension benefit plan" that is subject to Title IV of ERISA.

(b) With respect to each Pension Plan disclosed in Schedule 4.14:

(i) such Pension Plan complies in all material respects with ERISA and any other applicable Laws;

(ii) such Pension Plan has not incurred any material "accumulated funding deficiency", as that term is defined in Section 302 of ERISA;

(iii) no "reportable event" (as defined in Section 4043 of ERISA) has occurred that would subject any of the Borrowers or any Subsidiary of a Borrower to any liability with respect to such Pension Plan that would constitute a Material Adverse Effect;

(iv) neither any of the Borrowers nor any Subsidiary of a Borrower has engaged in any non-exempt "prohibited transaction" (as defined in Section 4975 of the Code) that would subject any of the Borrowers or any Subsidiary of a Borrower to any penalty that would constitute a Material Adverse Effect;

(v) no Termination Event has occurred or may reasonably be expected to occur; and

(vi) no material unfunded vested liabilities exist under any Pension Plan and the present value of all benefit liabilities under each Pension Plan and each Pension Plan of a Subsidiary and of an ERISA Affiliate do not exceed by a material amount the value of the assets of such Plan.

(c) As of the Closing Date, all contributions required to be made by the Borrowers or any of their Subsidiaries to a Multiemployer Plan described in Schedule 4.14 have been made except as may be described in Schedule 4.14. None of the Borrowers, any Subsidiary of any of the Borrowers, nor any ERISA Affiliate has incurred any withdrawal liability under Section 4201 of ERISA that could have a Material Adverse Effect. Neither any of the Borrowers nor any ERISA Affiliate of any of the Borrowers has received any notification that any Multiemployer Plan is in reorganization or has been terminated, within the meaning of Title IV of ERISA, and no Multiemployer Plan is reasonably expected to be in reorganization or to be terminated, where such reorganization has resulted or can reasonably be expected to result in an increase in the contributions required to be made to such plan that could have a Material Adverse Effect.

(d) Each of the Borrowers, their Subsidiaries and their ERISA Affiliates are in compliance with those provisions of ERISA which are applicable to the Borrowers, their Subsidiaries and their ERISA Affiliates, the non-compliance with which would have a Material Adverse Effect.

4.15 Regulations T, U and X. No part of the proceeds of any Loan hereunder will be used to purchase or carry, or to extend credit to others for the purpose of purchasing or carrying, any "margin stock" (as such term is defined in Regulation U) in violation of Regulations T,

U or X. Neither any of the Borrowers nor any Subsidiary of a Borrower is engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying any such "margin stock."

4.16 Disclosure. No written statement made by a Responsible Official of any Borrower or any Guarantor to any Creditor Party in connection with this Agreement, or in connection with any Loan, contains any untrue statement of a material fact or omits a material fact (which fact is known to such Borrower or Guarantor, in the case of materials not furnished by such Borrower or Guarantor) necessary to make the statement made not misleading in light of all the circumstances existing at the date the statement was made. There is no fact known to any Borrower or Guarantor (other than facts generally applicable to businesses of the types engaged in by the Borrowers) which would constitute a Material Adverse Effect that has not been disclosed in writing to the Lenders.

4.17 Tax Liability. The Borrowers and their Subsidiaries have filed all tax returns which are required to be filed, and have paid, withheld, collected or remitted, all taxes, interest, penalties and installments of taxes due and payable by them with respect to the periods, Property or transactions covered by such returns, or pursuant to any assessment received by either any of the Borrowers or any Subsidiary of a Borrower, except (a) taxes for which such Borrower or Subsidiary has been fully indemnified and (b) such taxes, if any, as are being contested in good faith by appropriate proceedings diligently pursued and as to which adequate reserves have been established and maintained. To the best knowledge of the Borrowers, there is no tax assessment contemplated or proposed by any Governmental Agency against any Borrower or any Subsidiary of a Borrower that would constitute a Material Adverse Effect.

4.18 Projections. To the best knowledge of each Borrower, the assumptions set forth in the Projections are reasonable and consistent with each other and with all facts known to the Borrowers. No material assumption is omitted as a basis for the Projections and the Projections are reasonably based on such assumptions. Nothing in this Section shall be construed as a representation or covenant that the Projections in fact will be achieved.

4.19 Security Interests. The Collateral Documents create a valid security interest in the Collateral described therein in favor of the Administrative Agent securing the Obligations. Upon (a) the filing of UCC-1 financing statements delivered to the Administrative Agent pursuant to Section 8.1(a) with the appropriate Governmental Agencies, and (b) the filing of the Trademark Security Agreement with the United States Patent and Trademark Office, all action necessary to perfect the security interests so created by the Collateral Documents described in this sentence, will have been taken and completed (except for the requirement that continuation statements periodically must be filed and/or recorded with respect to financing statements on file in favor of the Administrative Agent). Such security interests are of first priority except as otherwise permitted under this Agreement.

4.20 Hazardous Materials.

(a) Except as specifically disclosed in Schedule 4.20, the on-going operations of the Borrowers and their Subsidiaries, and to the best of their knowledge the on-going operations of all current tenants, subtenants or other occupants of all or any part of the real property described on Schedule 4.8 (the "Real Property"), are conducted in accordance with and comply in all respects with all Environmental Laws, except such non-compliance which would not (if enforced in accordance with applicable Law) result in liability in excess of $100,000 in the aggregate.

(b) Except as specifically disclosed in Schedule 4.20, the Borrowers and each of their Subsidiaries have obtained all licenses, permits, authorizations and registrations required under any Environmental Law ("Environmental Permits") and necessary for their respective ordinary course operations, all such Environmental Permits are in good standing, and the Borrowers and each of their Subsidiaries are in compliance with all material terms and conditions of such Environmental Permits.

(c) Except as specifically disclosed in Schedule 4.20, neither any of the Borrowers nor any Subsidiary of any of the Borrowers (nor to the best of their knowledge no current tenants, or other occupants of all or part of the Real Property) or any of their respective present Property or operations, is subject to any existing, pending, threatened or outstanding written order, suit, claim, proceeding, investigation, order, comment, injunction, writ, award, action or proceeding from or agreement with any Governmental Agency or third party, nor subject to any judicial or docketed administrative proceeding, respecting any Environmental Law, Environmental Claim or Hazardous Material.

(d) Except as specifically disclosed in Schedule 4.20, there are no Hazardous Materials or other conditions or circumstances existing with respect to any Property, or arising from operations prior to the Closing Date, of the Borrowers or any of their Subsidiaries that could reasonably be expected to give rise to Environmental Claims with a potential liability of the Borrowers and their Subsidiaries in excess of $100,000 in the aggregate for any such condition, circumstance or Property. In addition, (i) neither any of the Borrowers nor any Subsidiary of any of the Borrowers has any underground storage tanks (x) that are not properly registered or permitted under applicable Environmental Laws, or (y) that are leaking or disposing of Hazardous Materials off-site, and (ii) the Borrowers and their Subsidiaries have notified all of their employees of the existence, if any, of any health hazard arising from the conditions of their employment and have met all notification requirements under Title III of CERCLA and all other Environmental Laws.

4.21 Material Contracts. As of the Closing Date, except as disclosed on Schedule 4.21, neither any of the Borrowers nor any Subsidiary of a Borrower is a party to any Material Contract.

ARTICLE 5
AFFIRMATIVE COVENANTS
(OTHER THAN INFORMATION AND
REPORTING REQUIREMENTS)

So long as any Loan remains unpaid, any Letter of Credit remains outstanding, any other Obligation remains unpaid, or any portion of the Commitment remains in force, the Borrowers shall, and shall cause each of their respective Subsidiaries to, unless the Requisite Lenders otherwise consent in writing:

5.1 Payment of Taxes and Other Potential Liens. Pay, collect, withhold, remit and discharge promptly all taxes, assessments and governmental charges or levies imposed upon any of them, upon their respective Property or any part thereof, upon their respective income or profits or any part thereof or upon any right or interest of the Creditor Parties under any Loan Document, except that the Borrowers and their Subsidiaries shall not be required to pay or cause to be paid (a) any income or gross receipts tax or any other tax on or measured by income generally applicable to banks or their corporate parents or (b) any tax, assessment, charge or levy that is not yet past due, or is being contested in good faith by appropriate proceedings diligently pursued, so long as the relevant entity has established and maintains adequate reserves for the payment of the same and by reason of such nonpayment and contest there is no material risk that any item or portion of Property of the Borrowers or their Subsidiaries would be seized, levied upon or forfeited.

5.2 Preservation of Existence. Preserve and maintain, or cause to be maintained and preserved, their respective existences in the jurisdictions of their formation and all authorizations, rights, franchises, privileges, consents, approvals, orders, licenses, permits, or registrations from any Governmental Agency that are necessary for the transaction of their respective businesses, and qualify and remain qualified to transact business in each jurisdiction in which such qualification is necessary in view of their respective businesses or the ownership or leasing of their respective properties, except where the failure to do so would not result in a Material Adverse Effect.

5.3 Maintenance of Properties. Maintain, preserve and protect, or cause to be maintained, preserved and protected, all of their respective depreciable properties in good order and condition, subject to wear and tear in the ordinary course of business, or damage or destruction from casualties which are fully covered by insurance (subject to customary deductibles and retentions), and not permit any waste of their respective properties, except that the failure to maintain, preserve and protect a particular item of depreciable Property that is not of significant value, either intrinsically or to the operations of the Borrowers and their Subsidiaries, taken as a whole, shall not constitute a violation of this covenant.

5.4 Maintenance of Insurance. Maintain, or cause to be maintained, liability, casualty and other insurance (subject to customary deductibles and retentions) in such amounts and against such risks as are customary for similarly situated businesses, including public liability insurance, business interruption insurance and all-risk casualty insurance with respect to all of the

Borrowers' tangible personal property. Such insurance shall be maintained, in amounts and with responsible insurance companies reasonably acceptable to the Requisite Lenders. The Administrative Agent shall be named as additional insured and loss payee as its interests may appear, with respect to casualty insurance on all Collateral, and the Borrowers shall deliver to the Administrative Agent, not less frequently than once in each calendar year, (a) an Accord Certificate (or its equivalent) evidencing that insurance of the types required by this Section and the Collateral Documents is in force and (b) a Lenders Loss Payable Endorsement on Form 438-BFU (or its equivalent) evidencing that the Administrative Agent is an additional insured and loss payee with respect to all risk casualty insurance and other insurance requested by the Administrative Agent.

5.5 Compliance With Laws. Comply with, or cause to be complied with, all Requirements of Laws, noncompliance with which could constitute a Material Adverse Effect.

5.6 Inspection Rights. Upon reasonable notice, at any time during regular business hours and as often as requested (but not so as to materially interfere with the business of the Borrowers or any of their Subsidiaries), permit the Administrative Agent or any Lender, or any authorized employee, agent or representative thereof, (a) to examine, audit and make copies and abstracts from the records and books of account of, (b) to visit, and inspect the Properties of, the Borrowers and their Subsidiaries, (c) to discuss the affairs, finances and accounts of the Borrowers and their Subsidiaries with any of their officers, key employees or accountants or with any relevant taxing authority, and (d) in the case of the Administrative Agent, to discuss the accounts of the Borrowers and their Subsidiaries with vendors upon the occurrence and during the continuance of an Event of Default, and, upon request, furnish promptly to the Administrative Agent true copies of all financial information made available to the senior management of the Borrowers or any of their Subsidiaries. The Administrative Agent may conduct audits of the Borrowers' books and records and of the Collateral in its discretion at the sole expense of the Borrowers and, while it is anticipated that these audits will be annual, the same may be conducted more frequently if reasonably requested by the Administrative Agent or the Requisite Lenders. The Administrative Agent may, at any time, either orally or in writing, request confirmation from any account debtor, of the current amount and status of the accounts receivable upon which such account debtor is obligated to any of the Borrowers, provided that the Administrative Agent shall use reasonable care to avoid undue interruption of the business of Borrowers and their Subsidiaries.

5.7 Keeping of Records and Books of Account. Keep adequate records and books of account reflecting all financial transactions in conformity with Generally Accepted Accounting Principles, consistently applied, and in material conformity with all applicable requirements of any Governmental Agency having regulatory jurisdiction over the Borrowers or any of their Subsidiaries.

5.8 Compliance With Agreements. Promptly and fully comply with all Contractual Obligations under all material agreements, indentures, leases and/or instruments to which any one or more of them is a party, whether such material agreements, indentures, leases or instruments are with a Creditor Party or another Person, except that the Borrowers and their

Subsidiaries need not comply with Contractual Obligations (other than the Loan Documents) under any such agreements, indentures, leases or instruments then being contested by any of them in good faith by appropriate proceedings diligently pursued provided that the failure to comply does not constitute a Material Adverse Effect.

5.9 Use of Proceeds. Use the proceeds of the Loans and the Letters of Credit for Permitted Acquisitions, for working capital and general corporate purposes of the Borrowers and their Subsidiaries and permitted Capital Expenditures.

5.10 Hazardous Materials Laws.

(a) Conduct their operations and keep and maintain their Property in compliance with all Environmental Laws.

(b) Notify the Administrative Agent in writing upon, but in no event later than 10 days after, becoming aware of (i) any and all enforcement, cleanup, removal or other governmental or regulatory actions instituted, completed or threatened against any Borrower or any Subsidiary of a Borrower or any of their respective Properties pursuant to any applicable Environmental Laws, (ii) all other Environmental Claims, and (iii) any environmental or similar condition on any real property adjoining or in the vicinity of the Property of such Borrowers or Subsidiary that could reasonably be anticipated to cause such Property or any part thereof to be subject to any restrictions on the ownership, occupancy, transferability or use of such Property under any Environmental Laws.

(c) Upon the written request of the Administrative Agent or the Requisite Lenders, submit to the Administrative Agent with sufficient copies for each Lender, at the Borrowers' sole cost and expense, at reasonable intervals, a report providing an update of the status of any environmental, health or safety compliance, hazard or liability issue identified in any notice or report required pursuant to Section 5.10(b), that could, individually or in the aggregate, result in liability in excess of $250,000.

5.11 Acquisition Covenants. Comply with each of the following covenants in connection with the use of Loans for Permitted Acquisitions:

(a) Not permit the consideration paid by the Company and its Subsidiaries in connection with Acquisitions and Investments made pursuant to Section 6.11(g) completed during the term of this Agreement to exceed (a) $50,000,000 in Cash and Property (other than capital stock of the Company), and (b) $75,000,000 in Cash and all Property (including capital stock of the Company);

(b) Not permit the consideration paid by the Company and its Subsidiaries in connection with any single Acquisition completed during the term of this Agreement to exceed (a) $20,000,000 in Cash and Property other than common stock of

the Company, and (b) $30,000,000 in Cash and all Property (including common stock of the Company);

(c) Not permit the total Cash of the Company and its Domestic Subsidiaries, plus the amount of available for Loans hereunder (giving effect to any restrictions imposed thereon by the Borrowing Base), to be less than $15,000,000 after giving effect to the Acquisition.

(d) Not permit the Leverage Ratio, determined as of the then most recently ended Fiscal Quarter preceding the Acquisition, and after giving pro forma effect to (i) the incurrence of Indebtedness in an amount equal to the cash purchase price payable in connection with the Acquisition, and (ii) the Target Adjusted EBITDA of the target, to exceed a ratio which is equal to the Leverage Ratio required for the Fiscal Quarter ending immediately following the date of the Acquisition minus 0.25:1.00.

(e) Not consummate any Acquisition for which the Target Adjusted EBITDA for the most recently ended four fiscal quarters is a negative amount or in which the aggregate consideration payable by the Company and its Subsidiaries is in excess of six times the Target Adjusted EBITDA, provided that Acquisitions for an aggregate consideration not in excess of $5,000,000 in any Fiscal Year may be conducted notwithstanding this clause (e); and

(f) In connection with each Acquisition in respect of which the aggregate consideration is in excess of $7,500,000, the Company shall deliver a certificate to the Administrative Agent, not later than ten Business Days prior to the consummation of the proposed Acquisition, as to the matters set forth in this Section, together with a copy of (i) the purchase agreement and related documents for such Acquisition, (ii) the most recent fiscal year-end financial statements and interim financial statements for the Target, and (iii) a certificate from a Senior Officer to the effect that no Default or Event of Default has occurred and remains continuing.

5.12 Further Assurances. Promptly upon request by the Administrative Agent or the Requisite Lenders, do, execute, acknowledge, deliver, record, re-record, file, re-file, register and re-register, any and all such further acts, deeds, conveyances, security agreements, mortgages, assignments, estoppel certificates, financing statements and continuations thereof, termination statements, notices of assignment, transfers, certificates, assurances and other instruments the Administrative Agent or such Lenders, as the case may be, may reasonably require from time to time in order (i) to carry out more effectively the purposes of this Agreement or any other Loan Document, (ii) to subject to the Liens created by any of the Collateral Documents any of the Properties of the Borrowers and their respective Subsidiaries, rights or interests covered by any of the Collateral Documents, (iii) to perfect and maintain the validity, effectiveness and priority of any of the Collateral Documents and the Liens intended to be created thereby, and (iv) to better assure, convey, grant, assign, transfer, preserve, protect and confirm to the Creditor Parties the rights

granted or now or hereafter intended to be granted to the Lenders under any Loan Document or under any other document executed in connection therewith.

5.13 Future Subsidiaries. Concurrently with the formation or acquisition of each new Subsidiary of the Company:

(a) deliver to the Administrative Agent an incumbency certificate for such Subsidiary, attaching its formation documents and a specimen signature for each officer thereof who will execute Loan Documents;

(b) cause each Domestic Subsidiary to execute and deliver a joinder to the Guaranty in the form attached thereto, a joinder to the Guarantor Security Agreement in the form attached thereto, and any other instruments, documents or agreements which the Administrative Agent may require to grant a Lien on the Property of such Subsidiary;

(c) pledge or cause the pledge to the Administrative Agent of 65% of the capital stock of each such Subsidiary which is a Foreign Subsidiary and 100% of the capital stock of each such Subsidiary which is a Domestic Subsidiary, in each case pursuant to the Pledge Agreement or such other documents as the Administrative Agent may request.

If the Requisite Lenders so request, each Domestic Subsidiary hereafter formed or acquired will also enter into a joinder hereto in form and substance acceptable to the Administrative Agent and shall thereby become a party to this Agreement and the other Loan Documents as an additional Borrower.

5.14 Deposit Accounts. Maintain, and cause each of its Domestic Subsidiaries to maintain, its deposit accounts with the Administrative Agent or one or more banks acceptable to the Administrative Agent that has entered into a Deposit Account Control Agreement, in form and substance satisfactory to the Administrative Agent, in favor of the Administrative Agent.

ARTICLE 6
NEGATIVE COVENANTS

So long as any Loan remains unpaid, any Letter of Credit remains outstanding, any other Obligation remains unpaid, or any portion of the Commitment remains in force, the Borrowers shall not, and shall not permit any of their Subsidiaries to, unless the Requisite Lenders otherwise consent in writing:

6.1 Prepayment of Indebtedness. (a) Prepay or repay any principal (including sinking fund payments) in respect of any Subordinated Obligations, or (b) pay any principal, interest or other amounts in respect of any Subordinated Obligations except in accordance with the definitive subordination agreement between the Administrative Agent and the holder of such Subordinated Obligations, or (c) prepay any principal (including sinking fund payments), interest or other amounts on any other Indebtedness of the Borrowers or any of their Subsidiaries prior to the date when due.

6.2 Disposition of Property. Make any Disposition of its Property, whether now owned or hereafter acquired, except a Disposition by a Borrower to a Wholly-Owned Subsidiary, or by a Subsidiary to a Borrower or a Wholly-Owned Subsidiary.

6.3 Mergers. Merge or consolidate with or into any Person, except (a) mergers and consolidations of two or more Borrowers into one another or of a Subsidiary of a Borrower into a Borrower or a Wholly-Owned Subsidiary or of Subsidiaries with each other and (b) a merger or consolidation of a Person into a Borrower or with or into a Wholly-Owned Subsidiary of a Borrower in connection with a Permitted Acquisition; provided that (i) a Borrower or a Wholly-Owned Subsidiary is the surviving entity, (ii) no Change in Control results therefrom, (iii) no Default or Event of Default then exists or would result therefrom and (iv) the Borrowers and each of the Guarantors execute such amendments to the Loan Documents as the Lender may reasonably determine are appropriate as a result of such merger.

6.4 Acquisitions. Make any Acquisition other than a Permitted Acquisition.

6.5 Distributions. Make any Distribution, whether from capital, income or otherwise, and whether in cash or other Property, except:

(a) Distributions by any Subsidiary of a Borrower to such Borrower or to any Wholly-Owned Subsidiary of such Borrower;

(b) Distributions consisting of the payment of management fees to the Borrowers and their Domestic Subsidiaries by the foreign Affiliates of the Borrowers;

(c) the repurchase of shares of the capital stock of the Company from stockholders and immaterial fractional shares in connection with any stock split, in each case for an aggregate consideration not to exceed $10,000,000 in any period of twelve months,

provided that no such repurchases may be made at any time when a Default or Event of Default exists or would result therefrom after giving pro forma effect to the making of the Distribution as of the last day of the most recent Fiscal Quarter for which the Borrowers are required to have delivered a Compliance Certificate; and

(d) Distributions consisting of the payment of dividends in cash on shares of preferred stock of the Company issued after the Closing Date, provided that (i) such Distributions shall not exceed a "coupon" rate on such shares of 10% per annum (i.e., the aggregate amount of such Distributions paid by the Company to the holders of such shares in any period of twelve months shall not exceed 10% of the aggregate share purchase consideration paid to the Company for such shares) and (ii) such Distributions may not be paid at any time when a Default or Event of Default exists or would result therefrom after giving pro forma effect to the making of the Distribution as of the last day of the most recent Fiscal Quarter for which the Borrowers are required to have delivered a Compliance Certificate.

6.6 ERISA.

(a) At any time, maintain, or be or become obligated to contribute on behalf of its employees to, any "employee pension benefit plan" that is subject to Title IV of ERISA other than those Pension Plans disclosed in Schedule 4.14, and Multiemployer Plans to which any of the Borrowers or any Subsidiary of a Borrower becomes obligated to contribute pursuant to the terms of a collective bargaining agreement.

(b) At any time, permit any Pension Plan, if to do so would constitute a Material Adverse Effect, to:

(i) engage in any non-exempt "prohibited transaction", as such term is defined in Section 4975 of the Code;

(ii) incur any material "accumulated funding deficiency", as that term is defined in Section 302 of ERISA; or

(iii) suffer a Termination Event to occur which may reasonably be expected to result in liability of a Borrower or any ERISA Affiliate thereof to the Pension Plan or to the PBGC or the imposition of a Lien on the Property of a Borrower or any ERISA Affiliate thereof pursuant to Section 4068 of ERISA.

(c) Fail, upon a Responsible Official of any Borrower becoming aware thereof, promptly to notify the Administrative Agent of the occurrence of any "reportable event" (as defined in Section 4043 of ERISA) or of any non-exempt "prohibited transaction" (as defined in Section 4975 of the Code) with respect to any Pension Plan described in Schedule 4.14 or any trust created thereunder.

(d) At any time, permit any Pension Plan described in Schedule 4.14 to fail to comply with ERISA or other applicable Laws in any respect that could result in a significant liability to any Borrower or any Subsidiary of a Borrower.

6.7 Change in Name; Nature of Business. Change the legal name of any of the Borrowers or of any Subsidiary of a Borrower or make any material change in the nature of the business of the Borrowers and their Subsidiaries, taken as a whole, as at present conducted.

6.8 Indebtedness and Contingent Obligations. Create, incur, assume or suffer to exist any Indebtedness or Contingent Obligation, except:

(a) Existing Indebtedness and Contingent Obligations disclosed on Schedule 6.8;

(b) Indebtedness and Contingent Obligations in favor of the Creditor Parties under the Loan Documents;

(c) Subordinated Obligations in an aggregate principal amount not to exceed $10,000,000 issued to sellers in consideration of Permitted Acquisitions;

(d) purchase money Indebtedness and obligations in connection with Capital Leases provided that (i) the aggregate amount of such Indebtedness incurred in any Fiscal Year does not exceed $4,000,000, and (ii) not more than $2,000,000 of such Indebtedness in the aggregate during the term of this Agreement may be incurred by Persons which are not Borrowers; and

(e) Indebtedness amongst Borrowers and their respective Subsidiaries incurred in the ordinary course of business.

6.9 Liens; Negative Pledges; Sales and Leasebacks. Create, incur, assume or suffer to exist any Lien or Right of Others of any nature upon or with respect to any of its Property, whether now owned or hereafter acquired; or suffer to exist any Negative Pledge with respect to any of its Property; or engage in any sale and leaseback transaction with respect to any of its Property; except:

(a) Permitted Encumbrances;

(b) Liens and Negative Pledges in favor of the Administrative Agent or the Lenders under the Loan Documents; and

(c) purchase money Liens securing Indebtedness permitted under Section 6.8(d).

6.10 Transactions with Affiliates. Except as disclosed on Schedule 6.10, enter into any transaction of any kind with any officer or Affiliate of a Borrower, or any Person that owns or holds 5% or more of the outstanding common stock of a Borrower, other than transactions on terms at least as favorable to the Borrowers or their respective Subsidiaries as would be the case in an arm's-length transaction between unrelated parties of equal bargaining power.

6.11 Investments. Make or suffer to exist any Investment, other than:

(a) Investments consisting of Cash Equivalents;

(b) Investments in a Person that is the subject of a Permitted Acquisition;

(c) Investments consisting of advances to officers, directors and employees of the Borrowers and their Subsidiaries for travel, entertainment, relocation, anticipated bonus and analogous ordinary business purposes;

(d) Investments consisting of the extension of credit to customers or suppliers of the Borrowers and their Subsidiaries in the ordinary course of business and any Investments received in satisfaction or partial satisfaction thereof;

(e) Investments in Borrowers or in Wholly-Owned Subsidiaries;

(f) Investments following the Closing Date in Permitted Joint Ventures (in addition to the Investments in Permitted Joint Ventures allowed under subsection (g) below) in an aggregate amount not to exceed either (i) $10,000,000 or (ii) the amount that would cause the combination of Investments in (A) Permitted Joint Ventures made pursuant to this subsection (f) and subsection (g) below, and (B) Permitted Acquisitions to exceed either (1) $50,000,000 in Cash and Property (other than capital stock of the Company) or (2) $75,000,000 in Cash and Property (including capital stock of the Company); and

(g) other Investments following the Closing Date in an aggregate amount not to exceed $5,000,000, provided that not more than $1,000,000 in the aggregate of such other Investments shall be made for a purpose other than a Permitted Joint Venture.

6.12 Leverage Ratio. Permit the Leverage Ratio to exceed 1.75:1.00 as of the last day of any Fiscal Quarter.

6.13 Quick Ratio. Permit the Consolidated Quick Ratio as of the last day of any calendar month to be less than 1.25:1.00, or permit the Borrowers Quick Ratio as of the last day of any calendar month to be less than 1.00:1.00.

6.14 Fixed Charge Coverage Ratio. Permit the Fixed Charge Coverage Ratio as of the last day of (a) any Fiscal Quarter ending on or before December 31, 2001, to be less than 1.30:1.00, and (b) any subsequent Fiscal Quarter, to be less than 1.40:1.00.

6.15 Net Worth. Permit Net Worth, as of the last day of any Fiscal Quarter, to be less than the sum of (a) $180,000,000 plus (b) 75% of the cumulative Net Income for each Fiscal Quarter which has then ended following the Closing Date (without reduction for any net loss experienced in any Fiscal Quarter), plus (c) the Net Cash Proceeds of any sale by the Company or any of its Subsidiaries of their respective equity Securities to any third party following the Closing Date.

6.16 Change of Location. Change the place of their respective chief executive offices or principal places of business unless the Administrative Agent has been notified in writing at least 30 days prior to such change.

6.17 Use of Hazardous Materials. Except as specifically disclosed in Schedule 4.20, use, generate, manufacture, treat, store, allow to remain or dispose of on, under, or about their real property or transport to or from such real property any Hazardous Materials without prior written consent from the Administrative Agent.

6.18 Clean Down. Fail to cause a Clean Down Period to occur in each Fiscal Year.

6.19 The Lockbox Accounts. Fail to direct each account debtor with respect to trade accounts receivable of Borrowers and the Guarantors to remit payments with respect thereto directly to the appropriate Lockbox Accounts, or fail to remit immediately in kind to the Administrative Agent, and in the same form as received (but with any endorsements required to transfer the same to the Administrative Agent), each remittance with respect to trade accounts receivable which is received by Borrowers or any of the Guarantors.

ARTICLE 7
INFORMATION AND REPORTING REQUIREMENTS

7.1 Financial and Business Information. So long as any Loan remains unpaid, any Letter of Credit remains outstanding, any other Obligation remains unpaid, or any portion of the Commitment remain in force, the Borrowers shall, unless the Requisite Lenders otherwise consent in writing, deliver to the Administrative Agent, at their sole expense:

(a) Not later than the 20th day of each calendar month, a completed Borrowing Base Certificate setting forth the Borrowing Base as of the last Business Day of the immediately preceding calendar month, together with an accounts receivable aging report and inventory listing in form and substance acceptable to the Administrative Agent together with any supporting materials requested by the Administrative Agent;

(b) As soon as practicable, and in any event within 20 days after the end of each calendar month, (i) the consolidated and consolidating balance sheet of the Company and its Subsidiaries at the end of such calendar month, (ii) consolidated and consolidating statements of income and statement of cash flows of the Company and its Subsidiaries for that calendar month and for the portion of the Fiscal Year then ended, (iii) a comparison of the income statements for such calendar month with the applicable Projections, and with the corresponding financial statements as of the end of the same fiscal period during the immediately preceding Fiscal Year, all in reasonable detail. Such financial statements shall be certified by a Senior Officer of the Company as fairly presenting the financial condition, results of operations and changes in financial position of the Company and its Subsidiaries, and shall be prepared and presented in accordance with Generally Accepted Accounting Principles (other than any requirement for footnote disclosures), consistently applied, as at such date and for such periods, subject only to normal year-end accruals and audit adjustments;

(c) As soon as practicable, and in any event within 120 days after the end of each Fiscal Year, (i) the audited combined balance sheet and statement of income and cash flows of the Company and its Subsidiaries prepared and presented in accordance with Generally Accepted Accounting Principles, consistently applied, and accompanied by (A) a report and opinion of Pannell, Kerr & Forster or another firm of independent public accountants of recognized national standing selected by the Borrowers and reasonably satisfactory to the Requisite Lenders, which report and opinion shall be prepared in accordance with generally accepted auditing standards as at such date, and shall not be subject to any qualifications or exceptions as to the scope of the audit nor to any other qualification or exception which the Requisite Lenders determine is unacceptable and (B) a management letter from Borrowers' auditors to the extent issued, and (ii) the unaudited company-prepared consolidating/combining balance sheets and statements of income and cash flows for the Company and its Subsidiaries;

(d) As soon as practicable, and in any event no later than 30 days prior to the commencement of each Fiscal Year, a business plan and projections by calendar month for that Fiscal Year and by Fiscal Year for each of the following Fiscal Years through the Maturity Date, all in form and detail reasonably satisfactory to the Administrative Agent;

(e) Promptly and in any event within five Business Days following receipt thereof, copies of any detailed audit reports or recommendations submitted to the Borrowers or their Subsidiaries by independent accountants in connection with the accounts or books of the Borrowers or any of their Subsidiaries, or any audit of any of them;

(f) Promptly after the same are available, copies of each annual report, proxy or financial statement or other report or communication sent to the shareholders of the Borrowers, and copies of all annual, regular, periodic and special reports and registration statements which the Borrowers may file or be required to file under Sections 13 or 15(d) of the Securities Exchange Act of 1934;

(g) Promptly after request by the Requisite Lenders submitted through the Administrative Agent, copies of any other specific report or other document that was filed by either any of the Borrowers or any Subsidiary of a Borrower with any Governmental Agency;

(h) Promptly upon a Responsible Official of any of the Borrowers becoming aware, and in any event within ten Business Days after becoming aware, of the occurrence of any (i) "reportable event" (as such term is defined in Section 4043 of ERISA) or (ii) "prohibited transaction" (as such term is defined in Section 406 of ERISA or Section 4975 of the Code) in connection with any Pension Plan or any trust created thereunder, written notice specifying the nature thereof and specifying what action the Borrowers or any of their Subsidiaries is taking or proposes to take with respect thereto, and, when known, any action taken by the Internal Revenue Service with respect thereto;

(i) As soon as practicable, and in any event within two Business Days after a Responsible Official of any of the Borrowers becomes aware of the existence of any condition or event which constitutes a Default, written notice specifying the nature and period of existence thereof and specifying what action Borrowers are taking or propose to take with respect thereto;

(j) Promptly upon a Responsible Official of any of the Borrowers becoming aware that (i) any Person commenced a legal proceeding with respect to a claim against the Company or any of its Subsidiaries that is stated to be $1,000,000 or more in excess of the amount thereof that is believed by such Responsible Official to be fully covered by insurance (subject to customary deductibles and retentions), (ii) any creditor or lessor under a written credit agreement or material lease has asserted a default thereunder

on the part of the Company or any of its Subsidiaries, and, in the case of a lease, such default has not been cured or rescinded within any applicable cure period under the lease or applicable Laws, (iii) any Person commenced a legal proceeding with respect to a claim against the Company or any of its Subsidiaries under a contract that is not a credit agreement or material lease stated to be in excess of $1,000,000, or (iv) any other event or circumstance occurs or exists that would constitute a Material Adverse Effect, in each case a written notice describing the pertinent facts relating thereto and what action the Borrowers are taking or propose to take with respect thereto;

(k) Promptly following the issuance thereof, provide notice to the Administrative Agent of each new trademark issued to any Borrower or any Subsidiary of a Borrower;

(l) Promptly following request by the Requisite Lenders submitted through the Administrative Agent, accounts receivable agings and inventory listings for the Company and each of its Subsidiaries; and

(m) Such other data and information as from time to time may be reasonably requested by the Administrative Agent or any Lender.

7.2 Compliance Certificates. So long as any Loan remains unpaid, any Letter of Credit remains outstanding, any other Obligation remains unpaid, or any portion of the Commitment remains outstanding, the Borrowers shall, unless the Requisite Lenders otherwise consent, deliver to the Administrative Agent as soon as practicable and in any event within 30 days after the end of each calendar month, a Compliance Certificate signed by a Senior Officer of each of the Borrowers.

ARTICLE 8
CONDITIONS

8.1 Conditions to the Initial Loans and Letters of Credit. The obligation of each Lender to make the initial Advance to be made by it, and the obligation of any Issuing Lender to issue the initial Letters of Credit, is subject to the following conditions precedent, each of which shall be satisfied prior to the making of the initial Advances (unless all of the Lenders, in their sole and absolute discretion, shall agree otherwise):

(a) The Administrative Agent shall have received all of the following, each of which shall be originals unless otherwise specified or, where applicable, the context otherwise requires, each properly executed by a Responsible Official of each party thereto, each dated as of the Closing Date and each in form and substance reasonably satisfactory to the Administrative Agent and its legal counsel (unless otherwise specified or, in the case of the date of any of the following, unless the Administrative Agent otherwise agrees or directs):

(1) executed counterparts of this Agreement;

(2) the Borrower Security Agreement executed by each of the Borrowers, together with sufficient copies of financing statements and fixture financing statements on Form UCC-1 for filing in every United States jurisdiction in which the Borrowers own Property or in which a Borrower has been organized;

(3) the Guarantor Security Agreement executed by each of the Guarantors, together with sufficient copies of financing statements and fixture financing statements on Form UCC-1 for filing in every United States jurisdiction in which the Guarantors own Property or in which a Guarantor has been organized;

(4) the Trademark Security Agreement, executed by all Parties thereto;

(5) the Pledge Agreement, together with the certificates evidencing (a) 100% of the capital stock of each Domestic Subsidiary and (b) 65% of the capital stock of each Foreign Subsidiary;

(6) the Lockbox Account Agreement executed by Borrowers and each Guarantor;

(7) with respect to the Borrowers, the Guarantors and each of their respective Subsidiaries, such documentation as the Administrative Agent may reasonably require to establish the due organization, valid existence and good standing of each of the Borrowers, the Guarantors, and each such Subsidiary, its

qualification to engage in business in each jurisdiction in which it is engaged in business or required to be so qualified, its authority to execute, deliver and perform any Loan Documents to which it is a Party, and the identity, authority and capacity of each Responsible Official thereof authorized to act on its behalf, including, without limitation, certified copies of articles of incorporation and amendments thereto, bylaws and amendments thereto, certificates of good standing and/or qualification to engage in business, tax clearance certificates, certificates of corporate resolutions, incumbency certificates, Certificates of Responsible Officials, and the like;

(8) evidence satisfactory to the Administrative Agent that the Liens and security interest of the Administrative Agent in the Collateral have been perfected and are of first priority and that there are no other Liens on the Collateral except for Permitted Encumbrances and Liens referred to on Schedule 6.9;

(9) evidence of the insurance policies required by Section 5.4, together with such endorsements as are necessary (Form BFU-438 or an equivalent acceptable to the Administrative Agent) to show the Administrative Agent as loss payee thereunder to the extent required by Section 5.4;

(10) a Certificate of a Responsible Official signed by a Senior Officer of each of the Borrowers certifying that the conditions specified in Sections 8.1(e) and 8.1(f), have been satisfied;

(11) a completed Borrowing Base Certificate setting forth the Borrowing Base as of the end of the month most recently ending prior to the Closing Date;

(12) Request for Loan and, if applicable, a Request for Letter of Credit; and

(13) such other assurances, certificates, documents, consents or opinions, consistent with the foregoing, as the Administrative Agent or any Lender reasonably may require;

(b) Any amounts payable pursuant to clause (a) of Section 11.3 shall be paid concurrently;

(c) The Lenders shall have reviewed and found satisfactory each of the following:

(1) the Projections;

(2) the terms and conditions of any Material Contracts to which the Borrowers are parties;

(3) the audited consolidated and company prepared consolidating financial statements of the Company and its Subsidiaries for the Fiscal Year ended December 31, 2000, together with any management letter from the Company's auditors;

(4) the internally-prepared financial statements of the Company and its Subsidiaries for the six month fiscal period ended June 30, 2001;

(d) The Borrowers shall have completed an Environmental Questionnaire and Disclosure Statement on the Administrative Agent's prescribed form regarding all real property owned or operated by the Borrowers or any of their Subsidiaries, and a Phase I environmental site assessment with respect to such real property, and the information set forth therein shall be satisfactory to Bank of America which shall have reviewed and found satisfactory all information concerning environmental matters on such properties as is available from the United States Environmental Protection Agency and similar Governmental Authorities and deemed appropriate for review by the Administrative Agent; and the Administrative Agent shall have approved the plan of remediation proposed by the Borrowers with respect to any conditions on such real property disclosed by the Environmental Questionnaire and Disclosure Statement or such Phase I environmental site assessments;

(e) The representations and warranties of the Borrowers contained in Article 4 shall be true and correct; and

(f) The Borrowers shall be in compliance with all the terms and provisions of the Loan Documents, no Default or Event of Default shall have occurred and be continuing, and no event shall have occurred since December 31, 2000 which constitutes a Material Adverse Effect.

In the event that the Lenders determine to waive compliance with any of the conditions precedent set forth in this Section on the Closing Date, the Borrowers agree to fulfill such conditions promptly, and, unless the Requisite Lenders otherwise agree, not later than ten Business Days following the Closing Date.

8.2 Any Increasing Loan. The obligation of each Lender to make any Advance which would increase the outstanding principal amount of the Loans, and the obligation of any Issuing Lender to issue any Letter of Credit, is subject to the following conditions precedent, each of which shall be satisfied prior to the making of such an Advance or the issuance of a Letter of Credit:

(a) except as disclosed by the Borrowers and approved in writing by the Requisite Lenders, the representations and warranties contained in Article 4 (other than Sections 4.7 and 4.11) shall be true and correct on and as of the date of the Loan or Letter of Credit as though made on that date;

(b) other than matters described in Schedule 4.11, or matters not required as of the Closing Date to be therein described, or matters disclosed by the Borrowers and approved in writing by the Requisite Lenders, there shall not be then pending or threatened in writing any action, suit, proceeding or investigation against or affecting the Borrowers or any of their Subsidiaries or any Property of any of them before any Governmental Agency that constitutes a Material Adverse Effect;

(c) the Administrative Agent shall have received a timely Request for Loan in compliance with Article 2, or the relevant Issuing Lender and the Administrative Agent shall have timely received a Request for Letter of Credit in compliance with Article 2, as applicable; and

(d) the Administrative Agent shall have received, in form and substance reasonably satisfactory to the Administrative Agent, such other assurances, certificates, documents or consents related to and consistent with the foregoing as the Administrative Agent or the Requisite Lenders reasonably may require.

ARTICLE 9
EVENTS OF DEFAULT AND REMEDIES

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

(a) The Borrowers fail to pay any principal or interest in respect of the Loans or Letters of Credit hereunder when due;

(b) The Borrowers fail to pay any commitment fee, letter of credit fee, expenses or other amount in respect of the Loans or Letters of Credit hereunder, or any portion thereof, within five days of the date when due;

(c) Any failure to comply with any covenant in Section 5.6, 5.11, Article 6 or Article 7 hereof when required;

(d) Any Borrower or any other Party fails to perform or observe any other covenant or agreement set forth in the Loan Documents on its part to be performed or observed and fails to cure such Default within thirty days following the first occurrence thereof;

(e) Any Borrower or any other Party fails to perform or observe any other covenant or agreement contained in any Loan Document other than this Agreement, giving effect to any grace period and/or notice requirements set forth therein;

(f) Any representation or warranty made in any Loan Document proves to have been incorrect when made or reaffirmed;

(g) The Company or any of its Subsidiaries (i) fails to pay the principal, or any principal installment, of any present or future indebtedness for borrowed money or Capital Lease of $500,000 or more in the aggregate, or any guaranty of present or future Indebtedness for borrowed money or Capital Lease of $500,000 or more in the aggregate, on its part to be paid, when due (or within any stated grace period), whether at the stated maturity, upon acceleration, by reason of required prepayment or otherwise or (ii) fails to perform or observe any other term, covenant or agreement on its part to be performed or observed, or suffers any event to occur, in connection with any present or future indebtedness for borrowed money or Capital Lease of $500,000 or more in the aggregate, or of any guaranty of present or future indebtedness for borrowed money or Capital Lease of $500,000 or more in the aggregate, if as a result of such failure or sufferance any holder or holders thereof (or an agent or trustee on its or their behalf) has the right to declare such Indebtedness due before the date on which it otherwise would become due;

(h) Any event occurs which gives the holder or holders of any Subordinated Obligation (or an agent or trustee on its or their behalf) the right to declare such Indebtedness due before the date on which it otherwise would become due, or the right to require the issuer thereof to redeem or purchase, or offer to redeem or purchase, all or any portion of any Subordinated Obligation;

(i) This Agreement or any other Loan Document at any time after its execution and delivery and for any reason, other than the agreement of the Lenders or satisfaction in full of all the Obligations, ceases to be in full force and effect or is declared by a court of competent jurisdiction to be null and void, invalid or unenforceable in any respect which, in any such event in the reasonable opinion of the Requisite Lenders, is materially adverse to the interests of the Lenders; or any Party thereto denies that it has any or further liability or obligation under any Loan Document, or purports to revoke, terminate or rescind same (other than in accordance with the terms and conditions of the Loan Documents);

(j) Any judgments or arbitration awards are entered against the Company or any of its Subsidiaries, or the Company or any of its Subsidiaries enters into any settlement agreements with respect to any litigation or arbitration, in an aggregate amount of $1,000,000 or more in excess of any insurance coverage;

(k) The Company or any of its Subsidiaries institutes or consents to any proceeding under a Debtor Relief Law relating to it or to all or any part of its Property, or is unable or admits in writing its inability to pay its debts as they mature, or makes a general assignment for the benefit of creditors; or applies for or consents to the appointment of any receiver, trustee, custodian, conservator, liquidator, rehabilitator or similar officer for it or for all or any part of its Property; or any receiver, trustee, custodian, conservator, liquidator, rehabilitator or similar officer is appointed without the application or consent of that Person and the appointment continues undischarged or unstayed for sixty calendar days; or any proceeding under a Debtor Relief Law relating to any such Person or to all or any part of its Property is instituted without the consent of that Person and continues undismissed or unstayed for sixty calendar days; or any judgment, writ, warrant of attachment or execution or similar process is issued or levied against all or any material part of the Property of any such Person and is not released, vacated or fully bonded within sixty calendar days after its issue or levy;

(l) Any Lien on any Collateral created by any Loan Document, at any time after the execution and delivery of that Loan Document and for any reason, ceases to be perfected or of less than first priority (subject to any Lien permitted by this Agreement);

(m) The occurrence of a Termination Event with respect to any Pension Plan if the aggregate liability of the Borrowers and their ERISA Affiliates under ERISA as a result thereof exceeds $250,000; or the complete or partial withdrawal by the Borrowers or any of their Subsidiaries or any of their ERISA Affiliates from any

Multiemployer Plan if the aggregate liability of the Borrowers and their ERISA Affiliates as a result thereof exceeds $250,000;

(n) The occurrence of an "event of default" (as such term is or may hereafter be specifically defined in any other Loan Document) under any other Loan Document;

(o) Any judgment, order or ruling, whether or not final, is made by a court of competent jurisdiction that payment of principal or interest or both shall be made to the holder of any Subordinated Obligation which would not be permitted by Section 6.1 or that any Subordinated Obligation is not subordinated in accordance with its terms to the Obligations;

(p) The results of any audit of the Collateral by or on behalf of the Administrative Agent or the Lenders shall bring into question, in the opinion of the Requisite Lenders, (a) the reliability of the accounting practices or financial information provided, employed or generated by any Borrower in connection with the Collateral, or (b) the value of the Collateral in any respect that is material, individually or in the aggregate and, in either such case, the Borrowers shall not have cured such Default to the reasonable satisfaction of the Requisite Lenders within twenty days after notice from the Administrative Agent;

(q) The Administrative Agent determines reasonably and in good faith that a circumstance or event has occurred that constitutes a Material Adverse Effect; or

(r) The occurrence of a Change in Control.

9.2 Remedies Upon Event of Default. Without limiting any other rights or remedies of the Creditor Parties provided for elsewhere in this Agreement or the Loan Documents, or by applicable Law, or in equity, or otherwise:

(a) Upon the occurrence of any Event of Default other than an Event of Default described in Section 9.1(k):

(1) the Commitment to make Advances and to issue Letters of Credit and all other obligations of the Creditor Parties and all rights of the Borrowers and any other Parties under the Loan Documents shall terminate without notice to or demand upon the Borrowers, which are expressly waived by the Borrowers, except that the Requisite Lenders (or, to the extent required by Section 11.2, all of the Lenders) may waive the Event of Default or, without waiving, determine, upon terms and conditions satisfactory to the Requisite Lenders (or, to the extent required by Section 11.2, all of the Lenders), to make further Advances, which waiver or determination shall apply equally to, and shall be binding upon, all the Lenders;

(2) any Issuing Lender may, or following a request from the Requisite Lenders (or, to the extent required by Section 11.2, all of the Lenders) shall, demand immediate payment by each Borrower of an amount equal to the aggregate effective face amount of all outstanding Letters of Credit issued to that Borrower as provided in Section 2.5 to be held as cash collateral for the reimbursement obligations of that Borrower under such Letter of Credit; and

(3) the Requisite Lenders (or, to the extent required by Section 11.2, all of the Lenders) may request the Administrative Agent to, and the Administrative Agent thereupon shall, declare all or any part of the unpaid principal of all Loans, all interest accrued and unpaid thereon and all other amounts payable under the Loan Documents to be forthwith due and payable, whereupon the same shall become and be forthwith due and payable, without protest, presentment, notice of dishonor, demand or further notice of any kind, all of which are expressly waived by the Borrowers.

(b) Upon the occurrence of any Event of Default described in Section 9.1(k):

(1) the Commitment to make Advances and to issue Letters of Credit and all other obligations of Creditor Parties and all rights of the Borrowers and any other Parties under the Loan Documents shall terminate without notice to or demand upon the Borrowers, which are expressly waived by the Borrowers, except that all the Lenders may waive the Event of Default or, without waiving, determine, upon terms and conditions satisfactory to all the Lenders, to make further Advances, which determination shall apply equally to, and shall be binding upon, all the Lenders; and

(2) an amount equal to the aggregate effective face amount of all outstanding Letters of Credit issued to each Borrower shall be forthwith due and payable by that Borrower to the relevant Issuing Lender to be held by such Issuing Lender as cash collateral for the reimbursement obligations of that Borrower to such Issuing Lender with respect to Letters of Credit issued by such Issuing Lender, without protest, presentment, notice of dishonor, demand or further notice of any kind, all of which are waived by the Borrowers; and

(3) the unpaid principal amount of all Loans, all interest accrued and unpaid thereon and all other amounts payable under the Loan Documents shall be forthwith due and payable, without protest, presentment, notice of dishonor, demand or further notice of any kind, all of which are expressly waived by the Borrowers.

(c) Upon the occurrence of any Event of Default, the Lenders and the Administrative Agent, or any of them, without notice to or demand upon the Borrowers, which are expressly waived by the Borrowers, may proceed (but only with the consent of the Requisite Lenders) to protect, exercise and enforce their rights and remedies under the Loan Documents against the Borrowers and such other rights and remedies as are provided by Law or equity.

(d) The order and manner in which the Lenders' rights and remedies are to be exercised shall be determined by the Requisite Lenders in their sole discretion, and all payments received by the Creditor Parties, or any of them, shall be applied first to the costs and expenses (including attorneys' fees and disbursements) of the Administrative Agent, acting in such capacity, second, to the principal amount of the Obligations and interest and credit fees thereon, and thereafter paid pro rata to the Lenders in the same proportions that the aggregate Obligations owed to each Lender under the Loan Documents bear to the aggregate Obligations owed under the Loan Documents to all the Lenders, without priority or preference among the Lenders for application to Obligations. Regardless of how each Lender may treat payments for the purpose of its own accounting, for the purpose of computing the Borrowers' Obligations hereunder, payments shall be applied first, to the costs and expenses of the Creditor Parties, as set forth above, second, to the payment of accrued and unpaid interest due under any Loan Documents to and including the date of such application (ratably, and without duplication, according to the accrued and unpaid interest due under each of the Loan Documents), and third, to the payment of all other amounts (including principal and credit fees) then owing to the Creditor Parties under the Loan Documents. No such application of payments will cure any Event of Default, or prevent acceleration, or continued acceleration, of amounts payable under the Loan Documents, or prevent the exercise, or continued exercise, of rights or remedies of the Lenders hereunder or thereunder or at law or in equity.

ARTICLE 10
THE ADMINISTRATIVE AGENT

10.1 Appointment and Authorization. Each Lender hereby irrevocably appoints, designates and authorizes the Administrative Agent to take such action on its behalf under the provisions of this Agreement and each other Loan Document and to exercise such powers and perform such duties as are expressly delegated to it by the terms of this Agreement or any other Loan Document, together with such powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary contained elsewhere in this Agreement or in any other Loan Document, the Administrative Agent shall not have any duties or responsibilities, except those expressly set forth herein, nor shall the Administrative Agent have or be deemed to have any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against the Administrative Agent. Without limiting the generality of the foregoing sentence, the use of the term "agent" herein and in the other Loan Documents with reference to the Administrative Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable Law. Instead, such term is used merely as a matter of market custom, and is intended to create or reflect only an administrative relationship between independent contracting parties.

The Issuing Bank shall act on behalf of the Lenders with respect to any Letters of Credit issued by it and the documents associated therewith until such time (and except for so long) as the Administrative Agent may agree at the request of the Requisite Lenders to act for the Issuing Bank with respect thereto: provided , however, the Issuing Bank shall have all of the benefits and immunities (i) provided to the Administrative Agent in this Article 10 with respect to any acts taken or omissions suffered by the Issuing Bank in connection with Letters of Credit issued by it or proposed by it and the application and agreements for letters of credit pertaining to the Letters of Credit as fully as if the term "Administrative Agent" as used in this Article 10 included the Issuing Bank with respect to such acts or omissions, and (ii) as additionally provided herein with respect to the Issuing Bank.

10.2 Delegation of Duties. The Administrative Agent may execute any of its duties under this Agreement or any other Loan Document by or through agents, employees or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Administrative Agent shall not be responsible for the negligence or misconduct of any agent or attorney-in-fact that they select with reasonable care.

10.3 Liability of the Administrative Agent. None of the Agent Related Persons shall (i) be liable for any action taken or omitted to be taken by any of them under or in connection with this Agreement or any other Loan Document (except for its own gross negligence or willful misconduct), or (ii) be responsible in any manner to any of the Creditor Parties for any recital, statement, representation or warranty made by the Borrowers or any Subsidiary or Affiliate of the Borrowers, or any officer thereof, contained in this Agreement or in any other Loan Document, or in

any certificate, report, statement or other document referred to or provided for in, or received by the Administrative Agent under or in connection with, this Agreement or any other Loan Document, or for the value of any Collateral or the validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Document, or for any failure of any Borrower or any other Party to any Loan Document to perform its obligations hereunder or thereunder. No Agent Related Person shall be under any obligation to the Creditor Parties to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Loan Document, or to inspect the Properties, books or records of the Borrowers or any of the Borrowers' Subsidiaries or Affiliates.

10.4 Reliance by Administrative Agent.

(a) The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter, telegram, facsimile, telex or telephone message, statement or other document or conversation believed by them to be genuine and correct and to have been signed, sent or made by the proper Person or Persons, and upon advice and statements of legal counsel (including counsel to the Borrowers), independent accountants and other experts selected by them. The Administrative Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Loan Document unless it shall first receive such advice or concurrence of the Requisite Lenders (and, in a case covered by Section 11.2, of all the Lenders) as it deems appropriate and, if it so requests, it shall first be indemnified to its satisfaction by the Lenders against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. The Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement or any other Loan Document in accordance with a request or consent of the Requisite Lenders (or, in a case covered by Section 11.2, of all the Lenders) and such request and any action taken or failure to act pursuant thereto shall be binding upon all of the Lenders. Where this Agreement expressly permits or prohibits an action unless the Requisite Lenders otherwise determine, the Administrative Agent shall, and in all other instances, the Administrative Agent may, but shall not be required to, initiate any solicitation for the consent or a vote of the Lenders.

(b) For purposes of determining compliance with the conditions specified in Section 8.1, each Lender that has executed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with each document or other matter either sent by the Administrative Agent to such Lender for consent, approval, acceptance or satisfaction, or required thereunder to be consented to or approved by or acceptable or satisfactory to the Lender.

10.5 Notice of Default. The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default, except with respect to defaults in the payment of principal, interest and fees required to be paid to the Administrative Agent

for the account of the Lenders, unless the Administrative Agent shall have received written notice from a Lender or a Borrower referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default." In the event that the Administrative Agent receives such a notice, the Administrative Agent shall give notice thereof to the Lenders. The Administrative Agent shall take such action with respect to such Default or Event of Default as shall be requested by the Requisite Lenders in accordance with Article 9; provided, however, that unless and until the Administrative Agent shall have received any such request, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable or in the best interest of the Lenders.

10.6 Credit Decision. Each other Creditor Party expressly acknowledges that none of the Agent Related Persons has made any representation or warranty to it and that no act by the Administrative Agent hereinafter taken, including any review of the affairs of the Borrowers and their Subsidiaries shall be deemed to constitute any representation or warranty by the Administrative Agent to any other Creditor Party. Each other Creditor Party represents to the Administrative Agent that it has, independently and without reliance upon the Administrative Agent and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, prospects, operations, Property, financial and other condition and creditworthiness of the Borrowers and their Subsidiaries, and all applicable bank regulatory Laws relating to the transactions contemplated thereby, and made its own decision to enter into this Agreement and extend credit to the Borrowers hereunder. Each other Creditor Party also represents that it will, independently and without reliance upon the Administrative Agent and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Loan Documents, and to make such investigations as it deems necessary to inform itself as to the business, prospects, operations, Property, financial and other condition and creditworthiness of the Borrowers. Except for notices, reports and other documents expressly herein required to be furnished to the other Creditor Parties by the Administrative Agent, the Administrative Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the business, prospects, operations, Property, financial and other condition or creditworthiness of the Borrowers or any of their Subsidiaries which may come into the possession of any of the Agent Related Persons.

10.7 Indemnification. Whether or not the transactions contemplated hereby shall be consummated, the Lenders shall indemnify upon demand the Agent Related Persons (to the extent not reimbursed by or on behalf of the Borrowers and without limiting the obligation of the Borrowers to do so), ratably from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses and disbursements of any kind whatsoever which may at any time (including at any time following the repayment of the Loans and the termination or resignation of the Administrative Agent) be imposed on, incurred by or asserted against any such Person in any way relating to or arising out of this Agreement or any document contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by any such Person under or in connection with any of the foregoing;

provided, however, that no Lender shall be liable for the payment to the Agent Related Persons of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting solely from such Person's gross negligence or willful misconduct. Without limitation of the foregoing, each Lender shall reimburse the Administrative Agent upon demand for its ratable share of any costs or out-of-pocket expenses (including attorneys fees and expenses and the allocated fees and expenses of any internal counsel to the Administrative Agent) incurred by the Administrative Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement, any other Loan Document, or any document contemplated by or referred to herein to the extent that the Administrative Agent is not reimbursed for such expenses by or on behalf of the Borrowers. Without limiting the generality of the foregoing, if the Internal Revenue Service or any other Governmental Agency asserts a claim that the Administrative Agent did not properly withhold tax from amounts paid to or for the account of any Lender (because the appropriate form was not delivered, was not properly executed, or because such Lender failed to notify the Administrative Agent of a change in circumstances which rendered the exemption from, or reduction of, withholding tax ineffective, or for any other reason) such Lender shall indemnify the Administrative Agent fully for all amounts paid, directly or indirectly, by the Administrative Agent as tax or otherwise, including penalties and interest, and including any taxes imposed by any jurisdiction on the amounts payable to the Administrative Agent under this Section, together with all costs and expenses (including attorneys fees and expenses and the allocated fees and expenses of any internal counsel to the Administrative Agent). The obligation of the Lenders in this Section shall survive the payment of all Obligations hereunder.

10.8 Bank of America in its Individual Capacity. Bank of America and its Affiliates may make loans to, issue letters of credit for the account of, accept deposits from, acquire equity interests in and generally engage in any kind of banking, trust, financial advisory or other business with the Borrowers and their Subsidiaries and Affiliates as though Bank of America were not the Administrative Agent hereunder and without notice to or consent of the Lenders. With respect to its Advances and its risk participation in Letters of Credit, Bank of America shall have the same rights and powers under this Agreement as any other Lender and may exercise the same as though it were not the Administrative Agent, and the terms "Lender" and "Lenders" shall include Bank of America in its individual capacity.

10.9 Successor Agents. The Administrative Agent may, and at the request of the Requisite Lenders shall, resign upon 30 days' notice to the Lenders. If the Administrative Agent so resigns, the Requisite Lenders shall appoint from among the Lenders a successor Administrative Agent for the Lenders. If no successor is appointed prior to the effective date of the resignation, the Administrative Agent may appoint, after consulting with the Lenders and the Borrowers, a successor Administrative Agent from among the Lenders. Upon the acceptance of its appointment as successor agent hereunder, such successor agent shall succeed to all the rights, powers and duties of the retiring agent and the term "Administrative Agent" shall mean such successor agent and the retiring agent's appointment, powers and duties as Administrative Agent shall be terminated. After

any retiring agent's resignation under this Section, the provisions of this Article 10 and Sections 11.3, 11.12 and 11.22 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement. If no successor agent has accepted appointment as Administrative Agent by the date which is 30 days following a retiring agent's notice of resignation, the retiring agent's resignation shall nevertheless thereupon become effective and the Lenders shall perform all of the duties of the retiring agent hereunder until such time, if any, as the Requisite Lenders appoint a successor agent as provided for above.

10.10 Action by the Administrative Agent; Collateral Matters

(a) The Administrative Agent is authorized on behalf of all the Lenders, without the necessity of any notice to or further consent from the Lenders, from time to time to take any action with respect to any Collateral or the Collateral Documents which may be necessary to perfect and maintain perfected the security interest in and Liens upon the Collateral granted pursuant to the Collateral Documents.

(b) The Lenders irrevocably authorize the Administrative Agent, at its option and in its discretion, to release any Lien granted to or held by the Administrative Agent upon any Collateral (i) upon termination of the Commitment and payment in full of all Loans and all other Obligations payable under this Agreement and under any other Loan Document; (ii) constituting Property sold or to be sold or disposed of as part of or in connection with any disposition permitted hereunder; (iii) constituting Property in which the Borrowers or any Subsidiary of the Borrowers owned no interest at the time the Lien was granted or at any time thereafter; (iv) constituting Property leased to the Borrowers or any Subsidiary of the Borrowers under a lease which has expired or been terminated in a transaction permitted under this Agreement or is about to expire and which has not been, and is not intended by the Borrowers or such Subsidiary to be, renewed or extended; (v) consisting of an instrument evidencing Indebtedness or other debt instrument, if the Indebtedness evidenced thereby has been paid in full; or (vi) if approved, authorized or ratified in writing by the Requisite Lenders or all the Lenders, as the case may be, as provided in Section 11.2. Upon request by the Administrative Agent at any time, the Lenders will confirm in writing the Administrative Agent's authority to release particular types or items of Collateral pursuant to this Section 10.10(b).

(c) Each Lender agrees with and in favor of each other (which agreement shall not be for the benefit of the Borrowers or any of their Subsidiaries) that the Borrowers' obligations to such Lender under this Agreement and the other Loan Documents is not and shall not be secured by any real property collateral now or hereafter acquired by such Lender unless all of the Lenders otherwise agree.

10.11 Proportionate Interest of the Lenders in Collateral. The Administrative Agent, on behalf of all the Lenders, shall hold in accordance with the Loan Documents all items of any collateral or interests therein received or held by the Administrative Agent. Subject to the

Administrative Agent's rights to reimbursement for its costs and expenses hereunder (including attorneys' fees and disbursements and other professional services and the allocated costs of attorneys employed by the Administrative Agent) and subject to the application of payments in accordance with Section 9.2(d), each Lender shall have an interest in any collateral or interests therein in the same proportions that the aggregate Obligations owed such Lender under the Loan Documents (other than the Approved Swap Agreement) bear to the aggregate Obligations owed under the Loan Documents to all the Lenders, without priority or preference among the Lenders. Any obligation owed to a Lender under the Approved Swap Agreement shall rank pari passu with the Obligations under the Loan Documents.

ARTICLE 11
MISCELLANEOUS

11.1 Cumulative Remedies; No Waiver. The rights, powers, privileges and remedies of the Creditor Parties provided herein or in any Loan Document are cumulative and not exclusive of any right, power, privilege or remedy provided by Law or equity. No failure or delay on the part of the Administrative Agent or any Lender in exercising any right, power, privilege or remedy may be, or may be deemed to be, a waiver thereof; nor may any single or partial exercise of any right, power, privilege or remedy preclude any other or further exercise of the same or any other right, power, privilege or remedy. The terms and conditions of Article 8 hereof are inserted for the sole benefit of the Administrative Agent the Lenders; the same may be waived in whole or in part, with or without terms or conditions, in respect of any Loan without prejudicing the Administrative Agent's or any Lender's rights to assert them in whole or in part in respect of any other Loan.

11.2 Amendments; Consents. No amendment, modification, supplement, extension, termination or waiver of any provision of this Agreement or any other Loan Document, no approval or consent hereunder or thereunder, and no consent to any departure by any Party therefrom, may in any event be effective unless in writing signed by the Requisite Lenders (and, in the case of amendments, modifications, supplements, extensions or terminations of or to any Loan Document to which the Borrowers are a Party, the approval in writing of the Borrowers) and then only in the specific instance and for the specific purpose given; and, without the approval in writing of all the Lenders, no amendment, modification, supplement, termination, waiver or consent may be effective:

(i) To (A) decrease the principal of, or the amount of principal, principal prepayments or the rate of interest payable on, any Loan, or (B) increase the amount of the Commitment attributable to any Lender, or (C) decrease the rate of any commitment fee or any letter of credit fee payable to any Lender, or any other fee or amount payable to any Lender under the Loan Documents or (D) waive an Event of Default consisting of the failure of the Borrowers to pay when due principal, interest, any commitment fee or any letter of credit fee;

(ii) To postpone any date fixed for any payment of principal of, prepayment of principal of, or any installment of interest on, any Loan or any installment of any commitment fee or letter of credit fee, or to extend the term of the Commitment, or to release the Liens created under any Collateral Document, except to the extent expressly contemplated thereby or to release any Guarantor except in accordance with the terms of the Guaranty;

(iii) To amend the provisions of the definition of "Requisite Lenders", Articles 8 or 9, or this Section 11.2;

(iv) To amend the Borrowing Base or any of its components, including without limitation, the advance rate percentages or the definitions of Eligible Accounts or Eligible Inventory, in any manner (a) that would result in an increase in the amount of the Borrowing Base, as calculated in accordance with the definition thereof, or (b) which increases the ability of the Borrowers to obtain Loans or Letters of Credit hereunder; or

(v) To amend any provision of this Agreement that expressly requires the consent or approval of all the Lenders.

Any amendment, modification, supplement, termination, waiver or consent pursuant to this Section 11.2 shall apply equally to, and shall be binding upon, all the Lenders and the Administrative Agent. Without implying that the Lenders are obligated to agree to any amendment, modification, supplement, extension, termination or waiver requested by the Borrowers, the Lenders may impose such additional conditions and such other fees and expenses (including pursuant to Section 11.3) as the Lenders may deem appropriate in connection with the Lenders' approval thereof.

11.3 Costs, Expenses and Taxes. The Borrowers shall pay the reasonable costs and expenses (including any sales, use, value-added, goods, services or other taxes) of (a) the Administrative Agent in connection with the negotiation, preparation, execution and delivery of the Loan Documents (including fees and out-of-pocket expenses of legal counsel to the Administrative Agent and the allocated costs of internal counsel to the Administrative Agent), (b) of each Creditor Party in connection with any amendment, modification, supplement, extension or waiver of the Loan Documents in connection with any refinancing, restructuring, reorganization (including a bankruptcy reorganization) and enforcement or attempted enforcement of the Loan Documents, and any matter related thereto, in each case including filing fees, recording fees, title insurance fees, appraisal fees, search fees and other out-of-pocket expenses and the reasonable fees (including any sales, use, value-added, goods, services or other taxes) and out-of-pocket expenses of any legal counsel (including the allocated cost of in-house counsel), independent public accountants and other outside experts retained by the Administrative Agent, and including any costs, expenses or fees incurred or suffered by each Creditor Party in connection with or during the course of any bankruptcy or insolvency proceedings of the Borrowers or any Subsidiary thereof, and (c) out-of-pocket costs and expenses of the Administrative Agent incurred in connection with not less than one audit of the Borrowers and their Subsidiaries during each year and with the administration of the Loan Documents. The Borrowers shall pay any and all documentary and other taxes (other than income or gross receipts taxes generally applicable to banks) and all costs, expenses, fees and charges payable or determined to be payable in connection with the filing or recording of any Loan Document or any other instrument or writing to be delivered hereunder or thereunder, or in connection with any transaction pursuant hereto or thereto, and shall reimburse, hold harmless and indemnify each Creditor Party from and against any and all loss, liability or legal or other expense with respect to or resulting from any delay in paying or failure to pay any such tax, cost, expense, fee or charge that the Creditor Parties may suffer or incur by reason of the failure of any Party to perform any of its Obligations. Any amount payable to the Creditor Parties under this Section shall

bear interest from the second Business Day following the date of demand for payment at the Default Rate.

11.4 Nature of Lenders' Obligations. The obligations of the Lenders hereunder are several and not joint or joint and several. Nothing contained in this Agreement or any other Loan Document and no action taken by the Creditor Parties or any of them pursuant hereto or thereto may, or may be deemed to, make the Creditor Parties a partnership, an association, a joint venture or other entity, either among themselves or with the Borrowers or any Affiliate of any of the Borrowers. Each Lender's obligation to make any Advance pursuant hereto is several and not joint or joint and several, and, in the case of the initial Advances hereunder, is conditioned upon the performance by all other Lenders of their obligations to make Advances. A default by any Lender will not increase the Pro Rata Share of any other Lender. Any Lender not in default may, if it desires, assume in such proportion as the nondefaulting Lenders agree the obligations of any Lender in default, but is not obligated to do so.

11.5 Survival of Representations and Warranties. All representations and warranties contained herein or in any other Loan Document, or in any certificate or other writing delivered by or on behalf of any one or more of the Parties to any Loan Document, will survive the making of the Loans hereunder (except to the extent the same relate solely to a specified earlier date), and have been or will be relied upon by the Administrative Agent and each Lender, notwithstanding any investigation made by the Administrative Agent or by any Lender or on their behalf.

11.6 Notices. Except as otherwise expressly provided in the Loan Documents: (a) All notices, requests, demands, directions and other communications provided for hereunder or under any other Loan Document must be in writing and must be mailed, telecopied, delivered by recognized overnight delivery service or hand delivered to the appropriate party at the address set forth on the signature pages of this Agreement or other applicable Loan Document or, as to any party to any Loan Document, at any other address as may be designated by it in a written notice sent to all other parties to such Loan Document in accordance with this Section; and (b) Any notice, request, demand, direction or other communication given by telecopier must be confirmed within two Business Days by letter mailed or delivered to the appropriate party at its address. Except as otherwise expressly provided in any Loan Document, if any notice, request, demand, direction or other communication required or permitted by any Loan Document is given by mail it will be effective on the earlier of receipt or the third Business Day after deposit in the United States mail with first class or airmail postage prepaid; if given by telecopier, when sent; or if given by recognized overnight delivery service or personal delivery, when delivered.

11.7 Execution of Loan Documents. This Agreement and any other Loan Document may be executed in any number of counterparts and any party hereto or thereto may execute any counterpart, each of which when executed and delivered will be deemed to be an original and all of which counterparts of this Agreement or any other Loan Document, as the case may be, when taken together will be deemed to be but one and the same instrument.

11.8 Binding Effect; Assignment.

(a) This Agreement and the other Loan Documents to which any Borrower is a Party will be binding upon and inure to the benefit of the Borrowers, the Creditor Parties, and their respective successors and assigns, except that the Borrowers may not assign their rights hereunder or thereunder or any interest herein or therein without the prior written consent of the Lenders. Each Lender represents that it is not acquiring its interest in the Loans with a view to the distribution thereof within the meaning of the Securities Act of 1933, as amended (subject to any requirement that disposition of such interest must be within the control of such Lender). Any Lender may at any time pledge its interest in the Loans to a Federal Reserve Bank, but no such pledge shall release that Lender from its obligations hereunder or grant to such Federal Reserve Bank the rights of a Lender hereunder absent foreclosure of such pledge.

(b) From time to time, each Lender may assign all or any portion of its Pro Rata Share to any Eligible Assignee; provided that (i) the assignee, if not then a Lender or an Affiliate of the assigning Lender, shall be approved by the Borrowers (which approval shall not be unreasonably withheld or delayed), (ii) such assignment shall be evidenced by an Assignment Agreement, a copy of which shall be furnished to the Administrative Agent as hereinbelow provided, (iii) such assignment shall be of the same Pro Rata Share of each Commitment, (iv) except in the case of an assignment to an Affiliate of the assigning Lender, to another Lender or of the entire remaining Pro Rata Share of the assigning Lender, the assignment shall not assign a Pro Rata Share equivalent to less than $5,000,000 and (v) the effective date of any such assignment shall be as specified in the Assignment Agreement, but not earlier than the date which is five Business Days after the date the Administrative Agent has received the Assignment Agreement. Upon the effective date of such Assignment Agreement, the assignee named therein shall be a Lender for all purposes of this Agreement, with the Pro Rata Share therein set forth and, to the extent of such Pro Rata Share, the assigning Lender shall be released from its obligations under this Agreement.

(c) By executing and delivering an Assignment Agreement, the assignee Lender thereunder acknowledges and agrees that: (i) other than the representation and warranty that it is the legal and beneficial owner of the Pro Rata Share being assigned thereby free and clear of any adverse claim, the assigning Lender has made no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement or the execution, legality, validity, enforceability, genuineness or sufficiency of this Agreement or any other Loan Document; (ii) the assigning Lender has made no representation or warranty and assumes no responsibility with respect to the financial condition of the Borrowers or the performance by the Borrowers of the Obligations; (iii) it has received a copy of this Agreement, together with copies of the most recent financial statements delivered pursuant to Section 7.1 and such other documents and information as it has deemed appropriate to

make its own credit analysis and decision to enter into such Assignment Agreement; (iv) it will, independently and without reliance upon the Administrative Agent or any Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement; (v) it appoints and authorizes the Administrative Agent to take such action and to exercise such powers under this Agreement as are delegated to the Administrative Agent by this Agreement; and (vi) it will perform in accordance with their terms all of the obligations which by the terms of this Agreement are required to be performed by it as a Lender.

(d) The Administrative Agent shall maintain at the Administrative Agent's Office a copy of each Assignment Agreement delivered to it. After receipt of a completed Assignment Agreement executed by any Lender and an assignee, and receipt of an assignment fee of $3,500 from such assignee, Administrative Agent shall, promptly following the effective date thereof notify Borrower and each Lender of the identity of the new Lender.

(e) Each Lender may from time to time grant participations to one or more banks or other financial institutions in a portion of its Pro Rata Share; provided, however, that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) the participating banks or other financial institutions shall not be a Lender hereunder for any purpose except, if the participation agreement so provides, for the purposes of Sections 3.5, 3.7, and 11.12 but only to the extent that the cost of such benefits to the Borrowers does not exceed the cost which the Borrowers would have incurred in respect of such Lender absent the participation, (iv) the Borrowers, the Administrative Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement, (v) the participation interest shall be expressed as a percentage of the assigning Lender's Pro Rata Share and shall not restrict an increase in the Commitment or in the assigning Lender's Pro Rata Share, so long as the amount of the participation interest is not affected thereby and (vii) the consent of the holder of such participation interest shall not be required for amendments or waivers of provisions of the Loan Documents other than those which (A) extend the Maturity Date or any other date upon which any payment of money is due to the Lenders or (B) reduce the rate of interest on the Loans, any fee or any other monetary amount payable to the Lenders.

11.9 Foreign Lenders and Participants. Each Lender, and each holder of a participation interest in the Loans that is incorporated under the Laws of a jurisdiction other than the United States of America or any state thereof shall deliver to the Borrowers (with a copy to the Administrative Agent), within twenty days after accepting an assignment or receiving a participation interest herein pursuant to Section 11.8, all appropriate United States Internal Revenue Service forms as the Administrative Agent may require, or such other evidence satisfactory to the Borrowers and the Administrative Agent, to establish that no withholding under the federal income tax Laws is

required with respect to such Person. Thereafter and from time to time, each such Person shall (a) promptly submit to the Borrowers (with a copy to the Administrative Agent), such additional duly completed and signed copies of one of such forms (or such successor forms as shall be adopted from time to time by the relevant United States taxing authorities) as may then be available under then current United States Laws and regulations to avoid, or such evidence as is satisfactory to the Borrowers and the Administrative Agent of any available exemption from, United States withholding taxes in respect of all payments to be made to such Person by the Borrowers pursuant to this Agreement and (b) take such steps as shall not be disadvantageous to it, in the judgment of such Lender, and as may be reasonably necessary (including the re-designation of its Eurodollar Lending Office, if any) to avoid any requirement of applicable Laws that the Borrowers make any deduction or withholding for taxes from amounts payable to such Person.

11.10 Right of Setoff. If an Event of Default has occurred and is continuing, the Administrative Agent or any Lender (but only with the consent of the Requisite Lenders) may exercise its rights under Article 9 of the Uniform Commercial Code and other applicable Laws and, to the extent permitted by applicable Laws, apply any funds in any deposit account maintained with it by any Borrower and/or any Property of that Borrower in its possession against the Obligations.

11.11 Sharing of Setoffs. Each Lender severally agrees that if it, through the exercise of any right of setoff, banker's lien or counterclaim against the Borrowers, or otherwise, receives payment of the Obligations held by it that is ratably more than any other Lender, through any means, receives in payment of the Obligations held by that Lender, then, subject to applicable Laws: (a) the Lender exercising the right of setoff, banker's lien or counterclaim or otherwise receiving such payment shall purchase, and shall be deemed to have simultaneously purchased, from the other Lender a participation in the Obligations held by the other Lender and shall pay to the other Lender a purchase price in an amount so that the share of the Obligations held by each Lender after the exercise of the right of setoff, banker's lien or counterclaim or receipt of payment shall be in the same proportion that existed prior to the exercise of the right of setoff, banker's lien or counterclaim or receipt of payment; and (b) such other adjustments and purchases of participations shall be made from time to time as shall be equitable to ensure that all of the Lenders share any payment obtained in respect of the Obligations ratably in accordance with each Lender's share of the Obligations immediately prior to, and without taking into account, the payment; provided that, if all or any portion of a disproportionate payment obtained as a result of the exercise of the right of setoff, banker's lien, counterclaim or otherwise is thereafter recovered from the purchasing Lender by the Borrowers or any Person claiming through or succeeding to the rights of any of the Borrowers, the purchase of a participation shall be rescinded and the purchase price thereof shall be restored to the extent of the recovery, but without interest. Each Lender that purchases a participation in the Obligations pursuant to this Section shall from and after the purchase have the right to give all notices, requests, demands, directions and other communications under this Agreement with respect to the portion of the Obligations purchased to the same extent as though the purchasing Lender were the original owner of the Obligations purchased. Each Borrower expressly consents to the foregoing arrangements and agrees that any Lender holding a participation in an Obligation so purchased may exercise any and all rights of setoff, banker's lien or counterclaim with

respect to the participation as fully as if that Lender were the original owner of the Obligation purchased.

11.12 Indemnity by the Borrowers. The Borrowers agree to indemnify, save and hold harmless each Creditor Party and their respective parent corporations, Subsidiaries, directors, officers, agents, attorneys and employees (collectively the "Indemnitees") from and against: (a) Any and all claims, demands, actions or causes of action that are asserted against any Indemnitee by any Person (other than any Indemnitee or any Party) if the claim, demand, action or cause of action directly or indirectly relates to a claim, demand, action or cause of action that such Person asserts or may assert against the Borrowers, any Affiliate of the Borrowers or any officer, director or shareholder of the Borrowers in relation to the transactions described herein, provided that the same relates to or arises from this Agreement, any other Loan Document, or any transaction contemplated hereunder or thereunder; (b) Any and all claims, demands, actions or causes of action that are asserted against any Indemnitee by any Person (other than any Indemnitee or any Party) if the claim, demand, action or cause of action arises out of or relates to the Commitment, the use or contemplated use of proceeds of any Loan or Letter of Credit, or the relationship of the Borrowers and the Creditor Parties under this Agreement; (c) Any administrative or investigative proceeding by any Governmental Agency arising out of or related to a claim, demand, action or cause of action described in clauses (a) or (b) above; and (d) Any and all liabilities, losses, costs or expenses (including reasonable attorneys' fees (including the allocated cost of in-house counsel) and disbursements and other reasonable professional services) that any Indemnitee suffers or incurs as a result of the assertion of any foregoing claim, demand, action or cause of action; provided that no Indemnitee shall be entitled to indemnification for any loss caused by its own gross negligence or willful misconduct. If any such claim, demand, action or cause of action is asserted against any Indemnitee, such Indemnitee shall promptly notify the Borrowers in writing, but the failure promptly to so notify the Borrowers shall not affect the Borrowers' obligations under this Section. Any obligation or liability of the Borrowers to any Indemnitee under this Section shall survive the expiration or termination of this Agreement and the repayment of all Loans and the payment and performance of all other Obligations.

11.13 Nonliability of the Creditor Parties. The Borrowers acknowledge and agree that:

(a) Any inspections or audits of any Property of the Borrowers made by or through the Creditor Parties are for purposes of administration of the Loan Documents only and the Borrowers are not entitled to rely upon the same, nor is any Creditor Party obligated to release to the Borrowers any information obtained as a result of such inspection or audit;

(b) By accepting or approving anything required to be observed, performed, fulfilled or given to any Creditor Party pursuant to the Loan Documents, the Creditor Parties shall not be deemed to have warranted or represented the sufficiency, legality, effectiveness or legal effect of the same, or of any term, provision or condition

thereof, and such acceptance or approval thereof shall not constitute a warranty or representation to anyone with respect thereto by any Creditor Party; and

(c) The relationship among the Borrowers and the Creditor Parties is, and shall at all times remain, solely that of borrowers, guarantors and lenders; no Creditor Party shall under any circumstance be construed to be a partner or joint venturer of the Borrowers or their Affiliates; no Creditor Party shall under any circumstance be deemed to be in a relationship of confidence or trust or a fiduciary relationship with the Borrowers or their Affiliates, or to owe any fiduciary duty to the Borrowers or their respective Affiliates under this Agreement; the Creditor Parties do not undertake or assume any responsibility or duty to the Borrowers or their respective Affiliates to select, review, inspect, supervise, pass judgment upon or inform the Borrowers or their respective Affiliates of any matter in connection with their Property or the operations of the Borrowers or their respective Affiliates; the Borrowers and their Affiliates shall rely entirely upon their own judgment with respect to such matters; and any review, inspection, supervision, exercise of judgment or supply of information undertaken or assumed by the Creditor Parties in connection with such matters is solely for the protection of the Creditor Parties and none of the Borrowers nor any other Person is entitled to rely thereon.

11.14 No Third Parties Benefited. This Agreement is made for the purpose of defining and setting forth certain obligations, rights and duties of the Borrowers and the Creditor Parties in connection with the Loans and Letters of Credit, and is made for the sole benefit of the Borrowers and the Creditor Parties and the successors and assigns of the Creditor Parties. Except as provided in Section 11.8, no other Person shall have any rights of any nature hereunder or by reason hereof.

11.15 Further Assurances. The Borrowers shall, and shall cause their Subsidiaries to, at their expense and without expense to the Creditor Parties, do, execute and deliver such further acts and documents as the Administrative Agent or the Requisite Lenders from time to time reasonably require for the assuring and confirming unto the Creditor Parties of the rights hereby created or intended now or hereafter so to be created, or for carrying out the intention or facilitating the performance of the terms of any Loan Document.

11.16 Confidentiality. Each Lender agrees to hold any confidential information that it may receive from the Borrowers pursuant to this Agreement in confidence, except for disclosure: (a) To other Lenders; (b) To legal counsel and accountants for the Borrowers, the Administrative Agent or any Lender; (c) To other professional advisors to the Borrowers, the Administrative Agent or any Lender; (d) To regulatory officials having jurisdiction over that Lender; (e) As required by Law or legal process or in connection with any legal proceeding to which that Lender is a party; and (g) To another financial institution in connection with a disposition or proposed disposition to that financial institution of all or part of that Lender's interests hereunder or a participation interest in its Loans, provided that the recipient has accepted such information subject to a confidentiality agreement substantially similar to this Section. For purposes of the foregoing, "confidential

information" shall mean any information respecting the Borrowers or their Subsidiaries reasonably considered by the Borrowers to be confidential, other than (i) information previously filed with any Governmental Agency and available to the public, (ii) information previously published in any public medium from a source other than, directly or indirectly, that Lender, and (iii) information previously disclosed by any Borrower to any Person not an Affiliate, agent or employee of the Borrower without a confidentiality agreement substantially similar to this Section. Nothing in this Section shall be construed to create or give rise to any fiduciary duty on the part of the Administrative Agent or the Lenders to any Borrower.

11.17 Integration. This Agreement, together with the other Loan Documents, comprises the complete and integrated agreement of the parties on the subject matter hereof and supersedes all prior agreements, written or oral, on the subject matter hereof. In the event of any conflict between the provisions of this Agreement and those of any other Loan Document, the provisions of this Agreement shall control and govern; provided that the inclusion of supplemental rights or remedies in favor of the Administrative Agent or the Lenders in any other Loan Document shall not be deemed a conflict with this Agreement. Each Loan Document was drafted with the joint participation of the respective parties thereto and shall be construed neither against nor in favor of any party, but rather in accordance with the fair meaning thereof.

11.18 Severability of Provisions. Any provision in any Loan Document that is held to be inoperative, unenforceable or invalid as to any party or in any jurisdiction shall, as to that party or jurisdiction, be inoperative, unenforceable or invalid without affecting the remaining provisions or the operation, enforceability or validity of that provision as to any other party or in any other jurisdiction, and to this end the provisions of all Loan Documents are declared to be severable.

11.19 Independent Covenants. Each covenant in Articles 5, 6 and 7 is independent of the other covenants in those Articles; the breach of any such covenant shall not be excused by the fact that the circumstances underlying such breach would be permitted by another such covenant.

11.20 Headings. Article and Section headings in this Agreement and the other Loan Documents are included for convenience of reference only and are not part of this Agreement or the other Loan Documents for any other purpose.

11.21 Arbitration Reference.

(a) Mandatory Arbitration. Any controversy or claim between or among the parties, including but not limited to those arising out of or relating to this Agreement or any agreements or instruments relating hereto or delivered in connection herewith and any claim based on or arising from an alleged tort, shall at the request of any party be determined by arbitration. The arbitration shall be conducted in accordance with the United States Arbitration Act (Title 9, U.S. Code), notwithstanding any choice of law provision in this Agreement, and under the Commercial Rules of the American Arbitration Association

("AAA"). The arbitrators shall give effect to statutes of limitation in determining any claim. Any controversy concerning whether an issue is arbitrable shall be determined by the arbitrators. Judgment upon the arbitration award may be entered in any court having jurisdiction. The institution and maintenance of an action for judicial relief or pursuit of a provisional or ancillary remedy shall not constitute a waiver of the right of any party, including the plaintiff, to submit the controversy or claim to arbitration if any other party contests such action for judicial relief.

(b) Real Property Collateral. Notwithstanding the provisions of subparagraph (a), no controversy or claim shall be submitted to arbitration without the consent of all parties if, at the time of the proposed submission, such controversy or claim arises from or relates to an obligation to any Creditor Party which is secured by real property Collateral. If all parties do not consent to submission of such a controversy or claim to arbitration, the controversy or claim shall be determined as provided in subparagraph (c).

(c) Judicial Reference. A controversy or claim which is not submitted to arbitration as provided and limited in subparagraphs (a) and (b) shall, at the request of any party, be determined by a reference in accordance with California Code of Civil Procedure Sections 638 et seq. If such an election is made, the parties shall designate to the court a referee or referees selected under the auspices of the AAA in the same manner as arbitrators are selected in AAA-sponsored proceedings. The presiding referee of the panel, or the referee if there is a single referee, shall be an active attorney or retired judge. Judgment upon the award rendered by such referee or referees shall be entered in the court in which such proceeding was commenced in accordance with California Code of Civil Procedure Sections 644 and 645.

(d) Provisional Remedies, Self-Help and Foreclosure. No provision of this section shall limit the right of any party to this Agreement to exercise self-help remedies such as setoff, to foreclose against or sell any real or personal property Collateral or security or to obtain provisional or ancillary remedies from a court of competent jurisdiction before, after, or during the pendency of any arbitration or other proceeding. The exercise of a remedy does not waive the right of any party to resort to arbitration or reference. At the Requisite Lenders' option, foreclosure under a deed of trust or mortgage may be accomplished either by exercise of power of sale under the deed of trust or mortgage or by judicial foreclosure.

11.22 Environmental Indemnity.

(a) Each Borrower hereby agrees to indemnify, defend and hold harmless each Creditor Party and each of their respective officers, directors, employees, counsel, agents and attorneys-in-fact (each, an "Indemnified Person"), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, charges, expenses or disbursements (including fees and out-of-pocket expenses of legal

counsel to the Administrative Agent and the allocated costs of internal counsel to the Administrative Agent and the allocated cost of internal environmental audit or review services), which may be incurred by or asserted against such Indemnified Person in connection with or arising, directly or indirectly out of any pending or threatened investigation, litigation or proceeding, or any action taken by any Person, with respect to any Environmental Claim arising out of or related to any Property subject to a Lien in favor of the Administrative Agent or any Lender. No action taken by legal counsel chosen by the Administrative Agent or any Lender in defending against any such investigation, litigation or proceeding or requested remedial, removal or response action shall vitiate or any way impair the Borrowers' obligation and duty hereunder to indemnify and hold harmless each Creditor Party.

(b) In no event shall any site visit, observation or testing by the Administrative Agent or any Lender (or any contractee of the Administrative Agent or any Lender) be deemed a representation or warranty that Hazardous Materials are or are not present in, on, or under, the site, or that there has been or shall be compliance with any Environmental Law. None of the Borrowers nor any other Person is entitled to rely on any site visit, observation or testing by the Administrative Agent or any Lender. Neither the Administrative Agent nor any Lender owes any duty of care to protect the Borrowers or any other Person against, or to inform the Borrowers or any other party of, any Hazardous Materials or any other adverse condition affecting any site or Property. Neither the Administrative Agent nor any Lender shall be obligated to disclose to the Borrowers or any other Person any report or findings made as a result of, or in connection with, any site visit, observation or testing by the Administrative Agent or any Lender.

(c) The obligations in this Section shall survive payment of all other Obligations. At the election of any Indemnified Person, the Borrowers shall defend such Indemnified Person using legal counsel reasonably satisfactory to the Borrowers and such Indemnified Person, at the sole cost and expense of the Borrowers. All amounts owing under this Section shall be paid within 30 days after demand.

(d) The Borrowers acknowledge that the Administrative Agent's and Lenders' appraisal of the Real Property is such that Administrative Agent and Lenders are not willing to accept the consequences under any applicable anti-deficiency rules of inclusion of the obligations under this Section among the obligations secured by the Real Property, and that the Administrative Agent and the Lenders would not enter into the Loan Agreement with the Borrowers but for the personal liability undertaken by the Borrowers for such obligations.

11.23 Jurisdiction. Except as otherwise expressly provided in any Loan Document, the parties hereto and thereto agree and intend that the proper and exclusive forum for any litigation of any disputes or controversies arising out of or related to the Loan Documents shall be the Superior Court of the State of California for the County of Los Angeles. Notwithstanding the

foregoing, the parties agree that, with respect to any Collateral given by any Borrower or any Affiliate thereof to any of the Creditor Parties located in states or jurisdictions other than California, or in counties of California other than Los Angeles County, the Administrative Agent shall be entitled on behalf of such Creditor Parties to commence actions in such states or jurisdictions, or in such counties of California, against the Borrowers or any Affiliate thereof or other Persons for the purpose of seeking provisional remedies, including actions for claim and delivery of Property, or for injunctive relief or appointment of a receiver, or actions to foreclose upon Liens granted to the Creditor Parties. Each party to any Loan Document, to the extent permitted by applicable Laws, hereby expressly waives any defence or objection to jurisdiction or venue based on the doctrine of forum non conveniens, and stipulates that the Superior Court of the State of California for the County of Los Angeles shall have in personam jurisdiction and venue over such party for the purpose of litigating any dispute or controversy arising out of or related to the Loan Documents. In the event the Borrowers or any Affiliate thereof should commence or maintain any action or proceeding arising out of or related to the Loan Documents in a forum other than the Superior Court of the State of California for the County of Los Angeles, the Creditor Parties shall be entitled to request the dismissal or stay of such action or proceeding, and the Borrowers and their Affiliates stipulate that such action or proceeding shall be dismissed or stayed.

11.24 Joint Borrower Provisions. The Borrowers acknowledge that the Loans and Letters of Credit are being extended to the Borrowers on a joint and several basis at their request and as an accommodation to the Borrowers (rather than in separate credit facilities made available to the individual Borrowers) and, in furtherance thereof, hereby consent and agree to the Joint Borrower provisions attached hereto as Exhibit G and incorporated herein by this reference.

11.25 GOVERNING LAW. EXCEPT TO THE EXTENT OTHERWISE EXPRESSLY PROVIDED THEREIN, EACH LOAN DOCUMENT SHALL BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF CALIFORNIA (WITH OUT REGARD TO THE APPLICATION OF THE LAWS OF ANY OTHER JURISDICTION WHICH MAY BE REQUIRED BY THE CHOICE OF LAW AND CONFLICT OF LAWS PROVISIONS THEREOF).

11.26 PURPORTED ORAL AMENDMENTS. THE PARTIES HERETO EXPRESSLY ACKNOWLEDGE THAT THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS MAY ONLY BE AMENDED OR MODIFIED, OR THE PROVISIONS HEREOF OR THEREOF WAIVED OR SUPPLEMENTED, BY AN INSTRUMENT IN WRITING THAT COMPLIES WITH SECTION 11.2. THE PARTIES HERETO AGREE THAT THEY WILL NOT RELY ON ANY COURSE OF DEALING, COURSE OF PERFORMANCE, OR ORAL OR WRITTEN STATEMENTS BY ANY REPRESENTATIVE OF THE ADMINISTRATIVE AGENT OR ANY LENDER THAT DOES NOT COMPLY WITH SECTION 11.2 TO EFFECT AN AMENDMENT, MODIFICATION, WAIVER OR SUPPLEMENT TO THE AGREEMENT OF THE OTHER LOAN DOCUMENTS.

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11.27 WAIVER OF JURY TRIAL. EACH PARTY TO THIS AGREEMENT HEREBY EXPRESSLY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION ARISING UNDER ANY LOAN DOCUMENT OR IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTY HERETO OR ANY OF THEM WITH RESPECT TO ANY LOAN DOCUMENT, OR THE TRANSACTIONS RELATED THERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE; AND EACH PARTY HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY, AND THAT ANY PARTY TO THIS AGREEMENT MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE SIGNATORIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

Borrowers:

JAKKS PACIFIC, INC.
FLYING COLORS TOYS, INC.
ROAD CHAMPS, INC. and
PENTECH INTERNATIONAL INC.

By: /s/ JOEL M. BENNETT

Joel M. Bennett

Title: Exec. V.P./C.F.O. of each of the foregoing

Address for notices for each of the foregoing:

22619 Pacific Coast Highway, #250
Malibu, CA 90265
Attn: Chief Financial Officer

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

By: /s/ RONALD R. PARSONS

Ronald R. Parsons, Vice President and Manager

Address:

Bank of America, N.A.
800 Fifth Avenue, 37th Floor
Mail Code: WA1-501-37-20
Seattle, WA 98104
206/358-7578
206/358-0971 FAX

Attn.: Ron Parsons, Vice President

BANK OF AMERICA, N.A., as Issuing Lender and as a Lender

By: /s/ DAVID J. STASSEL

David J. Stassel, Vice President

Address:

Bank of America, N.A. #1459
Mail Code CA 9-156-MZ-07
525 South Flower, Mezzanine Level
Los Angeles, CA 90071-2202
213/345-6931
213/345-6982 FAX

david.j.stassel@bankamerica.com

Commitment Amount $17,500,000

UNITED CALIFORNIA BANK, as a Lender

By: /s/ DIRK PRICE
Dirk Price

Title: Vice President

Address for Notices:

United California Bank
601 South Figueroa Street
Los Angeles, California 90017
Attn: Dirk Price, Vice President
Telephone: 213 896 7850
Telecopier: 213 896 7090

Commitment Amount: $15,000,000

BNP PARIBAS, as Issuing Lender and as a Lender

By: /s/ GERRY ARTEAGA

Gerry Arteaga

Title: Vice President

BNP Paribas

725 South Figueroa Street, Suite 2090
Los Angeles, California 90017
Attn: Gerry Arteaga, Vice President
Telephone: 213 486-9120
Telecopier: 213 891-0819

Commitment Amount: $12,500,000

WASHINGTON MUTUAL BANK, d/b/a
WM BUSINESS BANK

By: /s/ JAMES S. KNIGHT
James S. Knight

Title: Vice President

Address for Notices:

1000 Wilshire Boulevard, Suite 100
Los Angeles, California 90017
Attn: James S. Knight, Vice President
Telephone: 213 996-7725
Telecopier: 213 996-7780

Commitment Amount $5,000,000

EXHIBIT A

ASSIGNMENT AGREEMENT

THIS ASSIGNMENT AGREEMENT ("Agreement") dated as of _____, _____ is made with reference to that certain Loan Agreement dated as of October 12, 2001 (as it may from time to time be amended, restated, extended, renewed, modified or supplemented, the "Loan Agreement") by and among JAKKS PACIFIC, INC., a Delaware corporation, FLYING COLORS TOYS, INC., a Michigan corporation, ROAD CHAMPS, INC., a Delaware corporation, and PENTECH INTERNATIONAL INC., a Delaware corporation (collectively, "Borrowers"), the Lenders referred to therein and Bank of America, N.A., as Administrative Agent, and is entered into between the "Assignor" described below, in its capacity as a Lender under the Loan Agreement, and the "Assignee" described below.

Assignor and Assignee hereby represent, warrant and agree as follows:

1. Definitions. Capitalized terms defined in the Loan Agreement are used herein with the meanings set forth for such terms in the Loan Agreement. As used in this Agreement, the following capitalized terms shall have the meanings set forth below:

"Assignee" means _____.

"Assigned Pro Rata Share" means _____% of the Commitment of the Lenders under the Loan Agreement which equals $_____.

"Assignor" means _____.

"Effective Date" means _____, _____, the effective date of this Agreement determined in accordance with Section 11.8 of the Loan Agreement.

2. Representations and Warranties of the Assignor. The Assignor represents and warrants to the Assignee as follows:

a. As of the date hereof, the Pro Rata Share of the Assignor is ____% of the Commitment (without giving effect to assignments thereof which have not yet become effective). The Assignor is the legal and beneficial owner of the Assigned Pro Rata Share and the Assigned Pro Rata Share is free and clear of any adverse claim.

b. As of the date hereof, the outstanding principal balance of Loans made by the Assignor under the Assignor's Pro Rata Share of the Commitment is $_____, and Assignor's ratable participation in outstanding Letters of Credit is $_____.

c. The Assignor has full power and authority, and has taken all action necessary, to execute and deliver this Agreement and any and all other documents required or

permitted to be executed or delivered by it in connection with this Agreement and to fulfill its obligations under, and to consummate the transactions contemplated by, this Agreement, and no governmental authorizations or other authorizations are required in connection therewith; and

d. This Agreement constitutes the legal, valid and binding obligation of the Assignor.

The Assignor makes no representation or warranty and assumes no responsibility with respect to the financial condition of Borrowers, or any of them, or the performance by Borrowers, or any of them, of the Obligations, and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Loan Agreement or the execution, legality, validity, enforceability, genuineness, or sufficiency of the Loan Agreement or any other Loan Document other than as expressly set forth above.

3. Representations and Warranties of the Assignee. The Assignee hereby represents and warrants to the Assignor as follows:

a. The Assignee has full power and authority, and has taken all action necessary, to execute and deliver this Agreement, and any and all other documents required or permitted to be executed or delivered by it in connection with this Agreement and to fulfill its obligations under, and to consummate the transactions contemplated by, this Agreement, and no governmental authorizations or other authorizations are required in connection therewith;

b. This Agreement constitutes the legal, valid and binding obligation of the Assignee;

c. The Assignee has independently and without reliance upon the Administrative Agent or Assignor and based on such documents and information as the Assignee has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. The Assignee will, independently and without reliance upon the Administrative Agent or any Lender, and based upon such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Agreement;

d. The Assignee has received copies of such of the Loan Documents delivered pursuant to Section 8.1 of the Loan Agreement as it has requested, together with copies of the most recent financial statements delivered pursuant to Section 7.1 of the Loan Agreement;

e. The Assignee will perform in accordance with their respective terms all of the obligations which by the terms of the Loan Agreement are required to be performed by it as a Lender; and

f. The Assignee is an Eligible Assignee.

4. Assignment. On the terms set forth herein, the Assignor, as of the Effective Date, hereby irrevocably sells, assigns and transfers to the Assignee all of the rights and obligations of

the Assignor under the Loan Agreement, the other Loan Documents and the Assignor's Pro Rata Share of the Commitment to the extent of the Assigned Pro Rata Share, and the Assignee irrevocably accepts such assignment of rights and assumes such obligations from the Assignor on such terms and effective as of the Effective Date. As of the Effective Date, the Assignee shall have the rights and obligations of a "Lender" under the Loan Documents, except to the extent of any arrangements with respect to payments referred to in Section 5 hereof. Assignee hereby appoints and authorizes the Administrative Agent to take such action and to exercise such powers under the Loan Agreement as are delegated to the Administrative Agent by the Loan Agreement.

5. Payment. On the Effective Date, the Assignee shall pay to the Assignor, in immediately available funds, an amount equal to the purchase price of the Assigned Pro Rata Share, as agreed between the Assignor and the Assignee pursuant to a letter agreement of even date herewith. Such letter agreement also sets forth the agreement between the Assignor and the Assignee with respect to the amount of interest, fees, and other payments with respect to the Assigned Pro Rata Share which are to be retained by the Assignor. Assignee shall also pay to the Administrative Agent an assignment fee of $3,500, if applicable, in accordance with Section 11.8 of the Loan Agreement.

The Assignor and the Assignee hereby agree that if either receives any payment of interest, principal, fees or any other amount under the Loan Agreement, their respective Pro Rata Shares of the Commitment or any other Loan Documents which is for the account of the other, it shall hold the same in trust for such party to the extent of such party's interest therein and shall promptly pay the same to such party.

6. Principal, Interest, Fees, etc. Any principal that would be payable and any interest, fees and other amounts that would accrue from and after the Effective Date to or for the account of the Assignor pursuant to the Loan Agreement and its Pro Rata Share of the Commitment shall be payable to or for the account of the Assignor and the Assignee, in accordance with their respective interests as adjusted pursuant to this Agreement.

7. Further Assurances. Concurrently with the execution of this Agreement, the Assignor shall execute two counterpart original Requests for Registration, in the form of Exhibit A to this Agreement, to be forwarded to the Administrative Agent. The Assignor and the Assignee further agree to execute and deliver such other instruments, and take such other action, as either party may reasonably request in connection with the transactions contemplated by this Agreement, and the Assignor specifically agrees to cause the delivery of (i) two original counterparts of this Agreement and (ii) the Request for Registration, to the Administrative Agent for the purpose of registration of the Assignee as a "Lender" pursuant to Section 11.8 of the Loan Agreement.

8. Governing Law. THIS AGREEMENT SHALL BE DEEMED TO BE A CONTRACTUAL OBLIGATION UNDER, AND SHALL BE GOVERNED BY AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LOCAL LAWS OF THE STATE OF CALIFORNIA. FOR ANY DISPUTE ARISING IN CONNECTION WITH THIS AGREEMENT, THE ASSIGNEE HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF THE COURTS OF THE STATE OF CALIFORNIA.

9. Notices. All communications among the parties or notices in connection herewith shall be in writing, hand delivered or sent by registered airmail, postage prepaid, or by telex, telegram or cable, addressed to the appropriate party at its address set forth on the signature pages hereof. All such communications and notices shall be effective upon receipt.

10. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns; provided, however, that the Assignee shall not assign its rights or obligations under this Agreement without the prior written consent of the Assignor and any purported assignment, absent such consent, shall be void. Nothing contained in this Section shall restrict the assignment by Assignee of its rights under the Loan Documents following the Effective Date.

11. Interpretation. The headings of the various sections hereof are for convenience of reference only and shall not affect the meaning or construction of any provision hereof.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered by their respective officials, officers or agents thereunto duly authorized as of the date first above written.

"Assignor"

_____

By:_____

Its:_____

Address: _____
_____
_____

Attention: _____
Telephone: _____
Telecopier: _____

"Assignee"

_____

By:_____

Its:_____

Address: ______________________________

____

____

Attention: ______________________________

Telephone: ______________________________

Telecopier: ______________________________

Exhibit A to Assignment Agreement

REQUEST FOR REGISTRATION

To: Bank of America, N.A., as Administrative Agent, and Borrowers (as defined below)

THIS REQUEST FOR REGISTRATION is made as of the date of the enclosed Assignment Agreement with reference to that certain Loan Agreement dated as of October 12, 2001 by and among JAKKS PACIFIC, INC., a Delaware corporation, FLYING COLORS TOYS, INC., a Michigan corporation, ROAD CHAMPS, INC., a Delaware corporation, and PENTECH INTERNATIONAL INC., a Delaware corporation (collectively, "Borrowers"), the Lenders therein named, and Bank of America, N.A., Administrative Agent (as amended as of the date hereof, the "Loan Agreement").

The Assignor and Assignee described below hereby request that Administrative Agent register the Assignee as a Lender pursuant to Section 11.8 of the Loan Agreement effective as of the Effective Date described in the Assignment Agreement. Enclosed with this Request are two counterpart originals of the Assignment Agreement.

IN WITNESS WHEREOF, the Assignor and Assignee have executed this Request for Registration by their duly authorized officers as of _____.

"Assignor"	"Assignee"
_____	_____
By:_____	By:_____
Its:_____	Its:_____

CONSENT OF ADMINISTRATIVE AGENT AND BORROWERS

TO: The Assignor and Assignee referred to in the above Request for Registration

When countersigned by both Borrowers and Administrative Agent below, this document shall certify that:

[ ] [CHECK HERE IF BORROWERS' SIGNATURE IS REQUIRED PURSUANT TO SECTION 11.8(b)(i) OF THE LOAN AGREEMENT:]

1. Borrowers have consented, pursuant to the terms of the Loan Documents, to the assignment by the Assignor to the Assignee of the Assigned Pro Rata Share.

2. Administrative Agent has registered the Assignee as a Lender under the Loan Agreement, effective as of the Effective Date described above, with a Pro Rata Share of the Commitment corresponding to the Assigned Pro Rata Share and has adjusted the registered Pro Rata Share of the Commitment of the Assignor to reflect the assignment of the Assigned Pro Rata Share.

Approved:

JAKKS PACIFIC, INC. FLYING COLORS TOYS, INC. ROAD CHAMPS, INC. and PENTECH INTERNATIONAL INC.	BANK OF AMERICA, N.A., as Administrative Agent
By:_____	By:_____
Title:_____ of each of the foregoing	Title:_____

EXHIBIT B

BORROWING BASE CERTIFICATE

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

This Borrowing Base Certificate ("Certificate") is delivered pursuant to the Loan Agreement dated as of October 12, 2001 among JAKKS PACIFIC, INC., a Delaware corporation, FLYING COLORS TOYS, INC., a Michigan corporation, ROAD CHAMPS, INC., a Delaware corporation, and PENTECH INTERNATIONAL INC. a Delaware corporation (collectively, "Borrowers"), the Lenders referred to therein, and Bank of America, N.A., as Administrative Agent (as it may from time to time be amended, restated, extended, renewed, modified or supplemented, the "Loan Agreement"). Terms defined in the Loan Agreement and not otherwise defined in this Certificate shall have the meanings defined for them in the Loan Agreement. Section references herein relate to the Loan Agreement unless stated otherwise. This Certificate covers the calendar month ending _____, _____ (the "Test Date"), and is delivered to the Administrative Agent pursuant to Section 7.1(a) of the Loan Agreement.

The following calculations determine the Borrowing Base as of the Test Date and current borrowing availability under the Loan Agreement and the related Loan Documents. Such calculations are derived from the books and records of Borrower in accordance with the relevant definitions of financial terms set forth in Section 1.1 of the Loan Agreement:

A. BORROWING BASE

(1) Eligible Accounts Component (all accounts are calculated at book value).

(a) Eligible Accounts Calculation.

(i) accounts receivable of the Borrowers as of the Test Date as to which the Administrative Agent holds a first priority perfected security interest	$ ---------
less (ii) the following accounts receivable, to the extent included in (i), (without duplication):	
(A) accounts receivable of any Borrower that did not arise in the ordinary course of business of that Borrower.	$ ---------
(B) accounts receivable of any Borrower which do not represent amounts owed for services rendered or goods delivered.	$ ---------

(C) accounts receivable of any Borrower which were not the subject of invoices sent to the relevant account debtors within 5 days of shipment of the related goods or the rendering of the related services.	$ --------
(D) accounts receivable of any Borrower which are not due and payable within 90 days of the issuance of the invoice.	$ --------
(E) accounts receivable of any Borrower which are more than 60 days past due (or more than 90 days from the issuance of the invoice).	$ --------
(F) accounts receivable of any Borrower which represent amounts owed to such Borrower for goods shipped on a consignment or "bill and hold" basis.	$ --------
(G) accounts receivable of any Borrower which have as the account debtor a Person who is the subject of any pending proceeding under any Debtor Relief Law.	$ --------
(H) accounts receivable of any Borrower which have as the account debtor any Governmental Agency or any Affiliate, officer or employee of any Borrower or its Subsidiaries.	$ --------
(I) accounts receivable of any Borrower which have as the account debtor a Person located outside the United States and Canada, unless the payment of such accounts receivable are secured by an acceptable letter of credit issued to that Borrower by a Bank reasonably acceptable to the Requisite Lenders.	$ --------
(J) accounts receivable of any Borrower due from an account debtor or its Affiliates if 25% or more of the aggregate accounts receivable due from that account debtor do not qualify as "Eligible Accounts".	$ --------
(K) accounts receivable of any Borrower due from an account debtor which, if added to all other accounts receivable owing from such account debtor, causes the total of all accounts receivable owing from that account debtor to exceed 10 percent (10%) of all accounts receivable of all account debtors, provided that as to the Approved Customers, the limit expressed in this clause	(K) shall be increased to the amounts set forth in the definition thereof in

the Loan Agreement.

	$ ---
(L) accounts receivable of any Borrower which are subject to any known or asserted offset, counterclaim or defense, or with respect to which the account debtor has disputed its liability.	$ ---
(M) contra accounts of any Borrower with respect to an account debtor as a result of amounts owing from the Borrowers to such account debtor.	$ ---
(N) accounts receivable of any Borrower which are unenforceable unless a future condition is met, including any accounts receivable arising out of cash-on-delivery sales, consignments or guaranteed sales.	$ ---
(O) accounts receivable of any Borrower which are evidenced by a promissory note or other instrument.	$ ---
(P) accounts receivable of any Borrower which have been the subject of a "rebilling" or any other re-invoicing of such account receivable submitted to the relevant account debtor on a date which is more than 30 days following the date upon which the initial invoice with respect to such account receivable was submitted to that account debtor	$ ---
(Q) accounts receivable of any Borrower which have otherwise been objected to by the Requisite Lenders in the exercise of their reasonable discretion for a reason which is not the express subject matter of any of clauses (A) through (P) above.	$ ---
equals (iii) Eligible Accounts [(i) - (ii)]	$ ---

(b) Eligible Accounts Component.

(i) Eligible Accounts (from item 1(a)(iii) above)	$ ---
times (ii) 70%	x 0.70(1)
equals Eligible Accounts Component [(i) x (ii)]	$ ========

(2) Eligible Inventory Component (The "value" of Eligible Inventory as used in this item 2 shall be determined in accordance with GAAP based on the lower of cost or market value on a "first-in, first-out" basis. For purposes of the foregoing sentence, "cost" shall mean the Borrowers' direct cost in acquiring such Eligible Inventory and shall not include any allocation of the Borrowers' operating expenses or overhead in determining such cost).

(a) Eligible Inventory Calculation.

(i) value of the finished goods inventory of the Borrower as of the Test Date.	$ ---
less (ii) the value of the following inventory, to the extent included in (i) (without duplication):	
(A) finished goods inventory of any Borrower that is subject to any Lien, other than any Lien in favor of the Administrative Agent.	$ ---
(B) finished goods inventory of any Borrower that is damaged, defective, unsalable, slow-moving or otherwise unfit for use.	$ ---
(C) inventory of any Borrower consisting of work-in-progress, packaging materials, pallets, bags, boxes, capitalized depot freight and handling costs or supplies, or discontinued inventory.	$ ---
(D) inventory of any Borrower which is located at locations other than those described on Schedule 1.1 to the Loan Agreement or such other locations of which the Borrowers have advised the Administrative Agent in writing.	$ ---

- ---

(1) or such lower advance rate as the Administrative Agent or the Requisite Lenders shall have determined in accordance with the Loan Agreement.

(E) inventory of any Borrower covered by a negotiable document of title which has not been delivered to the Administrative Agent in pledge.	$
(F) inventory of any Borrower other than that which is held for sale or use in the ordinary course of such Borrower's business and is of good and merchantable quality.	$
(G) inventory of any Borrower which has been placed on consignment.	
(H) finished goods inventory of any Borrower that has otherwise been objected to by the Requisite Lenders in the exercise of their reasonable discretion for a reason which is not the express subject matter of any of clauses (A) through (G) above.	$
equals (iii) the value of Eligible Inventory [(i) - (ii)]	$

(b) Eligible Inventory Component

(i) value of Eligible Inventory (from item 2(a)(iii) above).	
times (ii) the Inventory Advance Rate	x
equals Eligible Inventory Component [(i) x (ii)]	$

(3) Borrowing Base.

(a) Eligible Accounts Component (item 1(b))	$
plus (b) Eligible Inventory Component (item 2(b)) (provided that the amount resulting from item 2(b) shall not be in excess of up	$
to 20% of the Borrowing Base)	
equals Borrowing Base [(a) + (b)]	$

B. NET BORROWING AVAILABILITY

Borrower's net borrowing availability as of the Test Date is $_____, calculated as follows:

(1)	Lesser of:		
	(a)	Borrowing Base (item A above) less any Availability Reserves	$
		and	
	(b)	the aggregate Commitment as of the Test Date	$
Less (2) the sum of (i) the aggregate outstanding principal balance of the Loans and (ii) the Letter of Credit Usage, each as of the Test Date			$
equals (3) Borrower's net borrowing availability [(1) - (2)]			$

C. This Borrowing Base Certificate is executed on _____, _____, by the Chief Financial Officer of Borrowers. The undersigned hereby further certifies that each and every matter contained herein is derived from the books and records of the Borrowers and is true and correct in all material respects.

, Chief Financial Officer

EXHIBIT C

COMPLIANCE CERTIFICATE

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

This Compliance Certificate ("Certificate") is delivered pursuant to the Loan Agreement dated as of October 12, 2001 among JAKKS PACIFIC, INC., a Delaware corporation, FLYING COLORS TOYS, INC., a Michigan corporation, ROAD CHAMPS, INC., a Delaware corporation, and PENTECH INTERNATIONAL INC., a Delaware corporation (collectively, "Borrowers"), the Lenders referred to therein, and Bank of America, N.A., as Administrative Agent (as it may from time to time be amended, restated, extended, renewed, modified or supplemented, the "Loan Agreement"). Terms defined in the Loan Agreement and not otherwise defined in this Certificate shall have the meanings defined for them in the Loan Agreement. Section references herein relate to the Loan Agreement unless stated otherwise.

This Certificate is delivered in accordance with Section 7.2 of the Loan Agreement by a Senior Officer of Borrower. This Certificate is delivered as of the last day of the [Fiscal Quarter] [Fiscal Year] ended _____, ____, (the "Test Date"). Computations indicating compliance with respect to the covenants contained in Sections 6.5(c), 6.8(c) and (d), 6.11(f) and (g), 6.12, 6.13, 6.14, 6.15, and 6.18 of the Loan Agreement are set forth below.

I. Section 6.5(c) - Distributions. During the twelve month period ending on the Test Date, the aggregate consideration paid towards repurchase of shares of the capital stock of the Company from public shareholders and immaterial fractional shares in connection with any stock split, provided that no Default or Event of Default exists or would have resulted from any such repurchase after giving pro forma effect to the making of the Distribution as of the last day of the most recent Fiscal Quarter for which the Borrowers are required to have delivered a Compliance Certificate, was $_____.

Maximum Permitted:	$10,000,000

II. Section 6.8(c) and (d) - Indebtedness and Contingent Obligations.

A. As of the Test Date, the aggregate principal amount of Subordinated Obligations issued to sellers in connection with Permitted Acquisitions was $_____.

Maximum Permitted:	$10,000,000

B. During the Fiscal Year, or portion thereof, ending on the Test Date, the aggregate amount of purchase-money Indebtedness and obligations incurred in connection with Capital Leases was $_____.

Maximum Permitted in any Fiscal Year:	$ 4,000,000

C. The aggregate amount of purchase-money Indebtedness and obligations in connection with Capital Leases incurred by Persons which are not Borrowers was $ _____.

Maximum Permitted: $ 2,000,000

III. Section 6.11(f) and (g) - Investments.

A. As of the Test Date, the aggregate amount of Investments made in Permitted Joint Ventures, made under Section 6.11(f) or Section 6.11(g), following the Closing Date was $_____.

Maximum Permitted: $ 10,000,000

B. As of the Test Date, the aggregate amount of (a) Investments made in Permitted Joint Ventures, made under Section 6.11(f) or Section 6.11(g), following the Closing Date and (b) all other Permitted Acquisitions which have then been consummated, was $_____.

Maximum Permitted: $50,000,000 in Cash and Property (other than capital stock of the Company)

$75,000,000 in Cash and Property (including capital stock of the Company)

C As of the Test Date, the aggregate amount of other Investments not otherwise provided for in Section 6.11(a) - (f), was $_____.

Maximum Permitted: $ 5,000,000

C As of the Test Date, the aggregate amount of Permitted Joint Ventures not otherwise provided for in Section 6.11(a) - (f), was $_____.

Maximum Permitted: $ 1,000,000

IV. Section 6.12 - Leverage Ratio. The Leverage Ratio, as of the Test Date, was ____:1.00.

Maximum Permitted: 1.75:1.00

The Leverage Ratio is calculated as follows:

As of the Test Date:

(a) the sum of (without duplication):

(i) the Company's consolidated

	liabilities for borrowed money (excluding all Subordinated Obligations)	$_____
	plus (ii) the Company's consolidated interest bearing obligations	$_____
	plus (iii) the Company's consolidated obligations under Capital Leases	$_____
	plus (iv) the Company's consolidated obligations to reimburse the issuer of any letter of credit (including any Letter of Credit issued by the Issuing Lender under the Loan Agreement) for amounts drawn or which may be drawn under such letters of credit, other than Letters of Credit issued for the importation or purchase of goods	$_____
	plus (v) without duplication as to the foregoing, any obligation to the extent secured by a Lien on the assets of the Company or any of its Subsidiaries	$_____
	plus (vi) all guaranties of financial obligations issued by the Company or any of its Subsidiaries	$_____
	equals [(i)+(ii)+(iii)+(iv)+(v)+(vi)]	$_____
divided by		
(b)	EBITDA for the twelve month period ending on the Test Date (the "Test Period") (as calculated below)	$_____
equals	Leverage Ratio [(a)/(b)]	_____:1.00

EBITDA is calculated as follows.

As determined in accordance with Generally Accepted Accounting Principles:

(a) EBITDA

(i) Net Income for the Test Period $_____

plus (ii) to the extent deducted in arriving at Net Income, income tax expense $_____

plus (iii) to the extent deducted in arriving at Net Income, gross interest expense $_____

plus (iv) to the extent deducted in arriving at Net Income, depreciation $_____

plus (v) to the extent deducted in arriving at Net Income, amortization (or minus non-cash gains or reserve reversals) $_____

minus (vi) to the extent deducted in arriving at Net Income, extraordinary income/gains (except to the extent of any corresponding extraordinary cash losses incurred during the same period) $_____

minus (vii) gains (or plus losses) on sales of fixed assets $_____

equals EBITDA [(i)+(ii)+(iii)+(iv)+(v)-(vi)-(vii)] $_____

V. Section 6.13 - Quick Ratio.

A. The Consolidated Quick Ratio, as of the last day of the calendar month ending on the Test Date, was ____:1.00.

Minimum Permitted: 1.25:1.00

The Consolidated Quick Ratio is calculated as follows.

As of the last day of the calendar month ending on the Test Date:

(a) the sum of:

(i) the market value of the Company's consolidated Cash, Cash Equivalents and marketable Securities $_____

plus (ii) the gross amount of the

Company's consolidated trade accounts receivable $_____

equals [(i)+(ii)] $_____

divided by (b) the sum of:

(i) the Company's consolidated current liabilities, determined in accordance with Generally Accepted Accounting Principles $_____

plus (ii) the aggregate outstanding Obligations $_____

equals [(i)+(ii)] $_____

equals [(a)/(b)] _____:1.00

B. The Borrowers Quick Ratio, as of the last day of the calendar month ending on the Test Date, was _____:1.00.

Minimum Permitted: 1.00:1.00

The Borrower Quick Ratio is calculated as follows.

As of the last day of the calendar month ending on the Test Date:

(a) the sum of:

(i) the market value of the Borrowers' combined Cash, Cash Equivalents and marketable Securities $_____

plus (ii) the gross amount of the Borrowers' consolidated trade accounts receivable $_____

equals [(i)+(ii)] $_____

divided by (b) the sum of:

(i) the Borrowers' combined current liabilities, determined in accordance with Generally Accepted Accounting Principles $_____

plus (ii) the aggregate outstanding Obligations $_____

equals [(i)+(ii)] $_____

equals [(a)/(b)] _____:1.00

VI. Section 6.14 - Fixed Charge Coverage Ratio. The Fixed Charge Coverage Ratio, as of the Test Date, was _____:1.00.

Minimum Permitted: 1.30:1.00 for any Fiscal Quarter ending on or before December 31, 2001

1.40:1.00 for any Fiscal Quarter ending thereafter

The Fixed Charge Coverage Ratio is calculated as follows:

As of the Test Date:

(a) the sum of:

(i) EBITDA for the Test Period (as determined above) $_____

minus (ii) Capital Expenditures made in cash during the Test Period (net of any portion thereof representing amounts expended using funds received from insurance proceeds, trade-in allowances or the sale of similar assets being replaced) $_____

minus (iii) state and federal income taxes paid in cash during the Test Period $_____

equals [(i)-(ii)-(iii)] $_____

divided by (b) the sum of:

(i) Interest Expense paid in cash during the Test Period $_____

plus (ii) the amount of payments of principal scheduled to be made by the Company and its Subsidiaries with respect to Indebtedness during the twelve month

period following the Test Date (other that intercompany Indebtedness) $_____

plus (iii) 20% of the average principal amount of the Commitment during the Test Period $_____

plus (iv) any Distributions made by the Company during the Test Period $_____

equals [(i)+(ii)+(iii)+(iv)] $_____

equals Fixed Charge Coverage Ratio [(a)/(b)] _____:1.00

VII. Section 6.15 - Net Worth. Net Worth, as of the Test Date, was $_____.

Minimum Permitted:

the sum of:

(a) $180,000,000 $180,000,000

plus (b) 75% of the cumulative Net Income for each Fiscal Quarter which has ended following the Closing Date (without reduction for any net loss experienced in any Fiscal Quarter) $_____

plus (c) the Net Cash Proceeds of any sale by the Company or its Subsidiaries of their respective equity Securities to any third party following the Closing Date $_____

equals Minimum Net Worth [(a)+(b)+(c)] $_____

VIII. Section 6.18 - Clean Down. [compute only during the Clean Down Period] As of the Test Date, the highest aggregate outstanding principal amount of the Obligations during the Clean Down Period was $_____.

Maximum Permitted: $30,000,000 during the Clean Down Period

IX. A review of the activities of Borrowers and their Subsidiaries during the fiscal period covered by this Certificate has been made under the supervision of the undersigned with a view to determining whether during the fiscal period ending on the Test Date Borrowers and their Subsidiaries performed and observed all of their respective obligations under the Loan Documents. To the best knowledge of

the undersigned, during the period ending on the Test Date, all covenants and conditions have been so performed and observed and no Default or Event of Default has occurred and is continuing, with the exceptions set forth below in response to which Borrowers have taken or propose to take the following actions (if none, so state).

_____

_____

_____

X. The undersigned Senior Officer of Borrowers certifies that the calculations made and the information contained herein are derived from the books and records of Borrowers and that each and every matter contained herein correctly reflects those books and records.

XI. To the best knowledge of the undersigned no event or circumstance has occurred that constitutes a Material Adverse Effect since the date the most recent Certificate was executed and delivered.

Dated: _____

_____

_____
Printed Name and Title of Senior Officer
of JAKKS Pacific, Inc., Flying Colors Toys, Inc.,
Road Champs, Inc. and Pentech International
Inc.

EXHIBIT D

REQUEST FOR LETTER OF CREDIT

This REQUEST FOR LETTER OF CREDIT is executed and delivered by JAKKS PACIFIC, INC., a Delaware corporation, FLYING COLORS TOYS, INC., a Michigan corporation, ROAD CHAMPS, INC., a Delaware corporation, and PENTECH INTERNATIONAL INC., a Delaware corporation (collectively, "Borrowers") with reference to the Loan Agreement dated as October 12, 2001 among the Borrowers, the Lenders therein named and Bank of America, N.A., as Administrative Agent (as it may from time to time be amended, restated, extended, renewed, modified or supplemented, the "Loan Agreement"). Any terms used herein and not defined herein shall have the meanings set forth for such terms in the Loan Agreement.

Borrowers hereby jointly and severally request that the Issuing Lender issue a Letter of Credit pursuant to the Loan Agreement as follows:

AMOUNT OF REQUESTED LETTER OF CREDIT: _____

DATE OF REQUESTED ISSUANCE: _____

BENEFICIARY: _____

Terms: Attached

Attached hereto is an application for letter of credit on Issuing Lender's standard form. In connection with the requested Letter of Credit, Borrowers hereby jointly and severally certify that

a. except as disclosed by Borrowers and approved in writing by the Requisite Lenders, the representations and warranties contained in Article 4 (other than Sections 4.7 and 4.11) are true and correct on and as of the date hereof as though made on that date;

b. other than matters described in Schedule 4.11, or matters not required as of the Closing Date to be therein described, or matters disclosed by Borrowers and approved in writing by the Requisite Lenders, there is not any pending or threatened in writing action, suit, proceeding or investigation against or affecting Borrowers or any of their Subsidiaries or any Property of any of them before any Governmental Agency that constitutes a Material Adverse Effect;

c. giving effect to the requested Letter of Credit, (A) the sum of the aggregate outstanding principal balance of the Loans plus the Letter of Credit Usage does not exceed (B) the lesser of the Borrowing Base or the Commitment or (C) $30,000,000 [applies only during the Clean Down Period];

d. giving effect to the requested Letter of Credit, the aggregate effective face amount of

all Letters of Credit issued in support of the purchase of merchandise by the Borrowers and their Subsidiaries does not exceed $15,000,000;

e. giving effect to the requested Letter of Credit, the aggregate undrawn effective amount of all Standby Letters of Credit does not exceed $2,000,000; and

f. giving effect to the requested Letter of Credit, the aggregate outstanding principal balance of the Loans is $_____ and the Letter of Credit Usage is $_____.

This Request for Letter of Credit is executed on _____, _____, by a Responsible Official of the Borrowers. The undersigned, in such capacity, hereby certifies each and every matter contained herein to be true and correct.

JAKKS PACIFIC, INC.
FLYING COLORS TOYS, INC.
ROAD CHAMPS, INC.
PENTECH INTERNATIONAL INC.

By: _____

Title: _____
of each of the foregoing

EXHIBIT E

REQUEST FOR LOAN

1. This REQUEST FOR LOAN is executed and delivered by JAKKS PACIFIC, INC., a Delaware corporation, FLYING COLORS TOYS, INC., a Michigan corporation, ROAD CHAMPS, INC., a Delaware corporation, and PENTECH INTERNATIONAL INC., a Delaware corporation (collectively, "Borrowers") with reference to the Loan Agreement dated as October 12, 2001 among the Borrowers, the Lenders therein named and Bank of America, N.A., as Administrative Agent (as it may from time to time be amended, restated, extended, renewed, modified or supplemented, the "Loan Agreement"). Any terms used herein and not defined herein shall have the meanings set forth for such terms in the Loan Agreement.

2. Borrowers hereby jointly and severally request that the Lenders make a Loan pursuant to the Loan Agreement as follows:

(a) Amount of Requested Loan: $_____(1/)

(b) Date of Requested Loan: _____

(c) Type of Requested Loan (check one box only)

/ / Base Rate

/ / Eurodollar Rate for a Eurodollar Period of _____ Months(2/)

(d) Giving effect to the requested Loan, the aggregate Loans outstanding under the Commitment will be $_____.

3. In connection with the request, Borrowers hereby jointly and severally certify that:

(a) except as disclosed by Borrowers and approved in writing by the Requisite Lenders, the representations and warranties contained in Article 4 (other than Sections 4.7 and 4.11) are true and correct on and as of the date hereof as though made on that date; and

(b) other than matters described in Schedule 4.11, or matters not required as of the Closing Date to be therein described, or matters disclosed by Borrowers and

- ----------

(1/) Unless the Lender otherwise consents, each Base Rate Loan shall not be less than $500,000 and in an integral multiple of $100,000 and each Eurodollar Rate Loan shall not be less than $1,000,000 and in an integral multiple of $100,000.

(2/) Specify whether 1, 2, 3 or 6-month Eurodollar Period.

approved in writing by the Requisite Lenders, there is not any pending or threatened in writing action, suit, proceeding or investigation against or affecting Borrowers or any of their Subsidiaries or any Property of any of them before any Governmental Agency that constitutes a Material Adverse Effect.

4. This Request for Loan is executed on _____, by a Responsible Official of the Borrowers. The undersigned, in such capacity, hereby certifies each and every matter contained herein to be true and correct.

JAKKS PACIFIC, INC.
FLYING COLORS TOYS, INC.
ROAD CHAMPS, INC.
PENTECH INTERNATIONAL INC.

By: _____

Title: _____
of each of the foregoing

EXHIBIT F

REQUEST FOR REDESIGNATION

1. This REQUEST FOR REDESIGNATION is executed and delivered by JAKKS PACIFIC, INC., a Delaware corporation, FLYING COLORS TOYS, INC., a Michigan corporation, ROAD CHAMPS, INC., a Delaware corporation, and PENTECH INTERNATIONAL INC., a Delaware corporation (collectively, "Borrowers") with reference to the Loan Agreement dated as of October 12, 2001 among the Borrowers, the Lenders therein named and Bank of America, N.A., as Administrative Agent (as it may from time to time be amended, restated, extended, renewed, modified or supplemented, the "Loan Agreement"). Any terms used herein and not defined herein shall have the meanings set forth for such terms in the Loan Agreement.

2. Borrowers hereby jointly and severally request that the Administrative Agent redesignate certain outstanding Loans heretofore made or redesignated for the account of Borrowers pursuant to the Loan Agreement, as set forth below:

A. Type of Loan under which Redesignation is requested:

[ ] Base Rate Loan

[ ] Eurodollar Rate Loan

B. Redesignation:

(a) Base Rate Loans:

(i) Total Amount of Loans to be Redesignated: $_____.

(ii) Date of Redesignation: _____, _____.

(iii) Type of Loan as so redesignated (check one box only):

[ ] Eurodollar Rate Loan with a _____-month Interest Period.(1)

[ ] Base Rate Loan

(b) Eurodollar Rate Loans

(i) Total Amount of Loans to be Redesignated: $_____.

(ii) Date of Redesignation: _____, ____.

- ----------

(1) Specify whether 1, 2, 3 or 6-month Eurodollar Period.

(iii) Type of Loan as so redesignated (check one box only):

[ ] Eurodollar Rate Loan with a _____-month Interest Period.(2)

[ ] Base Rate Loan

3. In connection with the redesignation requested herein, Borrowers hereby jointly and severally represent, warrant and certify that, as of the date of the redesignation requested herein:

(a) except as disclosed by Borrowers and approved in writing by the Requisite Lenders, the representations and warranties contained in Article 4 (other than Sections 4.7 and 4.11) will be true and correct, both immediately before and after giving effect to the redesignation of the Loan, as though made on and as of that date; and

(b) other than matters described in Schedule 4.11, or matters not required as of the Closing Date to be therein described, or matters disclosed by Borrowers and approved in writing by the Requisite Lenders, there is not any pending or threatened in writing action, suit, proceeding or investigation against or affecting Borrowers or any of their Subsidiaries or any Property of any of them before any Governmental Agency that constitutes a Material Adverse Effect.

4. This Request for Redesignation is executed on _____, _____ by a Responsible Official of the Borrowers. The undersigned, in such capacity, hereby certifies each and every matter contained herein to be true and correct.

JAKKS PACIFIC, INC.
FLYING COLORS TOYS, INC.
ROAD CHAMPS, INC.
PENTECH INTERNATIONAL INC.

By:_____

Title:_____
of each of the foregoing

- ----------

(2) Specify whether 1, 2, 3 or 6-month Eurodollar Period.

EXHIBIT 15(B)

FIRST AMENDMENT TO LOAN AGREEMENT AND CONSENT AND WAIVER

THIS FIRST AMENDMENT TO LOAN AGREEMENT AND CONSENT AND WAIVER (this "Amendment"), dated as of March 8, 2002, is entered into by and among JAKKS Pacific, Inc., a Delaware corporation, Flying Colors Toys, Inc., a Michigan corporation, Road Champs, Inc., a Delaware corporation and Pentech International, Inc., a Delaware corporation (collectively, the "Borrowers"), each of the Lenders listed on the signature pages hereto and Bank of America, N.A. as Administrative Agent ("Agent") for itself and for the other Lenders.

RECITALS

A. Borrowers, Agent and Lenders are parties to that certain Loan Agreement, dated October 12, 2001 (the "Loan Agreement"), pursuant to which Lenders have extended certain credit facilities to Borrowers.

B. Borrowers have requested that Agent and Lenders amend the Loan Agreement as set forth herein and Agent and Lenders are willing to do so on the terms and conditions hereinafter set forth.

C. Borrowers have requested that Agent and Lenders consent to the acquisition by JAKKS Pacific, Inc. of Toymax International, Inc. ("Toymax") and its Subsidiaries (Toymax and such Subsidiaries, collectively, the "Toymax Companies"), such acquisition to be completed in two phases (such phases, "Phase I" and "Phase II" respectively), all on substantially the terms and conditions set forth in the Waiver Request Memo (the "Waiver Request Memo") dated February 11, 2002 from Banc of America Securities LLC to the Lenders (such acquisition and each of as Phase I and Phase II, collectively, the "Acquisition") and to grant certain waivers in connection therewith.

D. Borrowers have advised Agent and Lenders that the Toymax Companies have the following credit facilities (1) a US $40 million credit facility extended under that certain Financing Agreement dated December 27, 2000 among Toymax, Inc., Go Fly A Kite, Inc.("GFK") and Funnoodle, Inc. ("Funnoodle, and together with Toymax, Inc. and GFK, the "Companies") and The CIT Group/Commercial Services, Inc. and Fleet Capital Corporation, as amended from time to time (the CIT Facility") and (2) a US $3.3 million credit facility extended by Hongkong and Shanghai Bank Corporation Limited to Toymax (H.K.) Limited, a subsidiary of Toymax (the "Hongkong Bank Facility" and, collectively with the CIT Facility, the "Facilities").

E. Borrowers have requested that Agent and Lenders permit the Facilities, each of the liens granted by Toymax and its Affiliates thereunder (the "Liens") and each of the guaranties of Toymax and its Affiliates executed and delivered in connection with the Facilities, including, without limitation, that certain Guaranty of the Obligations of the Companies dated December 27, 2000, executed and delivered by Toymax to the lenders and agents under the CIT Facility (collectively, the "Guaranties") to continue for a period not to exceed 45 days following the closing date of Phase I of the Acquisition (the "Phase I Closing Date").

NOW, THEREFORE, the parties hereby agree as follows:

1. DEFINED TERMS. Any and all initially capitalized terms set forth without definition in this Amendment (including, without limitation, in the recitals hereto) shall have the respective meanings ascribed thereto in the Loan Agreement.

2. SECTION 1.1 (DEFINED TERMS). Section 1.1 of the Loan Agreement is hereby amended by adding the following at the end of clause (j) of the definition of "Eligible Accounts": "provided that as to any accounts receivable due from an account debtor which is an Approved Customer, the limit expressed in this clause (j) shall be (i) 50%, with respect to the period from December 1 through and including March 31 in any Fiscal Year and (ii) 25%, with respect to the period from April 1 through and including November 30 in any Fiscal Year ;".

3. SECTION 6.13 (QUICK RATIO). Section 6.13 of the Loan Agreement is hereby amended and restated in its entirety as follows:

> "Permit the Consolidated Quick Ratio as of the last day of any Fiscal Quarter to be less than 1.25:1.00, or permit the Borrowers Quick Ratio as of the last day of any Fiscal Quarter to be less than 1.00:1.00."

4. SECTION 7.1 (FINANCIAL AND BUSINESS INFORMATION). Section 7.1 of the Loan Agreement is hereby amended by:

(a) deleting the words "calendar month" in the first sentence of paragraph 7.1(b) thereof and substituting therefore the words "Fiscal Quarter"; and

(b) deleting the word "and" at the end of paragraph 7.1(l), deleting the period at the end of paragraph 7.1(m) and substituting therefore "; and", and adding the following as new paragraph 7.1(n):

> "As soon as practicable, and in any event within 20 days after the end of each calendar month, (i) balance sheets of each Borrower at the end of such calendar month, and (ii) statements of income and cash flows of each Borrower for that calendar month. Such financial statements shall

be certified by a Senior Officer of the Borrowers as fairly presenting the financial condition, results of operations and changes in financial position of the Borrowers, and shall be prepared and presented in accordance with Generally Accepted Accounting Principles (other than any requirement for footnote disclosures), consistently applied, as at such date and for such periods, subject only to normal year-end accruals and audit adjustments."

5. SECTION 7.2 (COMPLIANCE CERTIFICATES). Section 7.2 of the Loan Agreement is hereby amended by deleting the words "as soon as practical and in any event within 30 days after the end of each calendar month" and substituting therefor "concurrently with the delivery of the financial statements described in Sections 7.1(b),".

6. CONSENT AND WAIVER. Subject to conditions set forth in Sections 7 and 9 hereof, each of Agent and the Lenders hereby:

(a) consent to the consummation of the Acquisition on substantially the terms and conditions set forth in the Waiver Request Memo;

(b) agree that the Acquisition shall be a Permitted Acquisition for the purposes of the Loan Agreement;

(c) waive and exempt the Acquisition from the requirements of Sections 5.11(a), 5.11(b), 5.11(e) and 5.11(f) of the Loan Agreement;

(d) waive the requirements of Sections 6.1(c), 6.8 and 6.9 of the Loan Agreement to permit the continuance of each of the Facilities, the Guaranties and the Liens for a period not to exceed 45 days following the Phase I Closing Date and to permit the repayment in full of each of the Facilities on or before such date provided that the principal amount of the loans outstanding under the CIT Facility shall not, at any time, exceed $18,000,000.; and

(e) extend the time for compliance with Section 5.13 and 5.14 of the Loan Agreement, with respect to Toymax Companies and any other Subsidiaries of Borrowers formed or acquired in connection with the Acquisition, in order to permit the Borrowers (i) to deliver the certificates contemplated by Section 5.13(a), (ii) to deliver the joinder documents contemplated by Section 5.13(b), (iii) to effect the pledges contemplated by Section 5.13(c) and (iv) to maintain the deposit accounts of any such formed or acquired Subsidiaries in accordance with Section 5.14, in each case, on or before the 45th day following the Phase I Closing Date.

The consent, waivers and exemptions set forth in this Section 6 are granted in connection with the Acquisition only and shall not constitute a consent to, waiver of or exemption from any term or condition of the Loan Agreement with respect to any other or future transaction or any future breach thereof.

7. CONDITIONS TO CONSENT, WAIVERS AND EXEMPTIONS. Borrowers acknowledge and agree that the consent and each of the waivers and exemptions set forth in Section 6 of this Amendment are expressly conditioned upon Borrowers' satisfaction of each of the following conditions:

(a) Borrowers shall have delivered the certificate and documents contemplated by Section 5.11(f) to the Agent not later than two Business Days prior to the Phase 1 Closing Date;

(b) On or before the 45th day following the Phase I Closing Date Borrowers shall have (i) caused all of the obligations under the Facilities to repaid in full and each of the Facilities to be terminated and (ii) obtained full and final releases and discharges, in form and substances satisfactory to Agent, of each of the Guaranties and Liens;

(c) On or before the 45th day following the Phase I Closing Date Borrowers shall have (i) delivered the certificates contemplated by Section 5.13(a), (ii) delivered the joinder documents contemplated by Section 5.13(b), (iii) effected the pledges contemplated by Section 5.13(c) and (iv) caused each of the deposit accounts of any Domestic Subsidiaries formed or acquired in connection with the Acquisition to be maintained in accordance with Section 5.14; and

(d) Borrowers shall not permit the principal amount of the loans outstanding under the CIT Facility, at any time, to exceed $18,000,000.

In the event that Borrowers shall fail to comply with any of the conditions set forth in this Section 7 when required, such failure shall constitute an Event of Default under the Loan Agreement and the Loan Documents. Borrowers shall promptly provide Agent with such evidence of compliance with this Section 7 as Agent may reasonably request.

8. COVENANTS. Notwithstanding anything to the contrary in the Loan Agreement, until such date as Borrowers have satisfied each of the conditions set forth in Section 7 of this Amendment, the Toymax Companies shall be deemed not to be consolidated Subsidiaries of the Borrowers, and the relevant financial information of the Toymax Companies shall be excluded from the Borrowers' consolidated financial information, for the purpose of calculating Leverage Ratio, Quick Ratio, Fixed Charge Coverage Ratio and Net Worth (and any components thereof) and in testing

compliance under sections 6.12, 6.13, 6.14 and 6.15 of the Loan Agreement provided that for the first Fiscal Quarter following the delivery of joinder documents for the Toymax Companies in accordance with Section 5.13(b) of the Loan Agreement, Borrowers may include the Toymax consolidated fourth quarter results (together with any adjustments thereto required or permitted under the Loan Agreement) in calculating Leverage Ratio, Quick Ratio, Fixed Charge Coverage Ratio and Net Worth (and any components thereof) and in testing compliance under sections 6.12, 6.13, 6.14 and 6.15 of the Loan Agreement .

9. CONDITIONS PRECEDENT. The effectiveness of this Amendment is subject to the prior satisfaction of each of the following conditions:

(a) Agent shall have received this Amendment, duly executed by each Borrower and each of the Requisite Lenders;

(b) Lender shall have received an acknowledgment, in the form attached hereto as Exhibit A, from each Guarantor;

(c) Borrowers shall have paid the waiver fee described in the Waiver Request Memo to each of the approving Lenders.

10. REAFFIRMATION OF LOAN AGREEMENT; NO DEFAULT; NO DEFENSES; ETC. Each Borrower hereby reaffirms the Loan Agreement and its obligations to Agent and Lenders thereunder. Each Borrower represents and warrants that there are no outstanding Events of Default under the Loan Agreement. Each Borrower acknowledges that Agent and Lenders have fully complied with their respective obligations under the Loan Agreement and that such Borrower has no defenses to the validity, enforceability or binding effect of the Loan Agreement.

11. COUNTERPARTS. This Amendment may be executed in any number of counterparts and by different parties on separate counterparts, each of which when so executed and delivered shall be deemed an original and all of which when taken together, shall constitute but one and the same instrument.

12. OTHERWISE NOT EFFECTED. In the event of any conflict or inconsistency between the Loan Agreement and the provisions of this Amendment, the provisions of this Amendment shall govern. Except to the extent set forth herein, the Loan Agreement shall remain unaltered and in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment by their respective duly authorized officers as of the date first above written.

BORROWERS:

JAKKS PACIFIC, INC.
FLYING COLORS TOYS, INC.
ROAD CHAMPS, INC. and
PENTECH INTERNATIONAL INC.

By: /s/ JOEL M. BENNETT

Joel Bennett

Title: Executive Vice President and
Chief Financial Officer

ADMINISTRATIVE AGENT:

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

By: /s/ KEN PURO

Ken Puro,
Vice President

LENDERS:

BANK OF AMERICA, N.A., as
Issuing Lender and as a Lender

By: /s/ DAVID J. STASSEL

David J. Stassel,
Vice President

UNITED CALIFORNIA BANK, as Lender

By: /s/ DIRK PRICE
Dirk Price

Title: Vice President

BNP PARIBAS, as Issuing Lender and
as Lender

By: /s/ GERRY ARTEAGA
Gerry Arteaga
Title:

EXHIBIT A

ACKNOWLEDGMENT OF GUARANTORS

In order to induce Agent and Lenders to execute the First Amendment to Loan Agreement and Consent and Waiver of even date herewith (the "Amendment") amending the Loan Agreement dated October 12, 2001, among JAKKS Pacific, Inc., a Delaware corporation, Flying Colors Toys, Inc., a Michigan corporation, Road Champs, Inc., a Delaware corporation and Pentech International, Inc., a Delaware corporation, as Borrowers, Agent and each of the Lenders party thereto, and granting certain consents and waivers, as set forth therein, each of the undersigned hereby represents, warrants and agrees that the undersigned has reviewed and approved the Amendment and that nothing contained therein shall diminish, alter, amend or otherwise affect the undersigned's obligations to Agent, for the benefit of Lenders, under the Guaranty dated October 12, 2001 (the "Guaranty") made by each of the undersigned in favor of Agent for the benefit of the Lenders. Each of the undersigned further confirms that the Guaranty shall continue in full force and effect and agrees that it shall continue to be liable under such Guaranty in accordance with the terms thereof. Each of the undersigned further confirms that it has no defense, counterclaim or offset right whatsoever with respect to its obligations under the Guaranty.

Dated this _____ day of March, 2002.

"Guarantors"

JAKKS ACQUISITION CORP.
J-X ENTERPRISES, INC.
BERK CORPORATION
PENTECH COSMETICS, INC.
SAWDUST PENCIL CO.
PENTECH-MON AMI, INC.
JP FERRERO PARKWAY, INC.

By: /s/ JOEL M. BENNETT
Joel M. Bennett

Title: Exec. V.P./C.F.O.

SECURITY AGREEMENT
(BORROWERS)

This SECURITY AGREEMENT ("Agreement"), dated as of October 12, 2001, is made by JAKKS PACIFIC, INC., a Delaware corporation, FLYING COLORS TOYS, INC., a Michigan corporation, ROAD CHAMPS, INC., a Delaware corporation, and PENTECH INTERNATIONAL INC., a Delaware corporation (each a "Grantor" and collectively, "Grantors"), jointly and severally, in favor of BANK OF AMERICA, N.A., as Administrative Agent under the Loan Agreement hereafter referred to, the Lenders therein named and in favor of each of the Lenders which may hereafter become a party thereto, collectively as Secured Party, with reference to the following facts:

RECITALS

A. Grantors have entered into a Loan Agreement of even date herewith among Grantors, the Lenders referred to therein, and Bank of America, N.A., as Administrative Agent (as it may from time to time be amended, restated, extended, renewed, modified or supplemented, the "Loan Agreement"). This Agreement is the Borrower Security Agreement referred to in the Loan Agreement and is one of the "Loan Documents" referred to in the Loan Agreement.

B. Pursuant to the Loan Documents of even date the Lenders are making certain credit facilities available to Grantors.

C. As a condition of the availability of such credit facilities, Grantors are required to enter into this Agreement to grant security interests to Secured Party as herein provided.

AGREEMENT

NOW, THEREFORE, in order to induce Secured Party to extend the aforementioned credit facilities, and for other good and valuable consideration, the receipt and adequacy of which hereby is acknowledged, Grantors hereby jointly and severally represent, warrant, covenant, agree, assign and grant as follows:

1. Definitions. Terms defined in the Loan Agreement and not otherwise defined in this Agreement shall have the meanings defined for those terms in the Loan Agreement. Terms defined in the California Uniform Commercial Code (as amended from time to time) and not otherwise defined in this Agreement or in the Loan Agreement shall have the meanings defined for those terms in the Uniform Commercial Code, as enacted in the State of California. In addition, as used in this Agreement, the following terms shall have the meanings respectively set forth after each:

"Agreement" means this Security Agreement, and any extensions, modifications, renewals, restatements, supplements or amendments hereof.

"Collateral" means and includes all present and future right, title and interest of Grantors, or any of them, in or to any personal property whatsoever, and all rights and powers of Grantors, or any of them, to transfer any interest in or to any personal property whatsoever, including, without limitation, any and all of the following personal property:

(a) All present and future accounts, accounts receivable, agreements, contracts, leases, contract rights, payment intangibles, rights to payment, instruments, documents, chattel paper (whether tangible or electronic), security agreements, guaranties, letters of credit, letter-of-credit rights, undertakings, surety bonds, insurance policies, notes and drafts, and all forms of obligations owing to Grantors, or any of them, or in which Grantors, or any of them, may have any interest, however created or arising;

(b) All present and future general intangibles, all tax refunds of every kind and nature to which Grantors, or any of them, now or hereafter may become entitled, however arising, all other refunds, and all deposits, goodwill, choses in action, trade secrets, computer programs, software, customer lists, trademarks, trade names, service marks, patents, licenses, copyrights, technology, processes, proprietary information and insurance proceeds;

(c) All present and future deposit accounts of Grantors, or any of them, including, without limitation, any demand, time, savings, passbook or like account maintained by Grantors, or any of them, with any bank, savings and loan association, credit union or like organization, and all money, Cash and Cash Equivalents of Grantors, or any of them, whether or not deposited in any such deposit account;

(d) All present and future books and records, including, without limitation, books of account and ledgers of every kind and nature, all electronically recorded data relating to Grantors, or their businesses, all receptacles and containers for such records, and all files and correspondence;

(e) All present and future goods, including, without limitation, all consumer goods, farm products, inventory, equipment, machinery, tools, molds, dies, furniture, furnishings, trade fixtures, fixtures, motor vehicles and all other goods used in connection with or in the conduct of Grantors' or any of their businesses;

(f) All present and future inventory and merchandise, including, without limitation, all present and future goods held for sale or lease or to be furnished under a contract of service, all raw materials, work in process and finished goods, all packing materials, supplies and containers relating to or used in connection with any of the foregoing, and all bills of lading, warehouse receipts or documents of title relating to any of the foregoing;

(g) All present and future investment property, stocks, bonds, debentures, securities (whether certificated or uncertificated), subscription rights, options, warrants, puts, calls, certificates, partnership interests, limited liability company memberships or other interests, joint venture interests, Investments and/or brokerage accounts and all rights, preferences, privileges, dividends, distributions, redemption payments, or liquidation payments with respect thereto;

(h) All present and future accessions, appurtenances, components, repairs, repair parts, spare parts, replacements, substitutions, additions, issue and/or improvements to or of or with respect to any of the foregoing;

(i) All other tangible and intangible personal property of Grantors, or any of them;

(j) All rights, remedies, powers and/or privileges of Grantors, or any of them, with respect to any of the foregoing; and

(k) Any and all proceeds and products of any of the foregoing, including, without limitation, all money, accounts, payment intangibles, general intangibles, deposit accounts, promissory notes, documents, instruments, certificates of deposit, chattel paper, goods, insurance proceeds, and any other tangible or intangible property received upon the sale or disposition of any of the foregoing.

"Secured Obligations" means any and all present and future Obligations of any type or nature of Grantors, or any one or more of them, arising under or relating to the Loan Documents or any one or more of them, whether due or to become due, matured or unmatured, liquidated or unliquidated, or contingent or noncontingent, including Obligations of performance as well as Obligations of payment, and including interest that accrues after the commencement of any bankruptcy or insolvency proceeding by or against any Grantor.

"Secured Party" means the Administrative Agent under the Loan Agreement, the Lenders therein named and each of the Lenders which may hereafter become a party thereto. All rights of the Secured Party under this Agreement shall be exercised by the Administrative Agent, acting with the consent of those Lenders required by the Loan Agreement.

2. Further Assurances. At any time and from time to time at the request of Secured Party, Grantors, and each of them, shall execute and deliver to Secured Party all such financing statements and other instruments and documents in form and substance satisfactory to Secured Party as shall be necessary or desirable to fully perfect, when filed and/or recorded, Secured Party's security interests granted pursuant to Section 3 of this Agreement. At any time and from time to time, Secured Party shall be entitled to file and/or record any or all such financing statements, instruments and documents held by it, and any or all such further financing statements, documents and instruments, and to take all such other actions, as Secured Party may deem appropriate to perfect and to maintain perfected the security interests granted in Section 3 of this Agreement. Before and after the occurrence of any Event of Default, at Secured Party's request, Grantors, and each of them, shall execute all such further financing statements, instruments and documents, and shall do all such further acts and things, as may be deemed necessary or desirable by Secured Party to create and perfect, and to continue and preserve, an indefeasible security interest in the Collateral in favor of Secured Party, or the priority thereof. With respect to any Collateral consisting of certificated securities, instruments, documents, certificates of title or the like, as to which Secured Party's security interest need be perfected by, or the priority thereof need be assured by, possession or control of such Collateral, Grantors, and each of them, will upon demand of Secured Party deliver possession or control, as applicable, of same in pledge to Secured Party. With respect to any Collateral consisting of securities, instruments, partnership or joint venture interests, limited liability company memberships or the like, Grantors hereby jointly and severally consent and agree that the issuers of, or obligors on, any such Collateral, or any registrar or transfer agent or trustee for any such Collateral, shall be entitled to accept the provisions of this Agreement as conclusive evidence of the right of Secured Party to effect any transfer or exercise any right hereunder or with respect to any such Collateral, notwithstanding any other notice or direction to the contrary heretofore or hereafter given by Grantors, or any of them, or any other Person to such issuers or such obligors or to any such registrar or transfer agent or trustee.

3. Security Agreement. For valuable consideration, Grantors hereby jointly and severally assign and pledge to Secured Party, and grant to Secured Party a security interest in, all

presently existing and hereafter acquired Collateral, as security for the timely payment and performance of the Secured Obligations, and each of them. This Agreement is a continuing and irrevocable agreement and all the rights, powers, privileges and remedies hereunder shall apply to any and all Secured Obligations, including those arising under successive transactions which shall either continue the Secured Obligations, increase or decrease them, or from time to time create new Secured Obligations after all or any prior Secured Obligations have been satisfied, and notwithstanding the bankruptcy of any Grantor or any other Person or any other event or proceeding affecting any Person.

4. Grantors' Representations, Warranties and Agreements. Except as otherwise disclosed to Secured Party in writing concurrently herewith, Grantors jointly and severally represent, warrant and agree that: (a) Grantors will pay, prior to delinquency, all taxes, charges, Liens and assessments against the Collateral, except such as are expressly permitted by the Loan Agreement or are timely contested in good faith, and upon its failure to pay or so contest such taxes, charges, Liens and assessments, Secured Party at its option may pay any of them, and Secured Party shall be the sole judge of the legality or validity thereof and the amount necessary to discharge the same; (b) the Collateral will not be knowingly used for any unlawful purpose or in material violation of any Law, regulation or ordinance, nor used in any way that will void or impair any insurance required to be carried in connection therewith; (c) Grantors will, to the extent consistent with good business practice, keep the Collateral in reasonably good repair, working order and condition, and from time to time make all needful and proper repairs, renewals, replacements, additions and improvements thereto and, as appropriate and applicable, will otherwise deal with the Collateral in all such ways as are considered good practice by owners of like Property; (d) Grantors will take all steps to preserve and protect the Collateral; (e) Grantors will maintain, with responsible insurance companies, insurance covering the Collateral against such insurable losses as is required by the Loan Agreement and as is consistent with sound business practice, and will cause Secured Party to be designated as an additional insured and loss payee with respect to such insurance, will obtain the written agreement of the insurers that such insurance shall not be cancelled, terminated or materially modified to the detriment of Secured Party without at least 30 days prior written notice to Secured Party, and will furnish copies of such insurance policies or certificates to Secured Party promptly upon request therefor; and (f) Grantors will promptly notify Secured Party in writing in the event of any substantial or material damage to the Collateral from any source whatsoever, and, except for the disposition of collections and other proceeds of the Collateral permitted by Section 6 hereof, Grantors will not remove or permit to be removed any part of the Collateral from its place of business without the prior written consent of Secured Party, except for such items of the Collateral as are removed in the ordinary course of business or in connection with any transaction or disposition otherwise permitted by the Loan Documents.

5. Secured Party's Rights Re Collateral. At any time (whether or not an Event of Default has occurred), without notice or demand and at the expense of Grantors, Secured Party may, to the extent it may be necessary or desirable to protect the security hereunder, but Secured Party shall not be obligated to: (a) enter upon any premises on which Collateral is situated upon reasonable notice and examine the same or (b) upon any Event of Default, to perform any obligation of Grantors under this Agreement or any obligation of any other Person under the Loan Documents. Grantors shall maintain books and records pertaining to the Collateral in such detail, form and scope as is consistent with Grantors' past practices. Grantors shall at any time at Secured Party's request mark the Collateral and/or Grantors' ledger cards, books of account and other records relating to the Collateral with appropriate notations satisfactory to Secured Party disclosing that they are subject to Secured Party's security interests. Secured Party shall at all times on reasonable notice have full access to and the right to audit any and all of Grantors' books and records pertaining to the Collateral, and to

confirm and verify the value of the Collateral and to do whatever else Secured Party reasonably may deem necessary or desirable to protect its interests; provided, however, that any such action which involves communicating with customers of Grantors shall be carried out by Secured Party through Grantors' independent auditors unless Secured Party shall then have the right directly to notify obligors on the Collateral as provided in Section 9. Secured Party shall be under no duty or obligation whatsoever to take any action to preserve any rights of or against any prior or other parties in connection with the Collateral, to exercise any voting rights or managerial rights with respect to any Collateral, whether or not an Event of Default shall have occurred, or to make or give any presentments, demands for performance, notices of non-performance, protests, notices of protests, notices of dishonor or notices of any other nature whatsoever in connection with the Collateral or the Secured Obligations. Secured Party shall be under no duty or obligation whatsoever to take any action to protect or preserve the Collateral or any rights of Grantors therein, or to make collections or enforce payment thereon, or to participate in any foreclosure or other proceeding in connection therewith.

6. Collections on the Collateral. Except as otherwise provided in any Loan Document, Grantors shall have the right to use, dispose of and to continue to make collections on and receive dividends and other proceeds of all of the Collateral in the ordinary course of business so long as no Event of Default shall have occurred and be continuing. Upon the occurrence and during the continuance of an Event of Default, at the option of Secured Party, except as prohibited by applicable Law, Grantors' right to make collections on and receive dividends and other proceeds of the Collateral and to use or dispose of such collections and proceeds shall terminate, and any and all dividends, proceeds and collections, including all partial or total prepayments, then held or thereafter received on or on account of the Collateral will be held or received by Grantors in trust for Secured Party and immediately delivered in kind to Secured Party. Any remittance received by Grantors from any Person shall be presumed to relate to the Collateral and to be subject to Secured Party's security interests. Upon the occurrence and during the continuance of an Event of Default, Secured Party shall have the right at all times to receive, receipt for, endorse, assign, deposit and deliver, in the name of Secured Party or in the name of Grantors, any and all checks, notes, drafts and other instruments for the payment of money constituting proceeds of or otherwise relating to the Collateral; and Grantors each hereby authorize Secured Party to affix, by facsimile signature or otherwise, the general or special endorsement of it, in such manner as Secured Party shall deem advisable, to any such instrument in the event the same has been delivered to or obtained by Secured Party without appropriate endorsement, and Secured Party and any collecting bank are hereby authorized to consider such endorsement to be a sufficient, valid and effective endorsement by Grantors, and each of them, to the same extent as though it were manually executed by the duly authorized officer of each Grantor, regardless of by whom or under what circumstances or by what authority such facsimile signature or other endorsement actually is affixed, without duty of inquiry or responsibility as to such matters, and each Grantor hereby expressly waives demand, presentment, protest and notice of protest or dishonor and all other notices of every kind and nature with respect to any such instrument.

7. Possession of Collateral by Secured Party. All the Collateral now, heretofore or hereafter delivered to Secured Party shall be held by Secured Party in its possession, custody and control. Any or all of the cash Collateral delivered to Secured Party will be held in an interest bearing account until it is applied in accordance with the terms hereof. Nothing herein shall obligate Secured Party to invest any Collateral or obtain any particular return thereon. Upon the occurrence and during the continuance of an Event of Default, whenever any of the Collateral is in Secured Party's possession, custody or control, Secured Party may use, operate and consume the Collateral, as reasonably necessary, whether for the purpose of preserving and/or protecting the Collateral, or for

the purpose of performing any of Grantors' obligations with respect thereto, or otherwise. Secured Party may at any time deliver or redeliver the Collateral or any part thereof to Grantors, and the receipt of any of the same by Grantors shall be complete and full acquittance for the Collateral so delivered, and Secured Party thereafter shall be discharged from any liability or responsibility therefor. Notwithstanding anything to the contrary in this agreement, so long as Secured Party exercises reasonable care with respect to any Collateral in its possession, custody or control, Secured Party shall have no liability for any loss of or damage to such Collateral, and in no event shall Secured Party have liability for any diminution in value of Collateral occasioned by economic or market conditions or events. Secured Party shall be deemed to have exercised reasonable care within the meaning of the preceding sentence if the Collateral in the possession, custody or control of Secured Party is accorded treatment substantially equal to that which Secured Party accords its own property, it being understood that Secured Party shall not have any responsibility for (a) ascertaining or taking action with respect to calls, conversions, exchanges, maturities, tenders or other matters relating to any Collateral, whether or not Secured Party has or is deemed to have knowledge of such matters, or (b) taking any necessary steps to preserve rights against any Person with respect to any Collateral.

8. Events of Default. There shall be an Event of Default hereunder upon the occurrence and during the continuance of an Event of Default under the Loan Agreement.

9. Rights Upon Event of Default. Upon the occurrence and during the continuance of an Event of Default, Secured Party shall have, in any jurisdiction where enforcement hereof is sought, in addition to all other rights and remedies that Secured Party may have under applicable Law or in equity or under this Agreement (including, without limitation, all rights set forth in Section 6 hereof) or under any other Loan Document, all rights and remedies of a secured party under the Uniform Commercial Code as enacted in any jurisdiction, and, in addition, the following rights and remedies, all of which may be exercised with or without notice to Grantors and without affecting the Obligations of Grantors hereunder or under any other Loan Document, or the enforceability of the Liens and security interests created hereby: (a) to foreclose the Liens and security interests created hereunder or under any other agreement relating to any Collateral by any available judicial procedure or without judicial process; (b) to enter any premises where any Collateral may be located for the purpose of securing, protecting, inventorying, appraising, inspecting, repairing, preserving, storing, preparing, processing, taking possession of or removing the same; (c) to sell, assign, lease or otherwise dispose of any Collateral or any part thereof, either at public or private sale or at any broker's board, in lot or in bulk, for cash, on credit or otherwise, with or without representations or warranties and upon such terms as shall be acceptable to Secured Party; (d) to notify obligors on the Collateral that the Collateral has been assigned to Secured Party and that all payments thereon are to be made directly and exclusively to Secured Party; (e) to collect by legal proceedings or otherwise all dividends, distributions, interest, principal or other sums now or hereafter payable upon or on account of the Collateral; (f) to enter into any extension, reorganization, deposit, merger or consolidation agreement, or any other agreement relating to or affecting the Collateral, and in connection therewith Secured Party may deposit or surrender control of the Collateral and/or accept other Property in exchange for the Collateral; (g) to settle, compromise or release, on terms acceptable to Secured Party, in whole or in part, any amounts owing on the Collateral and/or any disputes with respect thereto; (h) to extend the time of payment, make allowances and adjustments and issue credits in connection with the Collateral in the name of Secured Party or in the name of Grantors; (i) to enforce payment and prosecute any action or proceeding with respect to any or all of the Collateral and take or bring, in the name of Secured Party or in the name of Grantors, any and all steps, actions, suits or proceedings deemed by Secured Party necessary or desirable to effect collection of or to realize upon the Collateral, including any judicial or nonjudicial

foreclosure thereof or thereon, and each Grantor specifically consents to any nonjudicial foreclosure of any or all of the Collateral or any other action taken by Secured Party which may release any obligor from personal liability on any of the Collateral, and each Grantor waives any right not expressly provided for in this Agreement to receive notice of any public or private judicial or nonjudicial sale or foreclosure of any security or any of the Collateral; and any money or other property received by Secured Party in exchange for or on account of the Collateral, whether representing collections or proceeds of Collateral, and whether resulting from voluntary payments or foreclosure proceedings or other legal action taken by Secured Party or Grantors may be applied by Secured Party without notice to Grantors, to the Secured Obligations in such order and manner as Secured Party in its sole discretion shall determine; (j) to insure, process and preserve the Collateral; (k) to exercise all rights, remedies, powers or privileges provided under any of the Loan Documents; (l) to remove, from any premises where the same may be located, the Collateral and any and all documents, instruments, files and records, and any receptacles and cabinets containing the same, relating to the Collateral, and Secured Party may, at the cost and expense of Grantors, use such of its supplies, equipment, facilities and space at its places of business as may be necessary or appropriate to properly administer, process, store, control, prepare for sale or disposition and/or sell or dispose of the Collateral or to properly administer and control the handling of collections and realizations thereon, and Secured Party shall be deemed to have a rent-free tenancy of any premises of Grantors for such purposes and for such periods of time as reasonably required by Secured Party; (m) to receive, open and dispose of all mail addressed to Grantors, or any of them, and notify postal authorities to change the address for delivery thereof to such address as Secured Party may designate; provided that Secured Party agrees that it will promptly deliver over to Grantors such mail as does not relate to the Collateral; and (n) to exercise all other rights, powers, privileges and remedies of an owner of the Collateral; all at Secured Party's sole option and as Secured Party in its sole discretion may deem advisable. Grantors will, at Secured Party's request, assemble the Collateral and make it available to Secured Party at places which Secured Party may designate, whether at the premises of Grantors or elsewhere, and will make available to Secured Party, free of cost, all premises, equipment and facilities of Grantors for the purpose of Secured Party's taking possession of the Collateral or storing same or removing or putting the Collateral in salable form or selling or disposing of same.

Upon the occurrence and during the continuance of an Event of Default, Secured Party also shall have the right, without notice or demand, either in person, by agent or by a receiver to be appointed by a court, and without regard to the adequacy of any security for the Secured Obligations, to take possession of the Collateral or any part thereof and to collect and receive the rents, issues, profits, income and proceeds thereof. Taking possession of the Collateral shall not cure or waive any Event of Default or notice thereof or invalidate any act done pursuant to such notice. The rights, remedies and powers of any receiver appointed by a court shall be as ordered by said court.

Any public or private sale or other disposition of the Collateral may be held at any office of Secured Party, or at any Grantor's place of business, or at any other place permitted by applicable Law, and without the necessity of the Collateral's being within the view of prospective purchasers. Secured Party may direct the order and manner of sale of the Collateral, or portions thereof, as it in its sole and absolute discretion may determine, and Grantors, expressly waive any right to direct the order and manner of sale of any Collateral. Secured Party or any Person on Secured Party's behalf may bid and purchase at any such sale or other disposition. The net cash proceeds resulting from the collection, liquidation, sale, lease or other disposition of the Collateral shall be applied, first, to the expenses (including attorneys' fees and disbursements) of retaking, holding, storing, processing and preparing for sale or lease, selling, leasing, collecting, liquidating and the like, and then to the satisfaction of the Secured Obligations in such order as shall be determined by

Secured Party in its sole and absolute discretion. Grantors and any other Person then obligated therefor shall pay to Secured Party on demand any deficiency with regard thereto which may remain after such sale, disposition, collection or liquidation of the Collateral.

Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Secured Party will send or otherwise make available to Grantors notice of the time and place of any public sale thereof or of the time on or after which any private sale thereof is to be made. The requirement of sending notice conclusively shall be met if such notice is given in the manner contemplated by the Loan Agreement at least ten (10) days before the date of the sale. Each Grantor expressly waives any right to receive notice of any public or private sale of any Collateral or other security for the Secured Obligations except as expressly provided for in this paragraph.

With respect to any Collateral consisting of securities, partnership interests, joint venture interests, limited liability company memberships, Investments or the like, and whether or not any of such Collateral has been effectively registered under the Securities Act of 1933 or other applicable Laws, Secured Party may, in its sole and absolute discretion, sell all or any part of such Collateral at private sale in such manner and under such circumstances as Secured Party may deem necessary or advisable in order that the sale may be lawfully conducted. Without limiting the foregoing, Secured Party may (i) approach and negotiate with a limited number of potential purchasers, and (ii) restrict the prospective bidders or purchasers to persons who will represent and agree that they are purchasing such Collateral for their own account for investment and not with a view to the distribution or resale thereof. In the event that any such Collateral is sold at private sale, each Grantor agrees that if such Collateral is sold for a price which Secured Party in good faith believes to be reasonable under the circumstances then existing, then (a) the sale shall be deemed to be commercially reasonable in all respects, (b) no Grantor shall be entitled to a credit against the Secured Obligations in an amount in excess of the purchase price, and (c) Secured Party shall not incur any liability or responsibility to any Grantor in connection therewith, notwithstanding the possibility that a substantially higher price might have been realized at a public sale. Each Grantor recognizes that a ready market may not exist for such Collateral if it is not regularly traded on a recognized securities exchange, and that a sale by Secured Party of any such Collateral for an amount substantially less than a pro rata share of the fair market value of the issuer's assets minus liabilities may be commercially reasonable in view of the difficulties that may be encountered in attempting to sell a large amount of such Collateral or Collateral that is privately traded.

Upon consummation of any sale of Collateral hereunder, Secured Party shall have the right to assign, transfer and deliver to the purchaser or purchasers thereof the Collateral so sold. Each such purchaser at any such sale shall hold the Collateral so sold absolutely free from any claim or right upon the part of any Grantor or any other Person, and each Grantor hereby waives (to the extent permitted by applicable Laws) all rights of redemption, stay and appraisal which it now has or may at any time in the future have under any rule of Law or statute now existing or hereafter enacted. If the sale of all or any part of the Collateral is made on credit or for future delivery, Secured Party shall not be required to apply any portion of the sale price to the Secured Obligations until such amount actually is received by Secured Party, and any Collateral so sold may be retained by Secured Party until the sale price is paid in full by the purchaser or purchasers thereof. Secured Party shall not incur any liability in case any such purchaser or purchasers shall fail to pay for the Collateral so sold, and, in case of any such failure, the Collateral may be sold again.

10. Voting Rights; Dividends; etc. With respect to any Collateral consisting of

securities, partnership interests, joint venture interests, limited liability company memberships, Investments or the like (referred to collectively and individually in this Section 10 and in Section 11 as the "Investment Collateral"), so long as no Event of Default occurs and remains continuing:

(a) Voting Rights. Grantors shall be entitled to exercise any and all voting and other consensual rights pertaining to the Investment Collateral, or any part thereof, for any purpose not inconsistent with the terms of this Agreement, the Loan Agreement, or the other Loan Documents; provided, however, that Grantors shall not exercise, or shall refrain from exercising, any such right if it would result in a Default.

(b) Dividend and Distribution Rights. Except as otherwise provided in any Loan Document, Grantors shall be entitled to receive and to retain and use any and all dividends or distributions paid in respect of the Investment Collateral; provided, however, that any and all such dividends or distributions received in the form of capital stock, certificated securities, warrants, options or rights to acquire capital stock or certificated securities forthwith shall be, and the certificates representing such capital stock or certificated securities, if any, forthwith shall be delivered to Secured Party to hold as pledged Collateral and shall, if received by Grantors, be received in trust for the benefit of Secured Party, be segregated from the other Property of Grantors, and forthwith be delivered to Secured Party as pledged Collateral in the same form as so received (with any necessary endorsements).

11. Rights During Event of Default. With respect to any Investment Collateral, so long as an Event of Default has occurred and is continuing:

(a) Voting, Dividend, and Distribution Rights. At the option of Secured Party, all rights of Grantors to exercise the voting and other consensual rights which it would otherwise be entitled to exercise pursuant to Section 10(a) above, and to receive the dividends and distributions which it would otherwise be authorized to receive and retain pursuant to Section 10(b) above, shall cease, and all such rights thereupon shall become vested in Secured Party which thereupon shall have the sole right to exercise such voting and other consensual rights and to receive and to hold as pledged Collateral such dividends and distributions.

(b) Dividends and Distributions Held in Trust. All dividends and other distributions which are received by Grantors contrary to the provisions of this Agreement shall be received in trust for the benefit of Secured Party, shall be segregated from other funds of Grantors and forthwith shall be paid over to Secured Party as pledged Collateral in the same form as so received (with any necessary endorsements).

(c) Irrevocable Proxy. Each Grantor hereby revokes all previous proxies with regard to the Investment Collateral and appoints Secured Party as its proxyholder to attend and vote at any and all meetings of the shareholders or other equity holders of the Persons that issued the Investment Collateral and any adjournments thereof, held on or after the date of the giving of this proxy and prior to the termination of this proxy, and to execute any and all written consents of shareholders or equity holders of such Persons executed on or after the date of the giving of this proxy and prior to the termination of this proxy, with the same effect as if such Grantor had personally attended the meetings or had personally voted its shares or other interests or had personally signed the written consents; provided, however, that the proxyholder shall have rights hereunder only upon the occurrence and during the continuance of an Event of Default. Each Grantor hereby authorizes Secured Party to substitute another

Person as the proxyholder and, upon the occurrence and during the continuance of any Event of Default, hereby authorizes the proxyholder to file this proxy and any substitution instrument with the secretary or other appropriate official of the appropriate Person. This proxy is coupled with an interest and is irrevocable until such time as all Secured Obligations have been paid and performed in full.

12. Attorney-in-Fact. Each Grantor hereby irrevocably nominates and appoints Secured Party as its attorney-in-fact for the following purposes: (a) to do all acts and things which Secured Party may deem necessary or advisable to perfect and continue perfected the security interests created by this Agreement and, upon the occurrence and during the continuance of an Event of Default, to preserve, process, develop, maintain and protect the Collateral; (b) upon the occurrence and during the continuance of an Event of Default, to do any and every act which such Grantor is obligated to do under this Agreement, at the expense of the Grantors, so obligated and without any obligation to do so; (c) to prepare, sign, file and/or record, for such Grantor, in the name of the Grantor, any financing statement, application for registration, or like paper, and to take any other action deemed by Secured Party necessary or desirable in order to perfect or maintain perfected the security interests granted hereby; and (d) upon the occurrence and during the continuance of an Event of Default, to execute any and all papers and instruments and do all other things necessary or desirable to preserve and protect the Collateral and to protect Secured Party's security interests therein; provided, however, that Secured Party shall be under no obligation whatsoever to take any of the foregoing actions, and, absent bad faith or actual malice, Secured Party shall have no liability or responsibility for any act taken or omission with respect thereto.

13. Costs and Expenses. Each Grantor agrees to pay to Secured Party all costs and expenses (including, without limitation, attorneys' fees and disbursements) incurred by Secured Party in the enforcement or attempted enforcement of this Agreement, whether or not an action is filed in connection therewith, and in connection with any waiver or amendment of any term or provision hereof. All advances, charges, costs and expenses, including attorneys' fees and disbursements, incurred or paid by Secured Party in exercising any right, privilege, power or remedy conferred by this Agreement (including, without limitation, the right to perform any Secured Obligation of such Grantor under the Loan Documents), or in the enforcement or attempted enforcement thereof, shall be secured hereby and shall become a part of the Secured Obligations and shall be paid to Secured Party by such Grantor, immediately upon demand, together with interest thereon at the Default Rate.

14. Statute of Limitations and Other Laws. Until the Secured Obligations shall have been paid and performed in full, the power of sale and all other rights, privileges, powers and remedies granted to Secured Party hereunder shall continue to exist and may be exercised by Secured Party at any time and from time to time irrespective of the fact that any of the Secured Obligations may have become barred by any statute of limitations. Each Grantor expressly waives the benefit of any and all statutes of limitation, and any and all Laws providing for exemption of property from execution or for valuation and appraisal upon foreclosure, to the maximum extent permitted by applicable Law.

15. Other Agreements. Nothing herein shall in any way modify or limit the effect of terms or conditions set forth in any other security or other agreement executed by Grantors, or any of them, or in connection with the Secured Obligations, but each and every term and condition hereof shall be in addition thereto. All provisions contained in the Loan Agreement or any other Loan Document that apply to Loan Documents generally are fully applicable to this Agreement and are

incorporated herein by this reference.

16. Understandings With Respect to Waivers and Consents. Each Grantor warrants and agrees that each of the waivers and consents set forth herein are made after consultation with legal counsel and with full knowledge of their significance and consequences, with the understanding that events giving rise to any defense or right waived may diminish, destroy or otherwise adversely affect rights which such Grantor otherwise may have against Secured Party or others, or against Collateral, and that, under the circumstances, the waivers and consents herein given are reasonable and not contrary to public policy or Law. If any of the waivers or consents herein are determined to be contrary to any applicable Law or public policy, such waivers and consents shall be effective to the maximum extent permitted by Law.

17. Release of Grantors. This Agreement and all Secured Obligations of Grantors hereunder shall be released when all Secured Obligations have been paid in full in cash or otherwise performed in full and when no portion of the Commitment remains outstanding. Upon such release of Grantors' Secured Obligations hereunder, Secured Party shall return any pledged Collateral to Grantors, or to the Person or Persons legally entitled thereto, and shall endorse, execute, deliver, record and file all instruments and documents, and do all other acts and things, reasonably required for the return of the Collateral to Grantors, or to the Person or Persons legally entitled thereto, and to evidence or document the release of Secured Party's interests arising under this Agreement, all as reasonably requested by, and at the sole expense of, Grantors.

18. WAIVER OF JURY TRIAL. EACH GRANTOR AND SECURED PARTY EXPRESSLY WAIVE THEIR RESPECTIVE RIGHTS TO A TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF OR RELATED TO THIS AGREEMENT, THE LOAN AGREEMENT, THE OTHER LOAN DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY IN ANY ACTION, PROCEEDING OR OTHER LITIGATION OF ANY TYPE BROUGHT BY ANY OF THE PARTIES AGAINST ANY OTHER PARTY OR PARTIES, WHETHER NOW EXISTING OR HEREAFTER ARISING AND WHETHER WITH RESPECT TO CONTRACT CLAIMS, TORT CLAIMS, OR OTHERWISE. EACH GRANTOR AND SECURED PARTY AGREE THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE TRIED BY A COURT TRIAL WITHOUT A JURY. WITHOUT LIMITING THE FOREGOING, THE PARTIES FURTHER AGREE THAT THEIR RESPECTIVE RIGHTS TO A TRIAL BY JURY ARE WAIVED BY OPERATION OF THIS SECTION AS TO ANY ACTION, COUNTERCLAIM OR OTHER PROCEEDING WHICH SEEKS, IN WHOLE OR IN PART, TO CHALLENGE THE VALIDITY OR ENFORCEABILITY OF THIS AGREEMENT, THE LOAN AGREEMENT OR THE OTHER LOAN DOCUMENTS OR ANY PROVISION HEREOF OR THEREOF. THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT, THE LOAN AGREEMENT AND THE OTHER LOAN DOCUMENTS. ANY PARTY HERETO MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE SIGNATORIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

19. Incorporation of Suretyship Provisions and Waivers. The attached Exhibit A, "Suretyship Provisions and Waivers" is hereby incorporated by this reference as though set forth herein in full.

IN WITNESS WHEREOF, each Grantor has executed this Agreement by its duly authorized officer as of the date first written above.

"Grantors"

JAKKS PACIFIC, INC.
FLYING COLORS TOYS, INC.
ROAD CHAMPS, INC.
PENTECH INTERNATIONAL INC.

By: /s/ JOEL M. BENNETT
Joel M. Bennett

Title: Exec. V.P./C.F.O. of each of the foregoing

EXHIBIT A
TO
SECURITY AGREEMENT

SURETYSHIP PROVISIONS AND WAIVERS

1. Waivers and Consents. Each Grantor acknowledges that the Liens and security interests created or granted herein will or may secure obligations of Persons other than such Grantor and, in full recognition of that fact, each Grantor consents and agrees that Secured Party may, at any time and from time to time, without notice or demand, and without affecting the enforceability or security hereof:

(a) supplement, modify, amend, extend, renew, or otherwise change the time for payment or the terms of the Obligations or any part thereof, including any increase or decrease of the rate(s) of interest thereon;

(b) supplement, modify, amend or waive, or enter into or give any agreement, approval or consent with respect to, the Obligations or any part thereof or any of the Loan Documents or any additional security or guaranties, or any condition, covenant, default, remedy, right, representation or term thereof or thereunder;

(c) accept new or additional instruments, documents or agreements in exchange for or relative to any of the Loan Documents or the Obligations or any part thereof;

(d) accept partial payments on the Obligations;

(e) receive and hold additional security or guaranties for the Obligations or any part thereof;

(f) release, reconvey, terminate, waive, abandon, subordinate, exchange, substitute, transfer and enforce any security or guaranties, and apply any security and direct the order or manner of sale thereof as Secured Party in its sole and absolute discretion may determine;

(g) release any Person or any guarantor from any personal liability with respect to the Obligations or any part thereof;

(h) settle, release on terms satisfactory to Secured Party or by operation of applicable Laws or otherwise liquidate or enforce any Obligations and any security or guaranty therefor in any manner, consent to the transfer of any security and bid and purchase at any sale; and

(i) consent to the merger, change or any other restructuring or termination of the corporate existence of any Borrower or any other Person, and correspondingly restructure the Obligations, and any such merger, change, restructuring or termination shall not affect the liability of any Grantor or the continuing existence of any Liens hereunder, under any other Loan Document to which any Grantor is a party or the enforceability hereof or thereof with respect to all or any part of the Obligations.

Upon the occurrence of and during the continuance of any Event of Default, Secured Party may enforce this Agreement independently as to each Grantor and independently of any other remedy or security Secured Party at any time may have or hold in connection with the Obligations, and it shall not be necessary for Secured Party to marshal assets in favor of any Grantor, any Borrower or any other Person or to proceed upon or against and/or exhaust any other security or remedy before proceeding to enforce this Agreement. Each Grantor expressly waives any right to require Secured Party to marshal assets in favor of such Grantor, any Borrower or any other Person or to proceed against any other Person or any collateral provided by any other Person, and agrees that Secured Party may proceed against any Person and/or collateral in such order as it shall determine in its sole and absolute discretion. Secured Party may file a separate action or actions against any Grantor, whether action is brought or prosecuted with respect to any other security or against any other Grantor, any Borrower or any other Person, or whether any other Person is joined in any such action or actions. Each Grantor agrees that Secured Party and the Borrowers and any other Person may deal with each other in connection with the Obligations or otherwise, or alter any contracts or agreements now or hereafter existing between any of them, in any manner whatsoever, all without in any way altering or affecting the security of this Agreement. Secured Party's rights hereunder shall be reinstated and revived, and the enforceability of this Agreement shall continue, with respect to any amount at any time paid on account of the Obligations which thereafter shall be required to be restored or returned by Secured Party upon the bankruptcy, insolvency or reorganization of any Borrower, any Grantor or any other Person, or otherwise, all as though such amount had not been paid. The Liens created or granted herein and the enforceability of this Agreement at all times shall remain effective to secure the full amount of all the Obligations including, without limitation, the amount of all loans and interest thereon at the rates provided for in the Loan Agreement, even though the Obligations, including any part thereof or any other security or guaranty therefor, may be or hereafter may become invalid or otherwise unenforceable as against the Borrowers or any other Person and whether or not the Borrowers or any other Person shall have any personal liability with respect thereto. Each Grantor expressly waives any and all defenses now or hereafter arising or asserted by reason of (a) any disability or other defense of any Borrower or any other Person with respect to the Obligations, (b) the unenforceability or invalidity of any security or guaranty for the Obligations or the lack of perfection or continuing perfection or failure of priority of any security for the Obligations, (c) the cessation for any cause whatsoever of the liability of any Borrower or any other Person (other than by reason of the full payment and performance of all Obligations), (d) any failure of Secured Party to marshal assets in favor of such Grantor or any other Person, (e) except as otherwise required by Law or as provided in this Agreement, any failure of Secured Party to give notice of sale or other disposition of collateral to such Grantor or any other Person or any defect in any notice that may be given in connection with any sale or disposition of collateral, (f) except as otherwise required by Law or as provided in this Agreement, any failure of Secured Party to comply with applicable Laws in connection with the sale or other disposition of any collateral or other security for any Obligation, including without limitation any failure of Secured Party to conduct a commercially reasonable sale or other disposition of any collateral or other security for any Obligation, (g) any act or omission of Secured Party or others that directly or indirectly results in or aids the discharge or release of any Borrower, any Grantor or any other Person or the Obligations or any other security or guaranty therefor by operation of law, (h) any Law which provides that the obligation of a surety or guarantor must neither be larger in amount nor in other respects more burdensome than that of the principal or which reduces a surety's or guarantor's obligation in proportion to the principal obligation, (i) any failure of Secured Party to file or enforce a claim in any bankruptcy or other proceeding with respect to any Person, (j) the election by Secured Party, in any bankruptcy proceeding of any Person, of the application or non-application of Section 1111(b)(2) of the United States Bankruptcy Code, (k) any extension of credit or the grant of any Liens under Section 364 of the United States Bankruptcy Code, (l) any use of cash collateral under Section 363 of the United States Bankruptcy Code, (m) any

agreement or stipulation with respect to the provision of adequate protection in any bankruptcy proceeding of any Person, (n) the avoidance of any Liens in favor of Secured Party for any reason, (o) any bankruptcy, insolvency, reorganization, arrangement, readjustment of debt, liquidation or dissolution proceeding commenced by or against any Person, including any discharge of, or bar or stay against collecting, all or any of the Obligations (or any interest thereon) in or as a result of any such proceeding, or (p) to the extent permitted, the benefits of any form of one-action rule. Until no part of any commitment to lend remains outstanding and all of the Obligations have been paid and performed in full, Grantors shall have no right of subrogation, contribution, reimbursement or indemnity, and each Grantor expressly waives any right to enforce any remedy that Secured Party now has or hereafter may have against any other Person and waives the benefit of, or any right to participate in, any other security now or hereafter held by Secured Party. Each Grantor expressly waives all setoffs and counterclaims and all presentments, demands for payment or performance, notices of nonpayment or nonperformance, protests, notices of protest, notices of dishonor and all other notices or demands of any kind or nature whatsoever with respect to the Obligations, and all notices of acceptance of this Agreement or of the existence, creation or incurring of new or additional Obligations.

2. Condition of Grantors and their Subsidiaries. Each Grantor represents and warrants to Secured Party that such Grantor has established adequate means of obtaining from each other Grantor and its Subsidiaries, on a continuing basis, financial and other information pertaining to the businesses, operations and condition (financial and otherwise) of each other Grantor and its Subsidiaries and their properties, and such Grantor now is and hereafter will be completely familiar with the businesses, operations and condition (financial and otherwise) of each other Grantor and its Subsidiaries and their properties. Each Grantor hereby expressly waives and relinquishes any duty on the part of Secured Party to disclose to such Grantor any matter, fact or thing related to the businesses, operations or condition (financial or otherwise) of any Grantor or its Subsidiaries or their properties, whether now known or hereafter known by Secured Party during the life of this Agreement. With respect to any of the Obligations, Secured Party need not inquire into the powers of any Grantor or any Subsidiaries thereof or the officers or employees acting or purporting to act on their behalf, and all Obligations made or created in good faith reliance upon the professed exercise of such powers shall be secured hereby.

3. Liens on Real Property. In the event that all or any part of the Obligations at any time are secured by any one or more deeds of trust or mortgages creating or granting Liens on any interests in real property, each Grantor authorizes Secured Party, upon the occurrence of and during the continuance of any Event of Default, at its sole option, without notice or demand and without affecting any Obligations, the enforceability of this Agreement, or the validity or enforceability of any Liens of any Secured Party on any collateral, to foreclose any or all of such deeds of trust or mortgages by judicial or nonjudicial sale. Insofar as the Liens created herein secure the obligations of other Persons, (i) each Grantor expressly waives any defenses to the enforcement of this Agreement or any Liens created or granted hereby or to the recovery by Secured Party against the Borrowers or any other Person liable therefor of any deficiency after a judicial or nonjudicial foreclosure or sale, even though such a foreclosure or sale may impair the subrogation rights of such Grantor and may preclude such Grantor from obtaining reimbursement or contribution from any other Person and (ii) each Grantor expressly waives any defenses or benefits that may be derived from California Code of Civil Procedure - - 580a, 580b, 580d or 726, or comparable provisions of the Laws of any other jurisdiction and all other suretyship defenses it otherwise might or would have under California Law or other applicable Law. Each Grantor expressly waives any right to receive notice of any judicial or nonjudicial foreclosure or sale of any real property or interest therein subject to any such deeds of trust or mortgages and such Grantor's failure to receive any such notice shall not impair or affect such

Grantor's obligations hereunder or the enforceability of this Agreement or any Liens created or granted hereby.

4. Waiver of Rights of Subrogation. Notwithstanding anything to the contrary elsewhere contained herein or in any other Loan Document to which any Grantor is a Party, each Grantor hereby waives with respect to the Borrowers and their successors and assigns (including any surety) and any other Party any and all rights at Law or in equity, to subrogation, to reimbursement, to exoneration, to contribution, to setoff or to any other rights that could accrue to a surety against a principal, to a guarantor against a maker or obligor, to an accommodation party against the party accommodated, or to a holder or transferee against a maker and which such Grantor may have or hereafter acquire against any Borrower or any other Party in connection with or as a result of such Grantor's execution, delivery and/or performance of this Agreement or any other Loan Document to which such Grantor is a party. Each Grantor agrees that it shall not have or assert any such rights against any Borrower or its successors and assigns or any other Person (including any surety), either directly or as an attempted setoff to any action commenced against such Grantor by any Borrower (as borrower or in any other capacity) or any other Person. Each Grantor hereby acknowledges and agrees that this waiver is intended to benefit Secured Party and shall not limit or otherwise affect such Grantor's liability hereunder, under any other Loan Document to which such Grantor is a party, or the enforceability hereof or thereof.

5. Understandings with Respect to Waivers and Consents. Each Grantor warrants and agrees that each of the waivers and consents set forth herein is made with full knowledge of its significance and consequences, with the understanding that events giving rise to any defense waived may diminish, destroy or otherwise adversely affect rights which such Grantor otherwise may have against the Borrowers, Secured Party or others, or against collateral, and that, under the circumstances, the waivers and consents herein given are reasonable and not contrary to public policy or Law. If any of the waivers or consents herein are determined to be contrary to any applicable Law or public policy, such waivers and consents shall be effective to the maximum extent permitted by Law.

EXHIBIT 15(D)

TRADEMARK SECURITY AGREEMENT

This TRADEMARK SECURITY AGREEMENT (this "Agreement"), dated as of October 12, 2001, is made by JAKKS PACIFIC, INC., a Delaware corporation, FLYING COLORS TOYS, INC., a Michigan corporation, ROAD CHAMPS, INC., a Delaware corporation, and PENTECH INTERNATIONAL INC., a Delaware corporation, together with each other Person which hereafter may become a party hereto pursuant to Section 9 of this Agreement (each a "Grantor" and collectively, "Grantors"), jointly and severally, in favor of BANK OF AMERICA, N.A., as the Administrative Agent under the Loan Agreement hereafter referred to, the Lenders therein named and in favor of each of the Lenders which may hereafter become a party hereto collectively as Secured Party, with reference to the following facts:

RECITALS

A. Grantors have entered into a Loan Agreement of even date herewith among Grantors, the Lenders referred to therein, and Bank of America, N.A., as Administrative Agent (as it may from time to time be amended, restated, extended, renewed, modified or supplemented, the "Loan Agreement"). This Agreement is the Trademark Security Agreement referred to in the Loan Agreement and is one of the "Loan Documents" referred to in the Loan Agreement.

B. Pursuant to the Loan Documents of even date the Lenders are making certain credit facilities available to Grantors.

C. As a condition of the availability of such credit facilities, Grantors are required to enter into this Agreement to grant security interests to Secured Party as herein provided.

D. Each Grantor expects to realize direct and indirect benefits as a result of the availability of the aforementioned credit facilities.

AGREEMENT

NOW, THEREFORE, in order to induce the Lenders to extend the aforementioned credit facilities to the Grantors, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Grantors, and each of the subsequent Grantors which hereafter become party hereto, hereby jointly and severally represent, warrant, covenant and agree as follows:

1. Definitions. Terms defined in the Loan Agreement and not otherwise defined in this Agreement shall have the meanings defined for those terms in the Loan Agreement. As used in this Agreement, the following terms shall have the meanings respectively set forth after each:

"Agreement" means this Trademark Security Agreement, and any extensions, modifications, renewals, restatements, supplements or amendments hereof, including, without limitation, any documents or agreements by which additional Grantors become party hereto.

"Collateral" means and includes all of the following: (a) all of Grantors' now-existing, or hereafter acquired, right, title, and interest in and to all of Grantors' trademarks, trade names, trade styles, and service marks; all prints and labels on which said trademarks, trade names, trade styles, and service marks appear, have appeared, or will appear, and all designs and general intangibles of a like nature; all applications, registrations, and recordings relating to the foregoing in the United States Patent and Trademark Office ("USPTO") or in any similar office or agency of the United States, any State thereof, or any political subdivision thereof (provided that no "intent to use" application filed by any Grantor with the USPTO relating to the foregoing shall constitute part of the Collateral unless and until such Grantor files a "declaration of use" with respect to such application and the USPTO accepts such declaration), and all reissues, extensions, and renewals thereof, including those trademarks, trade names, trade styles, service marks, terms, designs, and applications described in Schedule 1 hereto (the "Trademarks"); (b) the goodwill of the business symbolized by each of the Trademarks, including, without limitation, all customer lists and other records relating to the distribution of products or services bearing the Trademarks; (c) all licenses and sublicenses of trademarks, trade names, trade styles and service marks, to the extent that there exists no prohibition as a matter of law on the transfer thereof for security as contemplated by this Agreement, and (d) any and all proceeds of any of the foregoing, including any claims by Grantors against third parties for past, present and future infringement of the Trademarks or any licenses with respect thereto.

"Secured Obligations" means any and all present and future Obligations of any type or nature of Grantors or any one or more of them to the Administrative Agent, the Lenders, and any one or more of them, arising under or relating to the Loan Documents or any one or more of them, whether due or to become due, matured or unmatured, liquidated or unliquidated, or contingent or noncontingent, including Obligations of performance as well as Obligations of payment, and including interest that accrues after the commencement of any bankruptcy or insolvency proceeding by or against any Grantor.

"Secured Party" means the Administrative Agent under the Loan Agreement, the Lenders therein named and each of the Lenders which may hereafter become a party thereto. All rights of the Secured Party under this Agreement shall be exercised by the Administrative Agent, acting with the consent of those Lenders required by the Loan Agreement.

2. Security Agreement. For valuable consideration, Grantors, and each of them hereby, jointly and severally grant and assign to Secured Party a security interest, to secure the prompt and indefeasible payment and performance of the Secured Obligations, and each of them, in and to all of the presently existing and hereafter acquired Collateral. This Agreement is a continuing and irrevocable agreement and all the rights, powers, privileges and remedies hereunder shall apply to any and all Secured Obligations, including those arising under successive transactions which shall either continue the Secured Obligations, increase or decrease them and notwithstanding the bankruptcy of any Grantor or any other event or

proceeding affecting any Grantor.

3. Representations, Warranties and Covenants. Grantors, and each of them, represent, warrant and agree that:

(a) To Grantors' knowledge, all of the existing Collateral is valid and subsisting and in full force and effect, and Grantors own the sole, full, and clear title thereto, and the right and power to grant the security interests granted hereunder. Grantors will, at their expense, perform all acts and execute all documents necessary to maintain the existence of the Collateral as valid, subsisting, and registered trademarks, including, without limitation, the filing of any renewal affidavits and applications provided that Grantors may abandon or not maintain or renew such trademark if in its good faith judgment, the particular mark is not material to its business. The Collateral is not subject to any Liens, claims, mortgages, assignments or licenses of any nature whatsoever, whether recorded or unrecorded, except as permitted by the Loan Agreement.

(b) To Grantors' knowledge, as of the date hereof, none of Grantors or their Subsidiaries has any Trademarks registered, or subject to pending applications, in the USPTO, or any similar office or agency in the United States, other than those described in Schedule 1.

(c) No Grantor nor any Subsidiary of any Grantor shall file any application for the registration of a trademark with the USPTO or any similar office or agency in the United States, or State therein, unless such Grantor or Subsidiary has informed Secured Party of such action in advance or informs Secured Party promptly thereafter. Upon request of Secured Party, Grantors shall execute and deliver to Secured Party any and all agreements, instruments, documents, and such other papers as may be reasonably requested by Secured Party to evidence the grant and assignment of a security interest to Secured Party of such trademark (other than mere "intent to use" filings). Each Grantor authorizes Secured Party to modify this Agreement by amending Schedule 1 to include any new trademark or service mark, and any trademark or service mark renewal of any Grantor applied for and obtained hereafter.

(d) Except to the extent permitted by this Agreement, no Grantor nor any Subsidiary of any Grantor has abandoned any of the Trademarks, and no Grantor nor any Subsidiary of any Grantor will do any act, or omit to do any act, whereby the Trademarks may become abandoned, canceled, invalidated, unenforceable, avoided, or avoidable. Each Grantor shall notify Secured Party promptly if it knows, or has reason to know, of any reason why any application, registration, or recording may become abandoned, canceled, invalidated, or unenforceable.

(e) Grantors will render any assistance, as Secured Party may reasonably determine is necessary, to Secured Party in any proceeding before the USPTO, any federal or state court, or any similar office or agency in the United States, or any State therein, to protect Secured Party's security interest in the Trademarks.

(f) Grantors assume all responsibility and liability arising from the use of the Trademarks, and each Grantor hereby indemnifies and holds the Administrative Agent and each of the Lenders harmless from and against any claim, suit, loss, damage, or expense (including reasonable attorneys'

fees) arising out of any alleged defect in any product manufactured, promoted, or sold by any Grantor (or any Affiliate or Subsidiary thereof) in connection with any Trademark or out of the manufacture, promotion, labeling, sale, or advertisement of any such product by any Grantor or any Affiliate or Subsidiary thereof.

(g) Grantors shall promptly notify Secured Party in writing of any adverse determination in any proceeding in the USPTO or domestic Governmental Agency, court or body, regarding any Grantor's ownership of any of the Trademarks. In the event of any material infringement of any of the Trademarks by a third party, Grantors shall promptly notify Secured Party of such infringement and shall diligently pursue damages or an injunction for such infringement provided that Grantors have no obligation to take any such action with respect to a Trademark if, in its good faith judgement, such Trademark is not material to its business..

(h) Each Grantor shall, at its sole expense, do, make, execute and deliver all such additional and further acts, things, assurances, and instruments, in each case in form and substance reasonably satisfactory to Secured Party, relating to the creation, validity, or perfection of the security interests provided for in this Agreement under 35 U.S.C. Section 261, 15 U.S.C. Section 1051 et seq., the Uniform Commercial Code or other Law of the United States, the State of California, or of any other States as Secured Party may from time to time reasonably request, and shall take all such other action as the Secured Party may reasonably require to more completely vest in and assure to Secured Party its security interest in any of the Collateral, and each Grantor hereby irrevocably authorizes Secured Party or its designee, at such Grantor's expense, to execute such documents, and file such financing statements with respect thereto with or without such Grantor's signature, as Secured Party may reasonably deem appropriate. In the event that any recording or refiling (or the filing of any statement of continuation or assignment of any financing statement) or any other action, is required at any time to protect and preserve such security interest, Grantors shall, at their sole cost and expense, cause the same to be done or taken at such time and in such manner as may be necessary and as may be reasonably requested by Secured Party. Each Grantor further authorizes Secured Party to have this or any other similar security agreement recorded or filed with the Commissioner of Patents and Trademarks or other appropriate federal, state or government office.

(i) Secured Party is hereby irrevocably appointed by each Grantor as its lawful attorney and agent, with full power of substitution to execute and deliver on behalf of and in the name of any or all Grantors, such financing statements and other documents and agreements, and to take such other action as Secured Party may deem necessary for the purpose of perfecting, protecting or effecting the security interests granted herein and effected hereby, and any mortgages or Liens necessary or desirable to implement or effectuate the same, under any applicable Law, and Secured Party is hereby authorized to file on behalf of and in the name of any or all Grantors, at Grantors' sole expense, such financing statements, documents and agreements in any appropriate governmental office.

(j) Secured Party may, in its sole discretion, pay any amount, or do any act which Grantors fail to pay or do as reasonably required hereunder to preserve, defend, protect, maintain, record, amend, or enforce the Secured Obligations, the Collateral, or the security interest granted hereunder, including, but not limited to, all filing or recording fees, court costs,

collection charges, and reasonable attorneys' fees. Grantors will be liable to Secured Party for any such payment, and any amount so paid shall be an expense reimbursable by the Borrowers under Section 11.3 of the Loan Agreement (or, in the proper case, by each other Grantor under the expense provisions of its Guaranty).

4. Events of Default. Any "Event of Default" as defined in the Loan Agreement shall constitute an Event of Default hereunder.

5. Rights and Remedies. Upon the occurrence and during the continuance of any such Event of Default, in addition to all other rights and remedies of Secured Party, whether provided under Law, the Loan Agreement or otherwise, Secured Party may enforce its security interest hereunder which may be exercised without notice to, or consent by, any Grantor, except as such notice or consent is expressly provided for hereunder. Upon such enforcement:

(a) Secured Party may use any of the Trademarks for the sale of goods, completion of work in process, or rendering of services in connection with enforcing any security interest granted to Secured Party by Grantors or any Subsidiary of any Grantor.

(b) Secured Party may grant such license or licenses relating to the Collateral for such term or terms, on such conditions and in such manner, as Secured Party shall, in its sole discretion, deem appropriate. Such license or licenses may be general, special, or otherwise, and may be granted on an exclusive or nonexclusive basis throughout all or part of the United States of America and its territories and possessions.

(c) Secured Party may assign, sell, or otherwise dispose of the Collateral, or any part thereof, either with or without special conditions or stipulations, except that Secured Party agrees to provide Grantors with ten (10) days' prior written notice of any proposed disposition of the Collateral. Each Grantor hereby irrevocably appoints each Borrower as its agent for the purpose of receiving notice of sale hereunder, and agrees that such Grantor conclusively shall be deemed to have received notice of sale when notice of sale has been given to each Borrower. Each Grantor expressly waives any right to receive notice of any public or private sale of any Collateral or other security for the Secured Obligations except as expressly provided in this Section 5(c). Secured Party shall have the power to buy the Collateral, or any part thereof, and Secured Party shall also have the power to execute assurances and perform all other acts which Secured Party may, in Secured Party's sole discretion, deem appropriate or proper to complete such assignment, sale, or disposition. In any such event, Grantors shall be liable for any deficiency.

(d) In addition to the foregoing, in order to implement the assignment, sale or other disposition of any of the Collateral pursuant to Section 5(c) hereof, Secured Party may, at any time, execute and deliver, on behalf of Grantors, and each of them, pursuant to the authority granted in powers of attorney, one or more instruments of assignment of the Trademarks (or any application, registration, or recording relating thereto), in form suitable for filing, recording, or registration. Grantors agree to pay Secured Party, on demand, all costs incurred in any such transfer of the Collateral, including, but not limited to any taxes, fees, and reasonable attorneys' fees.

(e) Secured Party may first apply the proceeds actually received from any such use, license, assignment, sale, or other disposition of Collateral

first to the reasonable costs and expenses thereof, including, without limitation, reasonable attorneys' fees and all reasonable legal, travel, and other expenses which may be incurred by Secured Party. Thereafter, Secured Party may apply any remaining proceeds to such of the Secured Obligations as provided in the Loan Agreement. Grantors shall remain liable to Secured Party for any expenses or Secured Obligations remaining unpaid after the application of such proceeds, and Grantors will pay Secured Party, on demand, any such unpaid amount, together with interest at the rate(s) set forth in the Loan Agreement.

(f) Upon request of Secured Party, Grantors shall supply to Secured Party, or Secured Party's designee, Grantors' knowledge and expertise relating to the manufacture and sale of the products and services bearing the Trademarks and Grantors' customer lists and other records relating to the Trademarks and the distribution hereof.

Nothing contained herein shall be construed as requiring Secured Party to take any such action at any time. All of Secured Party's rights and remedies, whether provided under Law, the Loan Agreement, this Agreement, or otherwise shall be cumulative, and none is exclusive of any right or remedy otherwise provided herein or in any of the other Loan Documents, at law or in equity. Such rights and remedies may be enforced alternatively, successively, or concurrently.

Secured Party or Designee will keep such confidential information, lists or records provided hereunder in confidence in accordance with Section 11.16 of the Loan Agreement.

6. Waivers.

(a) Each Grantor hereby waives any and all rights that it may have to a judicial hearing, if any, in advance of the enforcement of any of Secured Party's rights hereunder, including, without limitation, its rights following any Event of Default and during the continuance thereof to take immediate possession of the Collateral and exercise its rights with respect thereto.

(b) Secured Party shall not be required to marshal any present or future security for (including, but not limited to, this Agreement and the Collateral subject to a security interest hereunder), or guaranties of, the Secured Obligations or any of them, or to resort to such security or guaranties in any particular order. Each Grantor 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 Secured Party's rights under this Agreement or any other instrument evidencing any of the Secured Obligations or by which any of such Secured Obligations is secured or guaranteed, and each Grantor hereby irrevocably waives the benefits of all such Laws.

(c) Except for notices specifically provided for herein, each Grantor hereby expressly 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 both to Secured Obligations and any collateral therefor, each Grantor assents to any extension or postponement of the time of payment or any other indulgence, to any substitution, of any 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

Secured Party may deem advisable. Secured Party shall have no duty as to the 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 except as otherwise required by Law. Secured Party may exercise its rights with respect to the Collateral without resorting or regard to other collateral or sources of reimbursement for liability. Secured Party shall not be deemed to have waived any of its rights upon or under the Loan Agreement or the Collateral unless such waiver be in writing and signed by the Secured Party. The exercise of the rights under this Agreement are not intended by the parties to constitute an "action" within the meaning of Sections 580a, 580d, or 726 of the California Code of Civil Procedure. No delay or omission on the part of the Secured Party in exercising any right shall operate as a waiver of any right on any future occasion. All rights and remedies of the Secured Party under the Loan Agreement or on the Collateral, whether evidenced hereby or by any other instrument or papers, shall be cumulative and may be exercised singularly or concurrently.

7. Costs and Expenses. Grantors will pay any and all charges, costs and taxes incurred in implementing or subsequently amending this Agreement, including, without limitation, recording and filing fees, appraisal fees, stamp taxes, and reasonable fees and disbursements of Secured Party's counsel incurred by Secured Party, and the allocated cost of in-house counsel to Secured Party, in connection with this Agreement, and in the enforcement of this Agreement and in the enforcement or foreclosure of any Liens, security interests or other rights of the Secured Party under this Agreement, or under any other documentation heretofore, now, or hereafter given to Secured Party in furtherance of the transactions contemplated hereby.

8. Continuing Effect. This Agreement shall remain in full force and effect and continue to be effective should any petition be filed by or against any Grantor for liquidation or reorganization, should any Grantor become insolvent or make an assignment for the benefit of creditors or should a receiver or trustee be appointed for all or any significant part of any Grantor's assets.

9. Joinder. Any other Person may become a Grantor hereunder and become bound by the terms and conditions of this Agreement by executing and delivering to Administrative Agent an Instrument of Joinder substantially in the form attached hereto as Exhibit A, accompanied by such documentation as Administrative Agent may require to establish the due organization, valid existence and good standing of such Person, its qualification to engage in business in each material jurisdiction in which it is required to be so qualified, its authority to execute, deliver and perform this Agreement, and the identity, authority and capacity of each Responsible Official thereof authorized to act on its behalf.

10. Release of Grantors. This Agreement and all Secured Obligations of Grantors hereunder shall be released when all Secured Obligations have been paid in full in cash or otherwise performed in full and when no portion of the Commitments remain outstanding. Upon such release of Grantors' Secured Obligations hereunder, Secured Party shall return and reassign any Collateral to Grantors, or to the Person or Persons legally entitled thereto, and shall endorse, execute, deliver, record and file all instruments and documents, and do all other acts and things, reasonably required for the return of the Collateral to Grantors, or to the Person or Persons legally entitled thereto, and to evidence or document the release of Secured Party's interests arising under this Agreement, all as reasonably requested by, and at the reasonable expense of, Grantors.

11. Additional Powers and Authorization. Secured Party shall be entitled to the benefits accruing to it as Administrative Agent under the Loan Agreement and the other Loan Documents. Notwithstanding anything contained herein to the contrary, Secured Party may employ agents, trustees, or attorneys-in-fact and may vest any of them with any Property (including, without limitation, any Collateral assigned hereunder), title, right or power deemed necessary for the purposes of such appointment.

12. WAIVER OF JURY TRIAL. EACH GRANTOR AND SECURED PARTY EXPRESSLY WAIVE THEIR RESPECTIVE RIGHTS TO A TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF OR RELATED TO THIS AGREEMENT, THE LOAN AGREEMENT, THE OTHER LOAN DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY IN ANY ACTION, PROCEEDING OR OTHER LITIGATION OF ANY TYPE BROUGHT BY ANY OF THE PARTIES AGAINST ANY OTHER PARTY OR PARTIES, WHETHER NOW EXISTING OR HEREAFTER ARISING AND WHETHER WITH RESPECT TO CONTRACT CLAIMS, TORT CLAIMS, OR OTHERWISE. EACH GRANTOR AND SECURED PARTY AGREE THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE TRIED BY A COURT TRIAL WITHOUT A JURY. WITHOUT LIMITING THE FOREGOING, THE PARTIES FURTHER AGREE THAT THEIR RESPECTIVE RIGHTS TO A TRIAL BY JURY ARE WAIVED BY OPERATION OF THIS SECTION AS TO ANY ACTION, COUNTERCLAIM OR OTHER PROCEEDING WHICH SEEKS, IN WHOLE OR IN PART, TO CHALLENGE THE VALIDITY OR ENFORCEABILITY OF THIS AGREEMENT, THE LOAN AGREEMENT OR THE OTHER LOAN DOCUMENTS OR ANY PROVISION HEREOF OR THEREOF. THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT, THE LOAN AGREEMENT AND THE OTHER LOAN DOCUMENTS. ANY PARTY HERETO MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE SIGNATORIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

13. GOVERNING LAW. THIS AGREEMENT SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH AND GOVERNED BY THE FEDERAL LAWS OF THE UNITED STATES OF AMERICA AND THE LAWS OF THE STATE OF CALIFORNIA.

14. Miscellaneous.

(a) Grantors and Secured Party may from time to time agree in writing to the release of certain of the Collateral from the security interest created hereby.

(b) Any notice, request, demand or other communication required or permitted under this Agreement shall be in writing and shall be deemed to be properly given if done in accordance with Section 11.6 of the Loan Agreement.

(c) Except as otherwise set forth in the Loan Agreement, the provisions of this Agreement may not be modified, amended, restated or supplemented, whether or not the modification, amendment, restatement or supplement is supported by new consideration, except by a written instrument duly executed and delivered by Secured Party and Grantors.

(d) Except as otherwise set forth in the Loan Agreement or this Agreement, any waiver of the terms and conditions of this Agreement, or any Event of Default and its consequences hereunder or thereunder, and any consent or approval required or permitted by this Agreement to be given, may be made or given with, but only with, the written consent of Secured Party on such terms and conditions as specified in the written instrument

granting such waiver, consent or approval.

(e) Any failure or delay by Secured Party to require strict performance by Grantors of any of the provisions, warranties, terms, and conditions contained herein, or in any other agreement, document, or instrument, shall not affect Secured Party's right to demand strict compliance and performance therewith, and any waiver of any default shall not waive or affect any other default, whether prior or subsequent thereto, and whether of the same or of a different type. None of the warranties, conditions, provisions, and terms contained herein, or in any other agreement, document, or instrument, shall be deemed to have been waived by any act or knowledge of Secured Party, its agents, officers, or employees, but only by an instrument in writing, signed by an officer of Secured Party and directed to Grantors, specifying such waiver.

(f) If any term or provision of this Agreement conflicts with any term or provision of the Loan Agreement, the term or provision of the Loan Agreement shall control.

(g) If any provision hereof shall be deemed to be invalid by any court, such invalidity shall not affect the remainder of this Agreement.

(h) This Agreement supersedes all prior oral and written assignments and agreements between the parties hereto on the subject matter hereof.

(i) This Agreement shall be binding upon, and for the benefit of, the parties hereto and their respective legal representatives, successors, and assigns.

(j) This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which, taken together, shall constitute one and the same agreement.

IN WITNESS WHEREOF, each Grantor has executed this Agreement by its duly authorized officer as of the date first written above.

"Grantors"

JAKKS PACIFIC, INC.
FLYING COLORS TOYS, INC.
ROAD CHAMPS, INC.
PENTECH INTERNATIONAL INC.

By: /s/ JOEL M. BENNETT

Joel M. Bennett

Title: Exec. V.P./C.F.O.
---
of each of the foregoing

ACCEPTED AND AGREED
AS OF THE DATE FIRST
ABOVE WRITTEN:

"Secured Party"

BANK OF AMERICA, N.A.,
as Administrative Agent, and
for and on behalf of the Lenders

By: /s/ SCOTT J. OLMSTED

Scott J. Olmsted

Title:Assistant Vice President

SCHEDULE 1
TO
TRADEMARK SECURITY AGREEMENT

Existing and Pending Trademarks

Owner	Trademark	Application No./ Registration No.	Application Date/ Registration Date

EXHIBIT A

TO

TRADEMARK SECURITY AGREEMENT

INSTRUMENT OF JOINDER

THIS INSTRUMENT OF JOINDER (this "Joinder") is executed as of _____, _____, by _____, a _____ ("Joining Party"), and delivered to Bank of America N.A., as Administrative Agent, pursuant to the Trademark Security Agreement dated as of _____, 2001 made by JAKKS Pacific, Inc., a Delaware corporation, Flying Colors Toys, Inc., a Michigan corporation, Road Champs, Inc., a Delaware corporation, and Pentech International Inc., a Delaware corporation (and, with other parties that may be added from time to time, the "Grantors"), in favor of the Administrative Agent and the Lenders referred to in the Loan Agreement referred to below (the "Agreement"). Terms used but not defined in this Joinder shall have the meanings defined for those terms in the Agreement.

RECITALS

1. The Agreement was made by the Grantors in favor of the Administrative Agent for the benefit of the Lenders that are parties to that certain Loan Agreement dated as of October 12, 2001 by and among the Borrowers which are parties thereto, the Lenders which are parties thereto, and Bank of America, N.A., as the Administrative Agent for the Lenders (the "Loan Agreement).

2. Joining Party is required pursuant to the Loan Agreement to become a Grantor.

3. Joining Party expects to realize direct and indirect benefits as a result of the availability of the credit facilities under the Loan Agreement to the Borrowers.

NOW THEREFORE, Joining Party agrees as follows:

AGREEMENT

(2) By this Joinder, Joining Party becomes a "Grantor" under and pursuant to Section 9 of the Agreement. Joining Party agrees that, upon its execution hereof, it will become a Grantor under the Agreement with respect to all Obligations of the Borrowers heretofore or hereafter incurred under the Loan Documents, and will be bound by all terms, conditions, and duties applicable to a Grantor under the Agreement.

(3) The effective date of this Joinder is _____, _____.

"Joining Party"

---,
a

By:

Name:

Title:

ACKNOWLEDGED:

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

By:

Name:

Title:

EXHIBIT 15(E)

PATENT SECURITY AGREEMENT

This PATENT SECURITY AGREEMENT (this "Agreement"), dated as of October 12, 2001, is made by JAKKS PACIFIC, INC., a Delaware corporation, FLYING COLORS TOYS, INC., a Michigan corporation, ROAD CHAMPS, INC., a Delaware corporation, and PENTECH INTERNATIONAL INC., a Delaware corporation, together with each other Person which hereafter may become a party hereto pursuant to Section 9 of this Agreement (each a "Grantor" and collectively, "Grantors"), jointly and severally, in favor of BANK OF AMERICA, N.A., as the Administrative Agent under the Loan Agreement hereafter referred to, the Lenders therein named and in favor of each of the Lenders which may hereafter become a party hereto collectively as Secured Party, with reference to the following facts:

RECITALS

A. Grantors have entered into a Loan Agreement of even date herewith among Grantors, the Lenders referred to therein, and Bank of America, N.A., as Administrative Agent (as it may from time to time be amended, restated, extended, renewed, modified or supplemented, the "Loan Agreement"). This Agreement is one of the "Loan Documents" referred to in the Loan Agreement.

B. Pursuant to the Loan Documents of even date the Lenders are making certain credit facilities available to Grantors.

C. As a condition of the availability of such credit facilities, Grantors are required to enter into this Agreement to grant security interests to Secured Party as herein provided.

D. Each Grantor expects to realize direct and indirect benefits as a result of the availability of the aforementioned credit facilities.

AGREEMENT

NOW, THEREFORE, in order to induce the Lenders to extend the aforementioned credit facilities to the Grantors, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Grantors, and each of the subsequent Grantors which hereafter become party hereto, hereby jointly and severally represent, warrant, covenant and agree as follows:

1. Definitions. Terms defined in the Loan Agreement and not otherwise defined in this Agreement shall have the meanings defined for those terms in the Loan Agreement. As used in this Agreement, the following terms shall have the meanings respectively set forth after each:

"Agreement" means this Patent Security Agreement, and any

extensions, modifications, renewals, restatements, supplements or amendments hereof, including, without limitation, any documents or agreements by which additional Grantors become party hereto.

"Collateral" means and includes all of the following: (a) all of Grantors' now-existing, or hereafter acquired, right, title, and interest in and to all of Grantors' patents, together with all applications, registrations, and recordings relating to the foregoing in the United States Patent and Trademark Office ("USPTO") or in any similar office or agency of the United States, any State thereof, or any political subdivision thereof, and all reissues, extensions, and renewals thereof, including those patents, applications, registrations and recordings described in Schedule 1 hereto (the "Patents"); (b) all licenses and sublicenses of the Patents to the extent that there exists no prohibition as a matter of law on the transfer thereof for security as contemplated by this Agreement, and (c) any and all proceeds of any of the foregoing, including any claims by Grantors against third parties for past, present and future infringement of the Patents or any licenses with respect thereto.

"Secured Obligations" means any and all present and future Obligations of any type or nature of Grantors or any one or more of them to the Administrative Agent, the Lenders, and any one or more of them, arising under or relating to the Loan Documents or any one or more of them, whether due or to become due, matured or unmatured, liquidated or unliquidated, or contingent or noncontingent, including Obligations of performance as well as Obligations of payment, and including interest that accrues after the commencement of any bankruptcy or insolvency proceeding by or against any Grantor.

"Secured Party" means the Administrative Agent under the Loan Agreement, the Lenders therein named and each of the Lenders which may hereafter become a party thereto. All rights of the Secured Party under this Agreement shall be exercised by the Administrative Agent, acting with the consent of those Lenders required by the Loan Agreement.

2. Security Agreement. For valuable consideration, Grantors, and each of them hereby, jointly and severally grant and assign to Secured Party a security interest, to secure the prompt and indefeasible payment and performance of the Secured Obligations, and each of them, in and to all of the presently existing and hereafter acquired Collateral. This Agreement is a continuing and irrevocable agreement and all the rights, powers, privileges and remedies hereunder shall apply to any and all Secured Obligations, including those arising under successive transactions which shall either continue the Secured Obligations, increase or decrease them and notwithstanding the bankruptcy of any Grantor or any other event or proceeding affecting any Grantor.

3. Representations, Warranties and Covenants. Grantors, and each of them, represent, warrant and agree that:

(a) To Grantors' knowledge, all of the existing Collateral is valid and subsisting and in full force and effect, and Grantors own the sole, full, and clear title thereto, and the right and power to grant the security interests granted hereunder. Grantors will, at their expense, perform all acts and execute all documents necessary to maintain the existence of the Collateral as valid, subsisting, and registered patents, including, without

limitation, the filing of any renewal affidavits and applications provided that Grantors may abandon or not maintain or renew such patent if in its good faith judgment, the particular mark is not material to its business. The Collateral is not subject to any Liens, claims, mortgages, assignments or licenses of any nature whatsoever, whether recorded or unrecorded, except as permitted by the Loan Agreement.

(b) To Grantors' knowledge, as of the date hereof, none of Grantors or their Subsidiaries has any Patents registered, or subject to pending applications, in the USPTO, or any similar office or agency in the United States, other than those described in Schedule 1.

(c) No Grantor nor any Subsidiary of any Grantor shall file any application for the registration of a patent with the USPTO or any similar office or agency in the United States, or State therein, unless such Grantor or Subsidiary has informed Secured Party of such action in advance or informs Secured Party promptly thereafter. Upon request of Secured Party, Grantors shall execute and deliver to Secured Party any and all agreements, instruments, documents, and such other papers as may be reasonably requested by Secured Party to evidence the grant and assignment of a security interest to Secured Party of such patent. Each Grantor authorizes Secured Party to modify this Agreement by amending Schedule 1 to include any new patent, and any patent renewal of any Grantor applied for and obtained hereafter.

(d) Except to the extent permitted by this Agreement, no Grantor nor any Subsidiary of any Grantor has abandoned any of the Patents, and no Grantor nor any Subsidiary of any Grantor will do any act, or omit to do any act, whereby the Patents may become abandoned, canceled, invalidated, unenforceable, avoided, or avoidable. Each Grantor shall notify Secured Party promptly if it knows, or has reason to know, of any reason why any application, registration, or recording may become abandoned, canceled, invalidated, or unenforceable.

(e) Grantors will render any assistance, as Secured Party may reasonably determine is necessary, to Secured Party in any proceeding before the USPTO, any federal or state court, or any similar office or agency in the United States, or any State therein, to protect Secured Party's security interest in the Patents.

(f) Grantors assume all responsibility and liability arising from the use of the Patents, and each Grantor hereby indemnifies and holds the Administrative Agent and each of the Lenders harmless from and against any claim, suit, loss, damage, or expense (including reasonable attorneys' fees) arising out of any alleged defect in any product manufactured, promoted, or sold by any Grantor (or any Affiliate or Subsidiary thereof) in connection with any Patent or out of the manufacture, promotion, labeling, sale, or advertisement of any such product by any Grantor or any Affiliate or Subsidiary thereof.

(g) Grantors shall promptly notify Secured Party in writing of any adverse determination in any proceeding in the USPTO or domestic Governmental Agency, court or body, regarding any Grantor's ownership of any of the Patents. In the event of any material infringement of any of the Patents by a third party, Grantors shall promptly notify Secured Party of such infringement and shall diligently pursue damages or an injunction for such infringement provided that Grantors have no obligation to take any such action with respect to a Patent if, in its good faith judgement, such Patent is not material to its business..

(h) Each Grantor shall, at its sole expense, do, make, execute and deliver all such additional and further acts, things, assurances, and instruments, in each case in form and substance reasonably satisfactory to Secured Party, relating to the creation, validity, or perfection of the security interests provided for in this Agreement under 35 U.S.C. Section 261, 15 U.S.C. Section 1051 et seq., the Uniform Commercial Code or other Law of the United States, the State of California, or of any other States as Secured Party may from time to time reasonably request, and shall take all such other action as the Secured Party may reasonably require to more completely vest in and assure to Secured Party its security interest in any of the Collateral, and each Grantor hereby irrevocably authorizes Secured Party or its designee, at such Grantor's expense, to execute such documents, and file such financing statements with respect thereto with or without such Grantor's signature, as Secured Party may reasonably deem appropriate. In the event that any recording or refiling (or the filing of any statement of continuation or assignment of any financing statement) or any other action, is required at any time to protect and preserve such security interest, Grantors shall, at their sole cost and expense, cause the same to be done or taken at such time and in such manner as may be necessary and as may be reasonably requested by Secured Party. Each Grantor further authorizes Secured Party to have this or any other similar security agreement recorded or filed with the Commissioner of Patents and Trademarks or other appropriate federal, state or government office.

(i) Secured Party is hereby irrevocably appointed by each Grantor as its lawful attorney and agent, with full power of substitution to execute and deliver on behalf of and in the name of any or all Grantors, such financing statements and other documents and agreements, and to take such other action as Secured Party may deem necessary for the purpose of perfecting, protecting or effecting the security interests granted herein and effected hereby, and any mortgages or Liens necessary or desirable to implement or effectuate the same, under any applicable Law, and Secured Party is hereby authorized to file on behalf of and in the name of any or all Grantors, at Grantors' sole expense, such financing statements, documents and agreements in any appropriate governmental office.

(j) Secured Party may, in its sole discretion, pay any amount, or do any act which Grantors fail to pay or do as reasonably required hereunder to preserve, defend, protect, maintain, record, amend, or enforce the Secured Obligations, the Collateral, or the security interest granted hereunder, including, but not limited to, all filing or recording fees, court costs, collection charges, and reasonable attorneys' fees. Grantors will be liable to Secured Party for any such payment, and any amount so paid shall be an expense reimbursable by the Borrowers under Section 11.3 of the Loan Agreement (or, in the proper case, by each other Grantor under the expense provisions of its Guaranty).

4. Events of Default. Any "Event of Default" as defined in the Loan Agreement shall constitute an Event of Default hereunder.

5. Rights and Remedies. Upon the occurrence and during the continuance of any such Event of Default, in addition to all other rights and remedies of Secured Party, whether provided under Law, the Loan Agreement or otherwise, Secured Party may enforce its security interest hereunder which may be exercised without notice to, or consent by, any Grantor, except as

such notice or consent is expressly provided for hereunder. Upon such enforcement:

(a) Secured Party may use any of the Patents for the sale of goods, completion of work in process, or rendering of services in connection with enforcing any security interest granted to Secured Party by Grantors or any Subsidiary of any Grantor.

(b) Secured Party may grant such license or licenses relating to the Collateral for such term or terms, on such conditions and in such manner, as Secured Party shall, in its sole discretion, deem appropriate. Such license or licenses may be general, special, or otherwise, and may be granted on an exclusive or nonexclusive basis throughout all or part of the United States of America and its territories and possessions.

(c) Secured Party may assign, sell, or otherwise dispose of the Collateral, or any part thereof, either with or without special conditions or stipulations, except that Secured Party agrees to provide Grantors with ten (10) days' prior written notice of any proposed disposition of the Collateral. Each Grantor hereby irrevocably appoints each Borrower as its agent for the purpose of receiving notice of sale hereunder, and agrees that such Grantor conclusively shall be deemed to have received notice of sale when notice of sale has been given to each Borrower. Each Grantor expressly waives any right to receive notice of any public or private sale of any Collateral or other security for the Secured Obligations except as expressly provided in this Section 5(c). Secured Party shall have the power to buy the Collateral, or any part thereof, and Secured Party shall also have the power to execute assurances and perform all other acts which Secured Party may, in Secured Party's sole discretion, deem appropriate or proper to complete such assignment, sale, or disposition. In any such event, Grantors shall be liable for any deficiency.

(d) In addition to the foregoing, in order to implement the assignment, sale or other disposition of any of the Collateral pursuant to Section 5(c) hereof, Secured Party may, at any time, execute and deliver, on behalf of Grantors, and each of them, pursuant to the authority granted in powers of attorney, one or more instruments of assignment of the Patents (or any application, registration, or recording relating thereto), in form suitable for filing, recording, or registration. Grantors agree to pay Secured Party, on demand, all costs incurred in any such transfer of the Collateral, including, but not limited to any taxes, fees, and reasonable attorneys' fees.

(e) Secured Party may first apply the proceeds actually received from any such use, license, assignment, sale, or other disposition of Collateral first to the reasonable costs and expenses thereof, including, without limitation, reasonable attorneys' fees and all reasonable legal, travel, and other expenses which may be incurred by Secured Party. Thereafter, Secured Party may apply any remaining proceeds to such of the Secured Obligations as provided in the Loan Agreement. Grantors shall remain liable to Secured Party for any expenses or Secured Obligations remaining unpaid after the application of such proceeds, and Grantors will pay Secured Party, on demand, any such unpaid amount, together with interest at the rate(s) set forth in the Loan Agreement.

(f) Upon request of Secured Party, Grantors shall supply to Secured Party, or Secured Party's designee, Grantors' knowledge and expertise

relating to the manufacture and sale of the products and services relating to the Patents and Grantors' customer lists and other records relating to the Patents and the distribution hereof.

Nothing contained herein shall be construed as requiring Secured Party to take any such action at any time. All of Secured Party's rights and remedies, whether provided under Law, the Loan Agreement, this Agreement, or otherwise shall be cumulative, and none is exclusive of any right or remedy otherwise provided herein or in any of the other Loan Documents, at law or in equity. Such rights and remedies may be enforced alternatively, successively, or concurrently.

Secured Party or Designee will keep such confidential information, lists or records provided hereunder in confidence in accordance with Section 11.16 of the Loan Agreement.

6. Waivers.

(a) Each Grantor hereby waives any and all rights that it may have to a judicial hearing, if any, in advance of the enforcement of any of Secured Party's rights hereunder, including, without limitation, its rights following any Event of Default and during the continuance thereof to take immediate possession of the Collateral and exercise its rights with respect thereto.

(b) Secured Party shall not be required to marshal any present or future security for (including, but not limited to, this Agreement and the Collateral subject to a security interest hereunder), or guaranties of, the Secured Obligations or any of them, or to resort to such security or guaranties in any particular order. Each Grantor 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 Secured Party's rights under this Agreement or any other instrument evidencing any of the Secured Obligations or by which any of such Secured Obligations is secured or guaranteed, and each Grantor hereby irrevocably waives the benefits of all such Laws.

(c) Except for notices specifically provided for herein, each Grantor hereby expressly 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 both to Secured Obligations and any collateral therefor, each Grantor assents to any extension or postponement of the time of payment or any other indulgence, to any substitution, of any 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 Secured Party may deem advisable. Secured Party shall have no duty as to the 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 except as otherwise required by Law. Secured Party may exercise its rights with respect to the Collateral without resorting or regard to other collateral or sources of reimbursement for liability. Secured Party shall not be deemed to have waived any of its rights upon or under the Loan Agreement or the Collateral unless such waiver be in writing and signed by the Secured Party. The exercise of the rights under this Agreement are not intended by the parties to constitute an "action" within the meaning of Sections 580a, 580d, or 726 of the California Code of Civil Procedure. No delay or omission on the

part of the Secured Party in exercising any right shall operate as a waiver of any right on any future occasion. All rights and remedies of the Secured Party under the Loan Agreement or on the Collateral, whether evidenced hereby or by any other instrument or papers, shall be cumulative and may be exercised singularly or concurrently.

7. Costs and Expenses. Grantors will pay any and all charges, costs and taxes incurred in implementing or subsequently amending this Agreement, including, without limitation, recording and filing fees, appraisal fees, stamp taxes, and reasonable fees and disbursements of Secured Party's counsel incurred by Secured Party, and the allocated cost of in-house counsel to Secured Party, in connection with this Agreement, and in the enforcement of this Agreement and in the enforcement or foreclosure of any Liens, security interests or other rights of the Secured Party under this Agreement, or under any other documentation heretofore, now, or hereafter given to Secured Party in furtherance of the transactions contemplated hereby.

8. Continuing Effect. This Agreement shall remain in full force and effect and continue to be effective should any petition be filed by or against any Grantor for liquidation or reorganization, should any Grantor become insolvent or make an assignment for the benefit of creditors or should a receiver or trustee be appointed for all or any significant part of any Grantor's assets.

9. Joinder. Any other Person may become a Grantor hereunder and become bound by the terms and conditions of this Agreement by executing and delivering to Administrative Agent an Instrument of Joinder substantially in the form attached hereto as Exhibit A, accompanied by such documentation as Administrative Agent may require to establish the due organization, valid existence and good standing of such Person, its qualification to engage in business in each material jurisdiction in which it is required to be so qualified, its authority to execute, deliver and perform this Agreement, and the identity, authority and capacity of each Responsible Official thereof authorized to act on its behalf.

10. Release of Grantors. This Agreement and all Secured Obligations of Grantors hereunder shall be released when all Secured Obligations have been paid in full in cash or otherwise performed in full and when no portion of the Commitments remain outstanding. Upon such release of Grantors' Secured Obligations hereunder, Secured Party shall return and reassign any Collateral to Grantors, or to the Person or Persons legally entitled thereto, and shall endorse, execute, deliver, record and file all instruments and documents, and do all other acts and things, reasonably required for the return of the Collateral to Grantors, or to the Person or Persons legally entitled thereto, and to evidence or document the release of Secured Party's interests arising under this Agreement, all as reasonably requested by, and at the reasonable expense of, Grantors.

11. Additional Powers and Authorization. Secured Party shall be entitled to the benefits accruing to it as Administrative Agent under the Loan Agreement and the other Loan Documents. Notwithstanding anything contained herein to the contrary, Secured Party may employ agents, trustees, or attorneys-in-fact and may vest any of them with any Property (including, without limitation, any Collateral assigned hereunder), title, right or power deemed necessary for the purposes of such appointment.

12. WAIVER OF JURY TRIAL. EACH GRANTOR AND SECURED PARTY EXPRESSLY WAIVE THEIR RESPECTIVE RIGHTS TO A TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF OR RELATED TO THIS AGREEMENT, THE LOAN AGREEMENT, THE OTHER LOAN DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY IN ANY ACTION, PROCEEDING OR OTHER LITIGATION OF ANY TYPE BROUGHT BY ANY OF THE PARTIES AGAINST ANY OTHER PARTY OR PARTIES, WHETHER NOW EXISTING OR HEREAFTER ARISING AND WHETHER WITH RESPECT TO CONTRACT CLAIMS, TORT CLAIMS, OR OTHERWISE. EACH GRANTOR AND SECURED PARTY AGREE THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE TRIED BY A COURT TRIAL WITHOUT A JURY. WITHOUT LIMITING THE FOREGOING, THE PARTIES FURTHER AGREE THAT THEIR RESPECTIVE RIGHTS TO A TRIAL BY JURY ARE WAIVED BY OPERATION OF THIS SECTION AS TO ANY ACTION, COUNTERCLAIM OR OTHER PROCEEDING WHICH SEEKS, IN WHOLE OR IN PART, TO CHALLENGE THE VALIDITY OR ENFORCEABILITY OF THIS AGREEMENT, THE LOAN AGREEMENT OR THE OTHER LOAN DOCUMENTS OR ANY PROVISION HEREOF OR THEREOF. THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT, THE LOAN AGREEMENT AND THE OTHER LOAN DOCUMENTS. ANY PARTY HERETO MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE SIGNATORIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

13. GOVERNING LAW. THIS AGREEMENT SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH AND GOVERNED BY THE FEDERAL LAWS OF THE UNITED STATES OF AMERICA AND THE LAWS OF THE STATE OF CALIFORNIA.

14. Miscellaneous.

(a) Grantors and Secured Party may from time to time agree in writing to the release of certain of the Collateral from the security interest created hereby.

(b) Any notice, request, demand or other communication required or permitted under this Agreement shall be in writing and shall be deemed to be properly given if done in accordance with Section 11.6 of the Loan Agreement.

(c) Except as otherwise set forth in the Loan Agreement, the provisions of this Agreement may not be modified, amended, restated or supplemented, whether or not the modification, amendment, restatement or supplement is supported by new consideration, except by a written instrument duly executed and delivered by Secured Party and Grantors.

(d) Except as otherwise set forth in the Loan Agreement or this Agreement, any waiver of the terms and conditions of this Agreement, or any Event of Default and its consequences hereunder or thereunder, and any consent or approval required or permitted by this Agreement to be given, may be made or given with, but only with, the written consent of Secured Party on such terms and conditions as specified in the written instrument granting such waiver, consent or approval.

(e) Any failure or delay by Secured Party to require strict performance by Grantors of any of the provisions, warranties, terms, and conditions contained herein, or in any other agreement, document, or instrument, shall not affect Secured Party's right to demand strict compliance and performance therewith, and any waiver of any default shall not waive or affect any other default, whether prior or subsequent thereto, and whether of the same or of a different type. None of the warranties, conditions,

provisions, and terms contained herein, or in any other agreement, document, or instrument, shall be deemed to have been waived by any act or knowledge of Secured Party, its agents, officers, or employees, but only by an instrument in writing, signed by an officer of Secured Party and directed to Grantors, specifying such waiver.

(f) If any term or provision of this Agreement conflicts with any term or provision of the Loan Agreement, the term or provision of the Loan Agreement shall control.

(g) If any provision hereof shall be deemed to be invalid by any court, such invalidity shall not affect the remainder of this Agreement.

(h) This Agreement supersedes all prior oral and written assignments and agreements between the parties hereto on the subject matter hereof.

(i) This Agreement shall be binding upon, and for the benefit of, the parties hereto and their respective legal representatives, successors, and assigns.

(j) This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which, taken together, shall constitute one and the same agreement.

IN WITNESS WHEREOF, each Grantor has executed this Agreement by its duly authorized officer as of the date first written above.

"Grantors"

JAKKS PACIFIC, INC.
FLYING COLORS TOYS, INC.
ROAD CHAMPS, INC.
PENTECH INTERNATIONAL INC.

By: /s/ JOEL M. BENNETT

Title: EXEC. V.P./C.F.O.
---
of each of the foregoing

ACCEPTED AND AGREED
AS OF THE DATE FIRST
ABOVE WRITTEN:

"Secured Party"

BANK OF AMERICA, N.A.,
as Administrative Agent, and
for and on behalf of the Lenders

By: /s/ SCOTT J. OLMSTED

Scott J. Olmsted

Title: Assistant Vice President

SCHEDULE 1
TO
PATENT SECURITY AGREEMENT

Existing and Pending Patents

Owner	Patent	Application No./ Registration No.	Application Date/ Registration Date

EXHIBIT A
TO
PATENT SECURITY AGREEMENT

INSTRUMENT OF JOINDER

THIS INSTRUMENT OF JOINDER (this "Joinder") is executed as of _____, _____, by _____, a _____ ("Joining Party"), and delivered to Bank of America N.A., as Administrative Agent, pursuant to the Patent Security Agreement dated as of October 12, 2001 made by JAKKS Pacific, Inc., a Delaware corporation, Flying Colors Toys, Inc., a Michigan corporation, Road Champs, Inc., a Delaware corporation, and Pentech International Inc., a Delaware corporation (and, with other parties that may be added from time to time, the "Grantors"), in favor of the Administrative Agent and the Lenders referred to in the Loan Agreement referred to below (the "Agreement"). Terms used but not defined in this Joinder shall have the meanings defined for those terms in the Agreement.

RECITALS

1. The Agreement was made by the Grantors in favor of the Administrative Agent for the benefit of the Lenders that are parties to that certain Loan Agreement dated as of October 12, 2001 by and among the Borrowers which are parties thereto, the Lenders which are parties thereto, and Bank of America, N.A., as the Administrative Agent for the Lenders (the "Loan Agreement).

2. Joining Party is required pursuant to the Loan Agreement to become a Grantor.

3. Joining Party expects to realize direct and indirect benefits as a result of the availability of the credit facilities under the Loan Agreement to the Borrowers.

NOW THEREFORE, Joining Party agrees as follows:

AGREEMENT

(2) By this Joinder, Joining Party becomes a "Grantor" under and pursuant to Section 9 of the Agreement. Joining Party agrees that, upon its execution hereof, it will become a Grantor under the Agreement with respect to all Obligations of the Borrowers heretofore or hereafter incurred under the Loan Documents, and will be bound by all terms, conditions, and duties applicable to a Grantor under the Agreement.

(3) The effective date of this Joinder is _____, _____.

"Joining Party"

---,

a

By:

Name:

Title:

ACKNOWLEDGED:

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

By:

Name:

Title:

EXHIBIT 15(F)

PLEDGE AGREEMENT

This PLEDGE AGREEMENT (this "Agreement"), dated as of October 12, 2001, is made by JAKKS PACIFIC, INC., a Delaware corporation, FLYING COLORS TOYS, INC., a Michigan corporation, ROAD CHAMPS, INC., a Delaware corporation, JAKKS ACQUISITION CORP., a Delaware corporation ("JAC") and PENTECH INTERNATIONAL INC., a Delaware corporation (each a "Grantor" and collectively, "Grantors"), jointly and severally, in favor of BANK OF AMERICA, N.A., as Administrative Agent under the Loan Agreement hereafter referred to, the Lenders therein named and in favor of each of the Lenders which may hereafter become a party thereto collectively as Secured Party, with reference to the following facts:

RECITALS

A. Grantors (other than JAC) have entered into a Loan Agreement of even date herewith among Grantors, the Lenders referred to therein, and Bank of America, N.A., as Administrative Agent (as it may from time to time be amended, restated, extended, renewed, modified or supplemented, the "Loan Agreement"). JAC is a guarantor under the Guaranty (as defined in the Loan Agreement referenced below.) This Agreement is the Pledge Agreement referred to in the Loan Agreement and is one of the "Loan Documents" referred to in the Loan Agreement.

B. Pursuant to the Loan Documents of even date the Lenders are making certain credit facilities available to Grantors (other than JAC).

C. As a condition of the availability of such credit facilities, Grantors are required to enter into this Agreement to pledge certain Pledged Collateral to Secured Party as herein provided.

AGREEMENT

NOW, THEREFORE, in order to induce the Lenders to extend credit facilities to Grantors under the Loan Agreement, and for other good and valuable consideration, the receipt and adequacy of which hereby are acknowledged, Grantors hereby jointly and severally represent, warrant, covenant, agree, and pledge as follows:

1. Definitions. Terms defined in the Loan Agreement and not otherwise defined in this Agreement shall have the meanings given those terms in the Loan Agreement as though set forth herein in full. The following terms shall have the meanings respectively set forth after each:

"Certificates" means all certificates, instruments or other documents now or hereafter representing or evidencing any Pledged Securities.

"Distributions" means dividends, distributions, redemption payments, liquidation payments, and all rights to any of the foregoing.

"Issuer" means any issuer of any Pledged Securities.

"Pledged Collateral" means any and all property of Grantors, or any of them, now or hereafter pledged and delivered to Secured Party pursuant to this Agreement, and includes without limitation (a) the Pledged Securities, and any Certificates or other written evidences representing such equity interests and any interest of Grantors, or any of them, in the entries on the books of any securities intermediary or financial intermediary pertaining thereto, (b) all proceeds and products of any of the foregoing, and (c) any and all collections, Distributions, interest or premiums with respect to any of the foregoing.

"Pledged Securities" means:

(a) any and all shares of capital stock or member or other equity interests in each of the Domestic Subsidiaries listed on Schedule I hereto (each a "Designated Domestic Subsidiary" and collectively, the "Designated Domestic Subsidiaries"), (b) sixty-five percent (65%) of the capital stock or member or other equity interests in each of the Foreign Subsidiaries listed on Schedule I hereto (each a "Designated Foreign Subsidiary" and collectively, the "Designated Foreign Subsidiaries"), (c) any and all securities now or hereafter issued in substitution, exchange or replacement for any of the foregoing shares, or with respect thereto and (d) any and all warrants, options or other rights to subscribe to or acquire any additional capital stock or member or other equity interests in any Designated Domestic Subsidiary or Designated Foreign Subsidiary (except that in no event shall more than sixty-five percent (65%) of the capital stock or member or other equity interest of any Designated Foreign Subsidiary be pledged to Secured Party hereunder).

"Secured Party" means the Administrative Agent (acting as the Administrative Agent and/or on behalf of the Lenders), and the Lenders, and each of them, and any one or more of them. Subject to the terms hereof and of the Loan Agreement, any right, remedy, privilege or power of Secured Party may be exercised by the Administrative Agent, or by the Requisite Lenders, or by any Lender acting with the consent of the Requisite Lenders.

2. Incorporation of Representations, Warranties, Covenants and Other Provisions of Loan Documents. This Agreement is one of the Loan Documents referred to in the Loan Agreement. All representations, warranties, affirmative and negative covenants and other provisions contained in any Loan Document that are applicable to Loan Documents generally are fully applicable to this Agreement and are incorporated herein by this reference as though set forth herein in full. In addition, Grantors, and each of them, hereby represent and warrant to Secured Party as follows:

(a) Grantors have good and marketable title to the Pledged Collateral in which Grantors are purporting to grant a security interest to Administrative Agent on behalf of Secured Party, and the Pledged Collateral is not subject to any Lien other than Permitted Encumbrances and other encumbrances permitted pursuant to the Loan Agreement;

(b) Grantors have the right and power to pledge the Pledged Collateral owned by Grantors to Administrative Agent on behalf of Secured Party without the consent, approval or authorization of, or notice to, any Person (other than such consents, approvals, authorization or notices which have been obtained or given prior to the date hereof) and such pledge constitutes the valid, binding and enforceable obligation of Grantors, and each of them,

enforceable against Grantors, and each of them, in accordance with the terms hereof and the other Loan Documents, except as enforcement may be limited by Debtor Relief Laws or equitable principles relating to the granting of specific performance and other equitable remedies as a matter of judicial discretion;

(3) Upon delivery to Administrative Agent of the Pledged Collateral referred to in this Agreement, Administrative Agent will have a first priority perfected security interest in the Pledged Collateral securing the Obligations;

(4) All shares of capital stock or member or other equity interest that constitute a portion of the Pledged Collateral are duly authorized, validly issued in accordance with all applicable Laws, fully paid and non-assessable, and represent one hundred percent (100%) of the issued and outstanding shares of common stock or member or other equity interest of each of the Designated Domestic Subsidiaries and sixty-five percent (65%) of the issued and outstanding shares of common stock or member or other equity interest of each of the Designated Foreign Subsidiaries.

3. Creation of Security Interest.

3.1 Pledge of Pledged Collateral. Grantors hereby jointly and severally pledge to Administrative Agent on behalf of Secured Party and grant to Administrative Agent on behalf of Secured Party a security interest in and to all Pledged Collateral for the benefit of Secured Party, together with all products, proceeds, Distributions, Cash, instruments and other Property, and any and all rights, titles, interests, privileges, benefits and preferences appertaining or incidental to the Pledged Collateral (provided that in no event shall more than sixty-five percent (65%) of the capital stock or member or other equity interest of any Designated Foreign Subsidiary be pledged to Secured Party hereunder). The security interest and pledge created by this Section 3.1 shall continue in effect so long as any Obligation is owed to Secured Party or any commitment to extend credit to Grantors under the Loan Documents remains outstanding from the Lenders.

3.2 Delivery of Certain Pledged Collateral. On or before the Closing Date, Grantors shall cause to be pledged and delivered to Administrative Agent for the benefit of Secured Party the Certificates evidencing the capital stock listed on Schedule I hereto. Following the Closing Date, additional Pledged Collateral may from time to time be delivered to Administrative Agent for the benefit of Secured Party by agreement between Secured Party and Grantors. All Certificates at any time delivered to Administrative Agent for the benefit of Secured Party 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 Secured Party. Administrative Agent shall hold all Certificates pledged hereunder pursuant to this Agreement unless and until released in accordance with Section 3.3 of this Agreement.

3.3 Release of Pledged Collateral. Pledged Collateral that is required to be released from the pledge and security interest created by this Agreement in order to permit Grantors to consummate any disposition of stock or assets, merger, consolidation, amalgamation, acquisition, or dividend payment or distribution that Grantors are entitled to consummate pursuant to the Loan Documents, if any, shall be so released by Administrative Agent at such times and to the extent necessary to permit Grantors to consummate such permitted transactions promptly following

Administrative Agent's receipt of written request therefor by Grantors specifying the purpose for which release is requested and such further certificates or other documents as Administrative Agent on behalf of Secured Party reasonably shall request in its discretion to confirm that Grantors are permitted to consummate such permitted transaction and to confirm Secured Party's replacement Lien on appropriate collateral (unless replacement collateral is not required pursuant to the Loan Documents). Any request for any permitted release shall be transmitted to Administrative Agent on behalf of Secured Party. Administrative Agent, at the expense of Grantors, promptly shall redeliver all Certificates and shall execute and deliver to Grantors all documents requested by Grantors that are reasonably necessary to release Pledged Collateral of record whenever Grantors shall be entitled to the release thereof in accordance with this Section 3.3.

4. Security for Obligations. This Agreement and the pledge and security interests granted herein secure the prompt payment, in full in cash, and full performance of, all Obligations, whether for principal, interest, fees, expenses or otherwise, including, without limitation, all Obligations of Grantors now or hereafter existing under the Loan Documents, and all interest that accrues on all or any part of any of the Obligations of Grantors after the filing of any petition or pleading against Grantors, or any of them, or any other Person for a proceeding under any Debtor Relief Law.

5. Further Assurances. Each Grantor agrees that at any time, and from time to time, at its own expense such Grantor will promptly execute, deliver and file or record all further financing statements, instruments and documents, and will take all further actions, including, without limitation, causing the issuers of, or obligors on any of the Pledged Collateral to so execute, deliver, file or take other actions, that may be necessary or desirable, or that Secured Party reasonably may request, in order to perfect and protect any pledge or security interest granted hereby or to enable Secured Party to exercise and enforce its rights and remedies hereunder with respect to any Pledged Collateral and to preserve, protect and maintain the Pledged Collateral and the value thereof, including, without limitation, payment of all taxes, assessments and other charges imposed on or relating to the Pledged Collateral. Each Grantor hereby (a) irrevocably directs the issuers of or obligors on any such Pledged Collateral, or each securities intermediary, registrar, transfer agent or trustee for any such Pledged Collateral, to accept the provisions of this Agreement as conclusive evidence of the right of Secured Party to effect any transfer or exercise any right hereunder or with respect to any such Pledged Collateral, notwithstanding any other notice or direction to the contrary heretofore or hereafter given by such Grantor or any other Person to any of such parties; and (b) covenants and agrees to transfer or reinvest any such Pledged Collateral, immediately upon Secured Party's request, in such manner as may be deemed necessary or desirable by Secured Party to create and perfect, and to continue and preserve, an indefeasible security interest in such Pledged Collateral in favor of Administrative Agent on behalf of Secured Party, or the priority, control and exclusivity thereof, free of all other Liens and claims except as may be permitted by the terms hereof or of the Loan Agreement.

6. Voting Rights; Dividends; etc. So long as no Default or Event of Default under the Loan Agreement occurs and remains continuing:

6.1 Voting Rights. Grantors shall be entitled to exercise any and all voting and other consensual rights pertaining to the Pledged Securities, or any part thereof, for any purpose not inconsistent with the terms of this Agreement, the Loan Agreement, or the other Loan Documents.

6.2 Interest and Distribution Rights. Grantors shall be entitled to receive and to retain and use any and all interest, premiums or Distributions paid in respect of the Pledged Collateral; provided, however, that any and all such Distributions received in the form of capital stock (or other equity interest) shall be, and the Certificates representing such capital stock (or other equity interest) forthwith shall be delivered to Administrative Agent to hold as, Pledged Collateral and shall, if received by Grantors, be received in trust for the benefit of Secured Party, be segregated from the other property of Grantors, and forthwith be delivered to Administrative Agent for the benefit of Secured Party as Pledged Collateral in the same form as so received (with any necessary endorsements). Notwithstanding the foregoing sentence, Grantors shall not be required to deliver to Administrative Agent to hold as Pledged Collateral any Distributions received in the form of capital stock (or other equity interest), and such Distributions shall not constitute Pledged Collateral, to the extent that (a) such capital stock (or other equity interest) represents an equity interest in a Designated Foreign Subsidiary and (b) Secured Party's receipt of such capital stock (or other equity interest) would cause Secured Party to obtain a pledge pursuant to this Agreement of greater than sixty-five percent (65%) of the applicable equity interest of the applicable Designated Foreign Subsidiary.

7. Rights During Default or Event of Default. When a Default or Event of Default has occurred and is continuing:

7.1 Voting and Distribution Rights. At the option of Secured Party, all rights of Grantors to exercise the voting and other consensual rights which they would otherwise be entitled to exercise pursuant to Section 6.1 above, and to receive the interest, premiums and Distributions which it would otherwise be authorized to receive and retain pursuant to Section 6.2 above, shall cease, and all such rights shall thereupon become vested in Administrative Agent for the benefit of Secured Party who shall thereupon, at the direction of Administrative Agent, have the sole right to exercise such voting and other consensual rights and to receive and to hold as Pledged Collateral such Distributions, provided, however, that Grantors' rights to receive Distributions pursuant to Section 6.2 above shall not cease with respect to, and Secured Party shall not have the right to receive and hold as Pledged Collateral, any Distributions made in respect of the Pledged Collateral in the form of capital stock (or other equity interest), or the Certificates representing such capital stock (or other equity interest), to the extent that (a) such capital stock (or other equity interest) represents an equity interest in a Designated Foreign Subsidiary and (b) Secured Party's receipt of such capital stock (or other equity interest) would cause Secured Party to obtain a pledge pursuant to this Agreement of greater than sixty-five percent (65%) of the applicable equity interest of the applicable Designated Foreign Subsidiary. Administrative Agent shall give notice to Grantors of Secured Party's election to exercise voting rights with respect to the Pledged Collateral; provided, however, that (i) neither the giving of such notice nor the receipt thereof by Grantors shall be a condition to exercise of any rights of Secured Party hereunder, and (ii) neither Administrative Agent nor any Lender shall incur any liability for failing to give such notice.

7.2 Distributions Held in Trust. All Distributions which are received by Grantors contrary to the provisions of this Agreement shall be received in trust for the benefit of Secured Party, shall be segregated from other funds of Grantors, and forthwith shall be paid over to Administrative Agent for the account of Secured Party as Pledged Collateral in the same form as

so received (with any necessary endorsements).

7.3 Irrevocable Proxy. Grantors hereby jointly and severally revoke all previous proxies with regard to the Pledged Securities and appoints Administrative Agent for the benefit of Secured Party as its proxyholder to attend and vote at any and all meetings of the shareholders (or other equity holders, as applicable) of the corporations (or other entities, as applicable) which issued the Pledged Securities, and any adjournments thereof, held on or after the date of the giving of this proxy and prior to the termination of this proxy and to execute any and all written consents of shareholders (or other equity holders, as applicable) of such corporations (or other entities, as applicable) executed on or after the date of the giving of this proxy and prior to the termination of this proxy, with the same effect as if each Grantor had personally attended the meetings or had personally voted its shares (or other equity interests, as applicable) or had personally signed the written consents; provided, however, that the proxyholder shall have rights hereunder only upon the occurrence and during the continuance of a Default or Event of Default under the Loan Agreement. Grantors hereby jointly and severally authorize Administrative Agent to substitute another Person as the proxyholder and, upon the occurrence or during the continuance of any Event of Default, hereby authorizes and directs the proxyholder to file this proxy and the substitution instrument with the secretary or other appropriate officer of the appropriate corporation or other entity as applicable. This proxy is coupled with an interest and is irrevocable until such time as no commitment to extend credit to Grantors remains outstanding from the Lenders and until such time as all Obligations have been paid and performed in full.

8. Transfers and Other Liens. Grantors agree that, except as specifically permitted under the Loan Documents, they will not (i) sell, assign, exchange, transfer or otherwise dispose of, or contract to sell, assign, exchange, transfer or otherwise dispose of, or grant any option with respect to, any of the Pledged Collateral, (ii) create or permit to exist any Lien upon or with respect to any of the Pledged Collateral, except for Permitted Encumbrances and other encumbrances permitted pursuant to the Loan Agreement, or (iii) take any action with respect to the Pledged Collateral which is inconsistent with the provisions or purposes of this Agreement or any other Loan Document.

9. Secured Party Appointed Attorney-in-Fact. Each Grantor hereby irrevocably appoints Administrative Agent for the benefit of Secured Party as 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 Secured Party's sole and absolute discretion to do any of the following acts or things: (a) to do all acts and things and to execute all documents necessary or advisable to perfect and continue perfected the security interests created by this Agreement and to preserve, maintain and protect the Pledged Collateral; (b) to do any and every act which such Grantor is obligated to do under this Agreement; (c) to prepare, sign, file and record, in such Grantor's name, any financing statement covering the Pledged Collateral; and (d) to endorse and transfer the Pledged Collateral upon foreclosure by Secured Party; provided, however, that Administrative Agent shall be under no obligation whatsoever to take any of the foregoing actions, and neither Administrative Agent nor any Lender shall have any liability or responsibility for any act (other than Administrative Agent's or such Lender's own gross negligence or willful misconduct) or omission taken with respect thereto. Each Grantor hereby agrees to repay immediately upon demand all reasonable costs and expenses incurred or expended by Secured Party in exercising any right or

taking any action under this Agreement, together with interest as provided for in the Loan Agreement.

10. Administrative Agent May Perform Obligations. If any Grantor fails to perform any Obligation contained herein, Administrative Agent for the benefit of Secured Party may, but without any obligation to do so and without notice to or demand upon such Grantor, perform the same and take such other action as Secured Party may deem necessary or desirable to protect the Pledged Collateral or Secured Party's security interests therein, Administrative Agent being hereby authorized (without limiting the general nature of the authority hereinabove conferred) to pay, purchase, contest and compromise any Lien which in the reasonable judgment of Secured Party appears to be prior or superior to Secured Party's security interests, and in exercising any such powers and authority to pay necessary expenses, employ counsel and pay reasonable attorneys' fees. Each Grantor hereby agrees to repay immediately upon demand all sums so expended by Secured Party, together with interest from the date of expenditure at the rates provided for in the Loan Agreement. Neither Administrative Agent nor any Lender shall be under any duty or obligation to preserve, maintain or protect the Pledged Collateral or any of such Grantor's rights or interest therein, exercise any voting rights with respect to the Pledged Collateral, whether a Default or Event of Default has occurred or is continuing, or make or give any notices of default, presentments, demands for performance, notices of nonperformance or dishonor, protests, notices of protest or notice of any other nature whatsoever in connection with the Pledged Collateral on behalf of such Grantor or any other Person having any interest therein; and neither Administrative Agent nor any Lender assumes and none shall be obligated to perform the obligations of such Grantor, if any, with respect to the Pledged Collateral.

11. Reasonable Care. So long as Administrative Agent exercises reasonable care with respect to any Pledged Collateral in its possession, custody or control, Administrative Agent shall have no liability for any loss of or damage to such Pledged Collateral, and in no event shall Administrative Agent have liability for any diminution in value of Pledged Collateral occasioned by economic or market conditions or events. Administrative Agent shall be deemed to have exercised reasonable care in the custody and preservation of the Pledged Collateral in its possession if the Pledged Collateral is accorded treatment substantially similar to that which Administrative Agent accords its own property, it being understood that Administrative Agent shall not have any responsibility for ascertaining or taking action with respect to maturities, calls, conversions, exchanges, tenders or other matters relative to any Pledged Collateral, whether or not Administrative Agent has or is deemed to have knowledge of such matters, or taking any necessary steps to preserve rights against any Person with respect to any Pledged Collateral.

12. Events of Default and Remedies.

12.1 Rights Upon Event of Default. Upon the occurrence and during the continuance of an Event of Default under the Loan Agreement, Grantors shall be in default hereunder and Secured Party shall have in any jurisdiction where enforcement is sought, in addition to all other rights and remedies that Secured Party may have under this Agreement and under applicable Law or in equity, all of its rights and remedies as a secured party under the Uniform Commercial Code as enacted in any such jurisdiction, and in addition the following rights and remedies, all of which may be exercised with or without further notice to Grantors:

(a) to notify any Issuer of any Pledged Securities and any and all other obligors on any Pledged Collateral that the same has been pledged to Administrative Agent for the benefit of Secured Party and that all Distributions and other payments thereon are to be made directly and exclusively to Administrative Agent for the account of Secured Party; to renew, extend, modify, amend, accelerate, accept partial payments on, make allowances and adjustments and issue credits with respect to, release, settle, compromise, compound, collect or otherwise liquidate, on terms acceptable to Secured Party, in whole or in part, the Pledged Collateral and any amounts owing thereon or any guaranty or security therefor; to enter into any other agreement relating to or affecting the Pledged Collateral; and to give all consents, waivers and ratifications with respect to the Pledged Collateral and exercise all other rights (including voting rights), powers and remedies and otherwise act with respect thereto as if Secured Party were the owner thereof;

(b) to enforce payment and prosecute any action or proceeding with respect to any and all of the Pledged Collateral and take or bring, in Secured Party's name(s) or in the name of Grantors, all steps, actions, suits or proceedings deemed by Secured Party necessary or desirable to effect collection of or to realize upon the Pledged Collateral;

(c) in accordance with applicable Law, to take possession of the Pledged Collateral with or without judicial process;

(d) to endorse, in the name of Grantors, all checks, notes, drafts, money orders, instruments and other evidences of payment relating to the Pledged Collateral;

(e) to transfer any or all of the Pledged Collateral into the name of Secured Party or its nominee or nominees; and

(6) in accordance with applicable Law, to foreclose the Liens and security interests created under this Agreement or under any other agreement relating to the Pledged Collateral by any available judicial procedure or without judicial process, and to sell, assign or otherwise dispose of the Pledged Collateral or any part thereof, either at public or private sale or at any broker's board or securities exchange, in lots or in bulk, for cash, on credit or on future delivery, or otherwise, with or without representations or warranties, and upon such terms as shall be acceptable to Secured Party;

all at the sole option of and in the sole discretion of Secured Party.

12.2 Notice of Sale. Secured Party shall give Grantors at least ten (10) days' written notice of sale of all or any part of the Pledged Collateral. Any sale of the Pledged Collateral shall be held at such time or times and at such place or places as Secured Party may determine in the exercise of its sole and absolute discretion. Secured Party may bid (which bid may be, in whole or in part, in the form of cancellation of Obligations) for and purchase for the account of Secured Party or any nominee of Secured Party the whole or any part of the Pledged Collateral. Secured Party shall not be obligated to make any sale of the Pledged Collateral if it shall determine not to do so regardless of the fact that notice of sale of the Pledged Collateral may have been given. Secured Party may, without notice or publication, adjourn the sale from time to time by announcement at the time and place fixed for sale, and such sale may, without further notice, be made at the time and place to which the same was so adjourned.

12.3 Private Sales. Upon the occurrence and during the continuance of an Event of Default under the Loan Agreement, whether or not any of the Pledged Collateral has been effectively registered under the Securities Act of 1933, as amended, or other applicable Laws, Secured Party may, in its sole and absolute discretion, sell all or any part of the Pledged Collateral at private sale in such manner and under such circumstances as Secured Party may deem necessary or advisable in order that the sale may be lawfully conducted. Without limiting the foregoing, Secured Party may (i) approach and negotiate with a limited number of potential purchasers, and (ii) restrict the prospective bidders or purchasers to Persons who will represent and agree that they are purchasing the Pledged Collateral for their own account for investment and not with a view to the distribution or resale thereof. In the event that any of the Pledged Collateral is sold at private sale, each Grantor agrees that if the Pledged Collateral is sold for a price which Secured Party in good faith believes to be reasonable, then, (A) the sale shall be deemed to be commercially reasonable in all respects, (B) such Grantor shall not be entitled to a credit against the Obligations in an amount in excess of the purchase price, and (C) Secured Party shall not incur any liability or responsibility to such Grantor in connection therewith, notwithstanding the possibility that a substantially higher price might have been realized at a public sale. Grantors recognize that a ready market may not exist for Pledged Collateral which is not regularly traded on a recognized securities exchange or in another recognized market, and that a sale by Secured Party of any such Pledged Collateral for an amount substantially less than a pro rata share of the fair market value of such Issuer's assets minus liabilities may be commercially reasonable in view of the difficulties that may be encountered in attempting to sell a large amount of Pledged Collateral or Pledged Collateral that is privately traded.

12.4 Title of Purchasers. Upon consummation of any sale of Pledged Collateral pursuant to this Section 12, Administrative Agent on behalf of Secured Party shall have the right to assign, transfer and deliver to the purchaser or purchasers thereof the Pledged Collateral so sold. Each such purchaser at any such sale shall hold the Pledged Collateral sold absolutely free from any claim or right on the part of Grantors, and each Grantor hereby waives (to the extent permitted by applicable Law) all rights of redemption, stay and appraisal which it now has or may at any time in the future have under any rule of Law or statute now existing or hereafter enacted. If the sale of all or any part of the Pledged Collateral is made on credit or for future delivery, Secured Party shall not be required to apply any portion of the sale price to the Obligations until such amount actually is received by Secured Party, and any Pledged Collateral so sold may be retained by Secured Party until the sale price is paid in full by the purchaser or purchasers thereof. Secured Party shall not incur any liability in case any such purchaser or purchasers shall fail to pay for the Pledged Collateral so sold, and, in case of any such failure, the Pledged Collateral may be sold again upon like notice.

12.5 Disposition of Proceeds of Sale. The net cash proceeds resulting from the collection, liquidation, sale or other disposition of the Pledged Collateral shall be applied, first, to the reasonable costs and expenses (including reasonable attorneys' fees) of retaking, holding, storing, processing and preparing for sale, selling, collecting and liquidating the Pledged Collateral, and the like; second, to the satisfaction of all Obligations, with application as to any particular Obligations to be in the order set forth in the Loan Agreement or other Loan Documents; and, third, to all other indebtedness secured hereby in such order and manner as Secured Party in its sole and absolute discretion

may determine.

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

14. Covenant Not to Issue Uncertificated Securities. Grantors jointly and severally represent and warrant to Secured Party that all of the capital stock (or other equity interests) of each of the Issuers is in certificated form (as contemplated by Article 8 of the California Uniform Commercial Code), and covenant to Secured Party that they will not cause or permit any Issuer to issue any capital stock (or other equity interest) in uncertificated form or seek to convert all or any part of its existing capital stock (or other equity interest) into uncertificated form (as contemplated by Article 8 of the California Uniform Commercial Code). The foregoing representations, warranties and covenants shall survive the execution and delivery of this Agreement.

15. Covenant Not to Dilute Interests of Secured Party in Pledged Securities. Grantors jointly and severally represent, warrant and covenant to Secured Party that they will not at any time cause or permit any Issuer to issue any additional capital stock (or other equity interest), or any warrants, options or other rights to acquire any additional capital stock (or other equity interest), if the effect thereof would be to dilute in any way the interests of Secured Party in any Pledged Securities or in any Issuer.

16. Indemnity. Grantors jointly and severally agree to indemnify and hold harmless Secured Party, and each of them, from and against any and all claims, demands, losses, judgments and liabilities (including without limitation liabilities for penalties) of whatsoever kind or nature, and to reimburse Secured Party for all costs and expenses, including without limitation reasonable attorneys' fees and expenses and/or costs and expenses associated with, arising out of or in connection with this Agreement or the exercise by Secured Party of any right or remedy granted to it hereunder or under the other Loan Documents other than arising from the gross negligence or willful misconduct of Secured Party. In no event shall Secured Party be liable for any matter or thing in connection with this Agreement other than to account for monies actually received by it in accordance with the terms hereof. If and to the extent that the agreements of Grantors under this Section 16 are unenforceable for any reason, Grantors hereby agree to make the maximum contribution to the payment and satisfaction of such obligations which is permissible under applicable Law.

17. GOVERNING LAW. THIS AGREEMENT SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF CALIFORNIA.

18. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which, taken together, shall constitute one and the same agreement.

19. Additional Powers and Authorization. The Administrative Agent has been appointed as the Administrative Agent hereunder pursuant to the Loan

Agreement and shall be entitled to the benefits of the Loan Agreement and the other Loan Documents. Notwithstanding anything contained herein to the contrary, the Administrative Agent may employ agents, trustees, or attorneys-in-fact and may vest any of them with any Property (including, without limitation, the Pledged Collateral), title, right or power deemed necessary for the purposes of such appointment.

20. WAIVER OF JURY TRIAL. EACH GRANTOR AND SECURED PARTY EXPRESSLY WAIVE THEIR RESPECTIVE RIGHTS TO A TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF OR RELATED OR INCIDENTAL TO THIS AGREEMENT, THE LOAN AGREEMENT, THE OTHER LOAN DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY IN ANY ACTION, PROCEEDING OR OTHER LITIGATION OF ANY TYPE BROUGHT BY ANY OF THE PARTIES AGAINST ANY OTHER PARTY OR PARTIES, WHETHER NOW EXISTING OR HEREAFTER ARISING AND WHETHER WITH RESPECT TO CONTRACT CLAIMS, TORT CLAIMS, OR OTHERWISE. EACH GRANTOR AND SECURED PARTY AGREE THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE TRIED BY A COURT TRIAL WITHOUT A JURY. WITHOUT LIMITING THE FOREGOING, THE PARTIES FURTHER AGREE THAT THEIR RESPECTIVE RIGHTS TO A TRIAL BY JURY ARE WAIVED BY OPERATION OF THIS SECTION AS TO ANY ACTION, COUNTERCLAIM OR OTHER PROCEEDING WHICH SEEKS, IN WHOLE OR IN PART, TO CHALLENGE THE VALIDITY OR ENFORCEABILITY OF THIS AGREEMENT, THE LOAN AGREEMENT OR THE OTHER LOAN DOCUMENTS OR ANY PROVISION HEREOF OR THEREOF. THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT, THE LOAN AGREEMENT AND THE OTHER LOAN DOCUMENTS. ANY PARTY HERETO MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE SIGNATORIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

IN WITNESS WHEREOF, each Grantor has caused this Agreement to be duly executed as of the date first above written.

ACCEPTED AND AGREED
AS OF THE DATE FIRST
ABOVE WRITTEN:

"Secured Party"

BANK OF AMERICA, N.A.,
as Administrative Agent
for the Lenders

By: /s/ DAVID J. STASSEL

David J. Stassel, V.P.

[Printed name and title]

"Grantors"

JAKKS PACIFIC, INC.
FLYING COLORS TOYS, INC.
ROAD CHAMPS, INC.
JAKKS ACQUISITION CORP.
PENTECH INTERNATIONAL INC.

By: /s/ JOEL M. BENNETT

Joel M. Bennett

Title: Exec. V.P./C.F.O.
---
of each of the foregoing

SCHEDULE I

CLOSING DATE EQUITY INTERESTS

DOMESTIC EQUITY INTERESTS

Issuer of Capital Stock or Other Equity Interest	Shareholder	Class of Interest	Certificate No(s).	Number of Shares	Percentage of Ownership
Berk Corporation	JAKKS Pacific, Inc.	Corporation	6	5,000	100%
Flying Colors Toys, Inc.	JAKKS Pacific, Inc.	Corporation	160	23,825	100%
JAKKS Acquisition Corp.	JAKKS Pacific, Inc.	Corporation	2	200	100%
JP Ferrero Parkway, Inc.	JAKKS Pacific, Inc.	Corporation	1	100	100%
J-X Enterprises, Inc.	JAKKS Pacific, Inc.	Corporation	2	200	100%
Pentech Cosmetics, Inc.	Pentech International Inc.	Corporation	3	200	100%
Pentech International, Inc.	JAKKS Pacific, Inc.	Corporation	P-X-2	10	100%
Pentech-Mon Ami, Inc.	Pentech International Inc.	Corporation	2	200	100%
Road Champs, Inc.	JAKKS Acquisition Corp.	Corporation	2	100	100%
Sawdust Pencil Co.	Pentech International Inc.	Corporation	3	200	100%

FOREIGN EQUITY INTERESTS

Issuer of Capital Stock or Other Equity Interest	Shareholder	Class of Interest	Certificate No(s).	Number of Shares	Percentage of Ownership
JAKKS Pacific (H.K.) Limited	JAKKS Pacific, Inc.	Hong Kong Corporation	650		65%
Road Champs Limited	Road Champs, Inc.	Hong Kong Corporation	195		65%
Flying Colors Toys (HK) Limited	JAKKS Pacific, Inc.	Hong Kong Corporation	650		65%
JP (HK) Limited	JAKKS Pacific, Inc.	Hong Kong Corporation	650		65%

EXHIBIT 15(G)

LOCK BOX AGREEMENT

THIS LOCK BOX AGREEMENT ("Agreement"), dated as of October 12, 2001, by and among JAKKS PACIFIC, INC., a Delaware corporation ("JAKKS"), FLYING COLORS TOYS, INC., a Michigan corporation ("Flying Colors"), ROAD CHAMPS, INC., a Delaware corporation ("Road Champs" and together with JAKKS and Flying Colors, the "Customers"), and BANK OF AMERICA, N.A., as Administrative Agent (herein called "Agent") under that certain Loan Agreement dated as of October 12, 2001 among Customers, Pentech International, Inc., a Delaware corporation, the lenders referred to therein and Agent (the "Loan Agreement").

1. Agent agrees, subject to the terms and conditions of this Agreement, to perform a lock box service, acting as a depository for the collection, crediting and reporting of remittances addressed to Customers.

2. Customers will pay Agent such charges for the services furnished hereunder as may be mutually agreed upon from time to time by Agent and Customers.

3. Agent has arranged with the United States Post Office Department to gather mail addressed to JAKKS at P.O. Box 56441 located at 1000 W. Temple, Los Angeles, California 90012 (the "JAKKS Lock Box"), to gather mail addressed to Flying Colors at P.O. Box 56442 located at 1000 W. Temple, Los Angeles, California 90012 (the "Flying Colors Lock Box") and to gather mail addressed to Road Champs at P.O. Box 56444 located at 1000 W. Temple, Los Angeles, California 90012 (the "Road Champs Lock Box", and together with the JAKKS Lock Box and the Flying Colors Lock Box, the "Lock Boxes"). All costs and charges incurred in connection with the Lock Boxes shall be charged to separate account numbers 14590-08406 (for the JAKKS Lock Box), 14590-08411 (for the Flying Colors Lock Box) and 14590-08406 (for the Road Champs Lock Box), in the name of the Customers, and borne entirely by the Customers.

4. Agent will have exclusive and unrestricted access to the Lock Boxes and will have complete and exclusive authority to receive, pick up and open all regular, registered, certified or insured mail addressed to Customers at the Lock Boxes.

5. In accordance with the terms of this Agreement, Agent will:

(a) Dispatch a messenger to the post office at least daily to gather the mail addressed to Customers.

(b) Open and inspect the mail gathered from the Lock Boxes.

(c) Prepare a photocopy of each remitter's check and balance such copies to the original checks.

(d) Prepare a summary advice of credit for each Lock Box each business day and indicate the total amount of remittances credited to special bank accounts established at Agent, Account No. 14590-08406 for the JAKKS Lock Box (the "JAKKS Account"), Account No. 14590-08411 for the Flying Colors Lock Box (the "Flying Colors Account") and Account No. 14590-08406 for the Road Champs Lock Box (the "Road Champs Account", and together with the JAKKS Account and the Flying Colors Account, the "Accounts"). These summary advice of credit, accompanied by supporting adding machine tapes, photocopies, envelopes, and any other papers received with the remittances will be forwarded to each respective Customer at its address specified in Paragraph 11 below.

(e) Forward as expeditiously as possible to the respective Customer at its address specified in Paragraph 11 below, all mail received in that Customer's Lock Box that does not include remittances. However, Agent will not be subject to any liability for delays that may arise in this connection absent bad faith or actual malice.

(f) Return to the respective Customer at its address specified in Paragraph 11 below all checks which appear to be irregular and which irregularity cannot be reconciled by Agent through its normal operating practices and procedures. However, Agent will not be subject to any liability for delays that may arise in this connection absent bad faith or actual malice.

(g) Withhold from deposit any remittances bearing the legend "paid in full" or words of similar import. However, Agent cannot assume liability for any such items inadvertently credited to the Accounts absent bad faith or actual malice.

(h) Other than those items handled in accordance with Subparagraphs (f) and (g) above, endorse each check made payable to the respective Customer (or any other acceptable payee listed in Subparagraph (m) below), or a reasonable variation thereof, as follows:

"Credited to the account of the within named payee."

Agent's appointment as agent to endorse such checks is for the specific, limited and restricted purpose of endorsement for deposit as described and shall at no time be interpreted as authorizing Agent as such agent to commit Customers to acceptance of any legend of any kind, nature or description appearing on checks or other evidence of payment which are deposited to the Accounts.

(i) Process all such endorsed checks and other evidences of payment and credit the total amount to the Accounts. Such collection of items, processing and crediting shall be subject to the terms and conditions of Agent's standard deposit agreement as applied to deposits normally received by Agent. No monies shall be withdrawn from the Accounts except as provided in Subparagraph 5(j) below.

(j) No later than 12:00 noon (New York time) on the following business day, after the previous day's collections are credited to the account, the total prior day deposit(s) balance will be transferred to account no. 14590-08406 with Agent (the "Concentration Account"). No later than 5:00 p.m. (New York time) on the day such funds are credited to the Concentration Account, if an Event of Default (as defined in the Loan Agreement) has occurred or is continuing on that day, the balance of the Concentration Account shall be applied by the Agent against the outstanding principal balance of the Loans (as defined in the Loan Agreement).

(k) Microfilm all checks for record purposes.

(l) Charge checks returned for any reason to the Customers' Accounts, and mail such items to Customer at its address specified in Paragraph 11 below along with a supporting advice of debit.

(m) Acceptable payees on checks to be processed through these Lock Boxes are: (please list all names and abbreviations expected to be on checks):

Any name

6. Customers and Agent each agree that: (a) each Customer will assume all of the liabilities of a general endorser of any kind on all checks deposited to the Account, (b) protest and notice of nonpayment and protest of any and all checks deposited in or credited to the Account are hereby waived and (c) Customer will have no control whatsoever over the Account until after this Agreement is

terminated in accordance with Paragraph 10 below.

7. Agent, with respect to the services provided herein, is acting as the agent of Customers for the limited purpose of opening the Lock Boxes and the processing of checks for payment in accordance herewith.

8. Agent shall not be liable for any loss in the event that any checks are inadvertently processed contrary to the terms of this Agreement absent bad faith or actual malice.

9. This Agreement may be modified from time to time only in a writing executed by Agent and each Customer.

10. This Agreement shall continue in full force and effect until terminated by Agent upon not less than thirty (30) days' written notice to each of the other parties. Termination of this Agreement by Agent shall in no event affect any obligation incurred hereunder prior to such termination.

11. Any notice required or permitted to be given under this Agreement shall be effective and deemed given, if by mail, on the earlier of receipt or the third business day after deposit in the United States mail with first class or airmail postage prepaid; if given by telegraph or cable, when delivered to the telegraph company with charges prepaid; if given by telex or telecopier, when sent; or if given by personal delivery, when delivered; in each case addressed as follows:

to Agent as follows:

Bank of America, N.A. #1459
Mail Code CA 9-156-MZ-07
525 South Flower Street
Mezzanine Level
Los Angeles, CA 90071-2202
Attention: David J. Stassel,
Vice President
Facsimile: (213) 345-6982

to Customers as follows:

JAKKS Pacific, Inc.
22619 Pacific Coast Highway,
Suite 250
Malibu, California 90625
Attention: Joel M. Bennett
Facsimile: (310) 455-6352

Flying Colors Toys, Inc.
22619 Pacific Coast Highway,
Suite 250
Malibu, California 90625
Attention: Joel M. Bennett
Facsimile: (310) 455-6352

Road Champs, Inc.
22619 Pacific Coast Highway,
Suite 250
Malibu, California 90625
Attention: Joel M. Bennett
Facsimile: (310) 455-6352

Each party hereto may change the address specified above by the giving of a notice in writing to each of the other parties.

12. This agreement will become effective upon its receipt by Bank properly executed by all of the parties hereto.

13. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, Customers and Agent have executed this Agreement as of the date first above written.

JAKKS PACIFIC, INC.,
a Delaware corporation

By /s/ JOEL M. BENNETT
Its EXEC. V.P./C.F.O.

FLYING COLORS TOYS, INC.,
a Michigan corporation

By /s/ JOEL M. BENNETT
Its EXEC. V.P./C.F.O.

ROAD CHAMPS, INC.,
a Delaware corporation

By /s/ JOEL M. BENNETT
Its EXEC. V.P./C.F.O.

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

By /s/ DAVID J. STASSEL
Its V.P.

EXHIBIT 15(H)

GUARANTY

This GUARANTY (this "Guaranty"), dated as of October 12, 2001, is made by each of the Domestic Subsidiaries listed on the signature pages hereto, together with each other Person who may become a party hereto pursuant to Section 15 of this Guaranty, jointly and severally in favor of Bank of America, N.A., as Administrative Agent (the "Administrative Agent") under the Loan Agreement referred to below, and each of the lenders that are party to such Loan Agreement (each a "Lender" and collectively, the "Lenders"), with reference to the following facts:

RECITALS

A. Pursuant to that certain Loan Agreement dated as of October 12, 2001 entered into among JAKKS Pacific, Inc., a Delaware corporation (the "Company"), Flying Colors Toys, Inc., a Michigan corporation, Road Champs, Inc., a Delaware corporation, and Pentech International Inc., a Delaware corporation (collectively, and together with the Company, "Borrowers"), the Lenders and the Administrative Agent (such Loan Agreement, as it may hereafter be amended, extended, renewed, supplemented, or otherwise modified from time to time, being the "Loan Agreement"), the Lenders are providing Borrowers with certain credit facilities.

B. As a condition to the availability of such credit facilities, Guarantors are required to enter into this Guaranty and to guaranty the Guarantied Obligations as hereinafter provided.

C. Guarantors expect to realize direct and indirect benefits as the result of the availability of the aforementioned credit facilities to Borrowers, as the result of financial or business support which will be provided to Guarantors by Borrowers.

AGREEMENT

NOW, THEREFORE, in order to induce the Lenders to extend the aforementioned credit facilities, and for other good and valuable consideration, the receipt and adequacy of which hereby are acknowledged, Guarantors hereby represent, warrant, covenant, agree and guaranty as follows:

1. Definitions. This Guaranty is the Guaranty referred to in the Loan Agreement and is one of the Loan Documents. Terms defined in the Loan Agreement and not otherwise defined in this Guaranty shall have the meanings given those terms in the Loan Agreement when used herein and such definitions are incorporated herein as though set forth in full. In addition, as used herein, the following terms shall have the meanings respectively set forth after each:

> "Guaranty" means this Guaranty, and any extensions, modifications, renewals, restatements, reaffirmations, supplements or amendments hereof, including, without limitation, any documents or agreements by which additional Guarantors become party hereto.
>
> "Guarantied Obligations" means all Obligations at any time and from time to time owing to any one or more of the Creditor Parties and arising under or relating to the Commitment.

"Guarantors" means the Domestic Subsidiaries of the Company that are parties hereto as indicated on the signature pages hereof, or that become parties hereto as provided in Section 15 hereof, and each of them, and any one or more of them, jointly and severally.

2. Guaranty of Guarantied Obligations. Guarantors hereby, jointly and severally, irrevocably and unconditionally guaranty and promise to pay and perform on demand the Guarantied Obligations and each and every one of them, including all amendments, modifications, supplements, renewals or extensions of any of them, whether such amendments, modifications, supplements, renewals or extensions are evidenced by new or additional instruments, documents or agreements or change the rate of interest on any Guarantied Obligation or the security therefor, or otherwise.

3. Nature of Guaranty. This Guaranty is irrevocable and continuing in nature and relates to any Guarantied Obligations now existing or hereafter arising. This Guaranty is a guaranty of prompt and punctual payment and performance and is not merely a guaranty of collection.

4. Relationship to Other Agreements. Nothing herein shall in any way modify or limit the effect of terms or conditions set forth in any other document, instrument or agreement executed by any Guarantor or in connection with the Guarantied Obligations, but each and every term and condition hereof shall be in addition thereto. All provisions contained in the Loan Agreement or any other Loan Document that apply to Loan Documents generally are fully applicable to this Guaranty and are incorporated herein by this reference.

5. Subordination of Indebtedness of Borrowers to Guarantors to the Guarantied Obligations. Each Guarantor agrees that:

(a) Any indebtedness of Borrowers now or hereafter owed to any Guarantor hereby is subordinated to the Guarantied Obligations.

(b) If the Creditor Parties so request, upon the occurrence and during the continuance of any Event of Default, any such indebtedness of Borrowers now or hereafter owed to any Guarantor shall be collected, enforced and received by such Guarantor as trustee for the Creditor Parties and shall be paid over to the Creditor Parties in kind on account of the Guarantied Obligations, but without reducing or affecting in any manner the obligations of such Guarantor under the other provisions of this Guaranty.

6. Statutes of Limitations and Other Laws. Until the Guarantied Obligations shall have been paid and performed in full, all the rights, privileges, powers and remedies granted to the Creditor Parties hereunder shall continue to exist and may be exercised by the Creditor Parties at any time and from time to time irrespective of the fact that any of the Guarantied Obligations may have become barred by any statute of limitations. Each Guarantor expressly waives the benefit of any and all statutes of limitation, and any and all Laws providing for exemption of property from execution or for evaluation and appraisal upon foreclosure, to the maximum extent permitted by applicable Laws.

7. Waivers and Consents. Each Guarantor acknowledges that this Guaranty may support obligations of Persons other than such Guarantor and, in full recognition of that fact, each Guarantor consents and agrees that the Creditor Parties may, at any time and from time to time, without

notice or demand, and without affecting the enforceability or security hereof:

(a) supplement, modify, amend, extend, renew, or otherwise change the time for payment or the terms of the Guarantied Obligations or any part thereof, including any increase or decrease of the rate(s) of interest thereon;

(b) supplement, modify, amend or waive, or enter into or give any agreement, approval or consent with respect to, the Guarantied Obligations or any part thereof or any of the Loan Documents or any additional security or guaranties, or any condition, covenant, default, remedy, right, representation or term thereof or thereunder;

(c) accept new or additional instruments, documents or agreements in exchange for or relative to any of the Loan Documents or the Guarantied Obligations or any part thereof;

(d) accept partial payments on the Guarantied Obligations;

(e) receive and hold additional security or guaranties for the Guarantied Obligations or any part thereof;

(f) release, reconvey, terminate, waive, abandon, subordinate, exchange, substitute, transfer and enforce any security or guaranties, and apply any security and direct the order or manner of sale thereof as the Creditor Parties in the exercise of their commercial discretion may determine;

(g) release any Person or any guarantor from any personal liability with respect to the Guarantied Obligations or any part thereof;

(h) settle, release on terms satisfactory to the Creditor Parties or by operation of applicable laws or otherwise liquidate or enforce any Guarantied Obligations and any security or guaranty therefor in any manner, consent to the transfer of any security and bid and purchase at any sale; and

(i) consent to the merger, change or any other restructuring or termination of the corporate existence of any Borrower or any other Person, and correspondingly restructure the Guarantied Obligations, and any such merger, change, restructuring or termination shall not affect the liability of any Guarantor or the continuing existence of any Liens hereunder, under any other Loan Document to which any Guarantor is a party or the enforceability hereof or thereof with respect to all or any part of the Guarantied Obligations.

Upon the occurrence of and during the continuance of any Event of Default, the Creditor Parties may enforce this Guaranty independently as to each Guarantor and independently of any other remedy or security the Creditor Parties at any time may have or hold in connection with the Guarantied Obligations, and it shall not be necessary for the Creditor Parties to marshal assets in favor of any Guarantor, any Borrower or any other Person or to proceed upon or against and/or exhaust any other security or remedy before proceeding to enforce this Guaranty. Each Guarantor expressly waives any right to require the Creditor Parties to marshal assets in favor of such Guarantor, any Borrower or any other Person or to proceed against any other Person or any collateral provided by any

other Person, and agrees that the Creditor Parties may proceed against any Person and/or collateral in such order as they shall determine in their sole and absolute discretion. The Creditor Parties may file a separate action or actions against any Guarantor, whether action is brought or prosecuted with respect to any other security or against any other Guarantor, any Borrower or any other Person, or whether any other Person is joined in any such action or actions. Each Guarantor agrees that the Creditor Parties, the Borrowers and any other Person may deal with each other in connection with the Guarantied Obligations or otherwise, or alter any contracts or agreements now or hereafter existing between any of them, in any manner whatsoever, all without in any way altering or affecting this Guaranty. The Creditor Parties' rights hereunder shall be reinstated and revived, and the enforceability of this Guaranty shall continue, with respect to any amount at any time paid on account of the Guarantied Obligations which thereafter shall be required to be restored or returned by the Creditor Parties upon the bankruptcy, insolvency or reorganization of any Borrower, any Guarantor or any other Person, or otherwise, all as though such amount had not been paid. The enforceability of this Guaranty at all times shall remain effective to guarantee payment and performance of the full amount of all the Guarantied Obligations including, without limitation, the amount of all loans and interest thereon at the rates provided for in the Loan Agreement, even though the Guarantied Obligations, including any part thereof or any other security or guaranty therefor, may be or hereafter may become invalid or otherwise unenforceable as against any Borrower or any other Person and whether or not any Borrower or any other Person shall have any personal liability with respect thereto. Each Guarantor expressly waives any and all defenses now or hereafter arising or asserted by reason of (a) any disability or other defense of any Borrower or any other Person with respect to the Guarantied Obligations, (b) the unenforceability or invalidity of any security or guaranty for the Guarantied Obligations or the lack of perfection or continuing perfection or failure of priority of any security for the Guarantied Obligations, (c) the cessation for any cause whatsoever of the liability of any Borrower or any other Person (other than by reason of the full payment and performance of all Guarantied Obligations), (d) any failure of any Creditor to marshal assets in favor of such Guarantor or any other Person, (e) except as otherwise required by Law or as provided in this Agreement, any failure of any Creditor Party to give notice of sale or other disposition of collateral to such Guarantor or any other Person or any defect in any notice that may be given in connection with any sale or disposition of collateral, (f) except as otherwise required by Law or as provided in this Agreement, any failure of any Creditor Party to comply with applicable Laws in connection with the sale or other disposition of any collateral or other security for any Guarantied Obligation, including without limitation any failure of any Creditor Party to conduct a commercially reasonable sale or other disposition of any collateral or other security for any Guarantied Obligation, (g) any act or omission of any Creditor Party or others that directly or indirectly results in or aids the discharge or release of any Borrower, any Guarantor or any other Person or the Guarantied Obligations or any other security or guaranty therefor by operation of law or otherwise, (h) any Law which provides that the obligation of a surety or guarantor must neither be larger in amount nor in other respects more burdensome than that of the principal or which reduces a surety's or guarantor's obligation in proportion to the principal obligation, (i) any failure of any Creditor Party to file or enforce a claim in any bankruptcy or other proceeding with respect to any Person, (j) the election by any Creditor Party, in any bankruptcy proceeding of any Person, of the application or non-application of Section 1111(b)(2) of the United States Bankruptcy Code, (k) any extension of credit or the grant of any Liens under Section 364 of the United States Bankruptcy Code, (l) any use of cash collateral under Section 363 of the United States Bankruptcy

Code, (m) any agreement or stipulation with respect to the provision of adequate protection in any bankruptcy proceeding of any Person, (n) the avoidance of any Liens in favor of any Creditor Party for any reason, (o) any bankruptcy, insolvency, reorganization, arrangement, readjustment of debt, liquidation or dissolution proceeding commenced by or against any Person, including any discharge of, or bar or stay against collecting, all or any of the Guarantied Obligations (or any interest thereon) in or as a result of any such proceeding, or (p) to the extent permitted, the benefits of any form of one-action rule.

8. Condition of Borrowers and their Subsidiaries. Each Guarantor represents and warrants to the Creditor Parties that each Guarantor has established adequate means of obtaining from each Borrower and its Subsidiaries, on a continuing basis, financial and other information pertaining to the businesses, operations and condition (financial and otherwise) of each Borrower and its Subsidiaries and their Properties, and each Guarantor now is and hereafter will be completely familiar with the businesses, operations and condition (financial and otherwise) of each Borrower and its Subsidiaries and their Properties. Each Guarantor hereby expressly waives and relinquishes any duty on the part of any Creditor Party (should any such duty exist) to disclose to any Guarantor any matter, fact or thing related to the businesses, operations or condition (financial or otherwise) of each Borrower or its Subsidiaries or their Properties, whether now known or hereafter known by the Creditor Parties during the life of this Guaranty. With respect to any of the Guarantied Obligations, the Creditor Parties need not inquire into the powers of each Borrower or any Subsidiary thereof or the officers or employees acting or purporting to act on their behalf (unless Creditor Parties have actual knowledge that such officers or employees have no authority to act on their behalf), and all Guarantied Obligations made or created in good faith reliance upon the professed exercise of such powers shall be secured hereby.

9. Liens on Real Property. In the event that all or any part of the Guarantied Obligations at any time are secured by any one or more deeds of trust or mortgages or other instruments creating or granting Liens on any interests in real Property, each Guarantor authorizes the Creditor Parties, upon the occurrence of and during the continuance of any Event of Default, at their sole option, without notice or demand and without affecting any Guarantied Obligations of any Guarantor, the enforceability of this Guaranty, or the validity or enforceability of any Liens of any Creditor Party on any Collateral, to foreclose any or all of such deeds of trust or mortgages or other instruments by judicial or nonjudicial sale. Each Guarantor expressly waives any defenses to the enforcement of this Guaranty or any rights of any Creditor Party created or granted hereby or to the recovery by the Creditor Parties against any Borrower, any Guarantor or any other Person liable therefor of any deficiency after a judicial or nonjudicial foreclosure or sale, even though such a foreclosure or sale may impair the subrogation rights of any Guarantor or may preclude any Guarantor from obtaining reimbursement or contribution from any Borrower. Each Guarantor expressly waives any defenses or benefits that may be derived from California Code of Civil Procedure Section Section 580a, 580b, 580d or 726, or comparable provisions of the Laws of any other jurisdiction, and all other suretyship defenses it otherwise might or would have under California Law or other applicable Law. Each Guarantor expressly waives any right to receive notice of any judicial or nonjudicial foreclosure or sale of any real Property or interest therein subject to any such deeds of trust or mortgages or other instruments and any Guarantor's or any other Person's failure to receive any such notice

shall not impair or affect Guarantors' Obligations or the enforceability of this Guaranty or any rights of any Creditor Party created or granted hereby.

10. Waiver of Rights of Subrogation. Notwithstanding anything to the contrary elsewhere contained herein or in any other Loan Document to which any Guarantor is a Party, Guarantors hereby so long as the Guarantied Obligations remain outstanding expressly waive with respect to any Borrower and its successors and assigns (including any surety) and any other Person which is directly or indirectly a creditor of any Borrower or any surety for any Borrower, any and all rights at Law or in equity to subrogation, to reimbursement, to exoneration, to contribution, to setoff or to any other rights that could accrue to a surety against a principal, to a guarantor against a maker or obligor, to an accommodation party against the party accommodated, or to a holder or transferee against a maker, and which Guarantors may have or hereafter acquire against any Borrower or any other such Person in connection with or as a result of Guarantors' execution, delivery and/or performance of this Guaranty or any other Loan Document to which any Guarantor is a party. Guarantors agree that so long as the Guarantied Obligations remain outstanding they shall not have or assert any such rights against any Borrower or their successors and assigns or any other Person (including any surety) which is directly or indirectly a creditor of area Borrower or any surety for any Borrower, either directly or as an attempted setoff to any action commenced against Guarantors by such Borrower (as a borrower or in any other capacity), the Creditor Parties or any other such Person. Guarantors hereby acknowledge and agree that this waiver is intended to benefit Borrowers and the Creditor Parties and shall not limit or otherwise affect Guarantors' liability hereunder, under any other Loan Document to which any Guarantor is a party, or the enforceability hereof or thereof.

11. Right of Contribution. Each Guarantor hereby agrees that to the extent that a Guarantor shall have paid more than its proportionate share of all payments made hereunder, provided that the Guarantied Obligations are then satisfied, such Guarantor shall be entitled to seek and receive contribution from and against any other Guarantor hereunder who has not paid its proportionate share of all such payments. The provisions of this Section 11 shall in no respect limit the obligations and liabilities of any Guarantor to the Creditor Parties, and each Guarantor shall remain liable to the Creditor Parties for the full amount guaranteed by such Guarantor hereunder. The "proportionate share" of any Guarantor shall be a fraction (which shall in no event exceed 1.00) the numerator of which is the excess, if any, of the fair value of the assets of such Guarantor over a fair estimate of the liabilities of Guarantor and the denominator of which is the excess (but not less than $1.00) of the fair value of the aggregate assets (without duplication) of all Guarantors over a fair estimate of the aggregate liabilities (without duplication) of all Guarantors. All relevant calculations shall be made as of the date such Guarantor became a Guarantor.

12. Understandings With Respect to Waivers and Consents. Each Guarantor warrants and agrees that each of the waivers and consents set forth herein are made with full knowledge of their significance and consequences, with the understanding that events giving rise to any defense or right waived may diminish, destroy or otherwise adversely affect rights which such Guarantor otherwise may have against any Borrower, the Creditor Parties or others, or against any Collateral, and that, under the circumstances, the waivers and consents herein given are reasonable and not contrary to public policy or Law. Each Guarantor acknowledges that it has either consulted with legal counsel regarding the effect of this Guaranty

and the waivers and consents set forth herein, or has made an informed decision not to do so. If this Guaranty or any of the waivers or consents herein are determined to be unenforceable under or in violation of applicable Law, this Guaranty and such waivers and consents shall be effective to the maximum extent permitted by Law.

13. Costs and Expenses. Each Guarantor agrees to pay to the Creditor Parties all reasonable costs and expenses (including, without limitation, reasonable attorneys' fees and disbursements) actually incurred by the Creditor Parties in the enforcement or attempted enforcement of this Guaranty, whether or not an action is filed in connection therewith, and in connection with any waiver or amendment of any term or provision hereof. All reasonable advances, charges, costs and expenses, including reasonable attorneys' fees and disbursements (including the reasonably allocated cost of legal counsel employed by the Creditor Parties), actually incurred or paid by the Creditor Parties in exercising any right, privilege, power or remedy conferred by this Guaranty, or in the enforcement or attempted enforcement thereof, shall be subject hereto and shall become a part of the Guarantied Obligations and shall be paid to the Creditor Parties by each Guarantor, immediately upon demand, together with interest thereon at the rate(s) provided for under the Loan Agreement.

14. Liability. The liability of each Guarantor hereunder is independent of any other guaranties at any time in effect with respect to all or any part of the Guarantied Obligations, and each Guarantor's liability hereunder may be enforced regardless of the existence of any such guaranties. Any termination by or release of any guarantor in whole or in part (whether it be another Guarantor under this instrument or not) shall not affect the continuing liability of any Guarantor hereunder, and no notice of any such termination or release shall be required.

15. Joinder. Any other Person may become a Guarantor under and become bound by the terms and conditions of this Guaranty by executing and delivering to the Administrative Agent an Instrument of Joinder substantially in the form attached hereto as Exhibit A, accompanied by such documentation as the Administrative Agent may reasonably require to establish the due organization, valid existence and good standing of such Person, its qualification to engage in business in each material jurisdiction in which it is required to be so qualified, its authority to execute, deliver and perform this Guaranty, and the identity, authority and capacity of each Responsible Official thereof authorized to act on its behalf.

16. Release of Guarantors. This Guaranty and all Guarantied Obligations of Guarantors hereunder shall be released when all Obligations of each Party to any Loan Document have been paid in full in Cash or otherwise performed in full and when no portion of the Commitment remains outstanding. Upon such release of any or all of Guarantors' Guarantied Obligations hereunder, the Administrative Agent shall endorse, execute, deliver, record and file all instruments and documents, and do all other acts and things, reasonably required to evidence or document the release of the Creditor Parties' rights arising under this Guaranty, all as reasonably requested by, and at the sole expense of, Guarantors.

17. WAIVER OF JURY TRIAL. EACH GUARANTOR AND EACH CREDITOR PARTY HEREBY EXPRESSLY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION ARISING UNDER THIS GUARANTY, ANY LOAN DOCUMENT OR IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO OR ANY OF THEM WITH RESPECT TO THIS GUARANTY, ANY LOAN DOCUMENT, OR THE TRANSACTIONS RELATED THERETO, IN EACH

CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE; AND EACH GUARANTOR AND EACH CREDITOR PARTY HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY, AND THAT ANY GUARANTOR OR CREDITOR PARTY MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE SIGNATORIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

18. JURISDICTION. EACH GUARANTOR AND EACH CREDITOR PARTY HEREBY AGREE AND INTEND THAT THE PROPER AND EXCLUSIVE FORUM FOR ANY LITIGATION OF ANY DISPUTES OR CONTROVERSIES ARISING OUT OF OR RELATED TO THIS GUARANTY OR ANY OTHER LOAN DOCUMENTS SHALL BE THE SUPERIOR COURT OF THE STATE OF CALIFORNIA FOR THE COUNTY OF LOS ANGELES. NOTWITHSTANDING THE FOREGOING, THE PARTIES AGREE THAT, WITH RESPECT TO ANY COLLATERAL GIVEN BY ANY GUARANTOR OR ANY AFFILIATE THEREOF TO ANY OF THE CREDITOR PARTIES LOCATED IN STATES OR JURISDICTIONS OTHER THAN CALIFORNIA, OR IN COUNTIES OF CALIFORNIA OTHER THAN LOS ANGELES COUNTY, THE ADMINISTRATIVE AGENT SHALL BE ENTITLED ON BEHALF OF SUCH CREDITOR PARTIES TO COMMENCE ACTIONS IN SUCH STATES OR JURISDICTIONS, OR IN SUCH COUNTIES OF CALIFORNIA, AGAINST THE GUARANTORS OR ANY AFFILIATE THEREOF OR OTHER PERSONS FOR THE PURPOSE OF SEEKING PROVISIONAL REMEDIES, INCLUDING ACTIONS FOR CLAIM AND DELIVERY OF PROPERTY, OR FOR INJUNCTIVE RELIEF OR APPOINTMENT OF A RECEIVER, OR ACTIONS TO FORECLOSE UPON LIENS GRANTED TO THE CREDITOR PARTIES. EACH GUARANTOR UNDER THIS GUARANTY, TO THE EXTENT PERMITTED BY APPLICABLE LAWS, HEREBY EXPRESSLY WAIVES ANY DEFENCE OR OBJECTION TO JURISDICTION OR VENUE BASED ON THE DOCTRINE OF FORUM NON CONVENIENS, AND STIPULATES THAT THE SUPERIOR COURT OF THE STATE OF CALIFORNIA FOR THE COUNTY OF SAN FRANCISCO SHALL HAVE IN PERSONAM JURISDICTION AND VENUE OVER SUCH PARTY FOR THE PURPOSE OF LITIGATING ANY DISPUTE OR CONTROVERSY ARISING OUT OF OR RELATED TO THIS GUARANTY OR ANY OTHER LOAN DOCUMENTS. IN THE EVENT ANY GUARANTOR OR ANY AFFILIATE THEREOF SHOULD COMMENCE OR MAINTAIN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATED TO THIS GUARANTY OR ANY OTHER LOAN DOCUMENTS IN A FORUM OTHER THAN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA FOR THE COUNTY OF SAN FRANCISCO, THE CREDITOR PARTIES SHALL BE ENTITLED TO REQUEST THE DISMISSAL OR STAY OF SUCH ACTION OR PROCEEDING, AND THE GUARANTORS AND THEIR AFFILIATES STIPULATE THAT SUCH ACTION OR PROCEEDING SHALL BE DISMISSED OR STAYED.

19. THIS GUARANTY SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF CALIFORNIA.

IN WITNESS WHEREOF, each Guarantor has executed this Guaranty by its duly authorized officer as of the date first written above.

"Guarantors"

JAKKS ACQUISITION CORP.
J-X ENTERPRISES, INC.
BERK CORPORATION
PENTECH COSMETICS, INC.
SAWDUST PENCIL CO.
PENTECH-MON AMI, INC.
JP FERRERO PARKWAY, INC.

By: /s/ JOEL M. BENNETT

Joel M. Bennett

Title: Exec. V.P./C.F.O.
---
of each of the foregoing

Address for Guarantors:

22619 Pacific Coast Highway
Malibu, California 90025

EXHIBIT A
TO
GUARANTY

INSTRUMENT OF JOINDER

THIS INSTRUMENT OF JOINDER ("Joinder") is executed as of _____, ____, by _____, a _____ ("Joining Party"), and delivered to Bank of America, N.A., as the Administrative Agent under the Loan Agreement referred to below (the "Administrative Agent"), pursuant to the Guaranty dated as of _____, 2001 made by each of the parties listed on the signature pages thereto (each a "Guarantor" and collectively, "Guarantors") in favor of the Administrative Agent and each of the lenders that are party to the Loan Agreement referred to below (each a "Lender" and collectively, the "Lenders") (as the same may be amended or supplemented from time to time, the "Guaranty"). Terms used but not defined in this Joinder shall have the meanings defined for those terms in the Guaranty.

RECITALS

(1) The Guaranty was made by Guarantors in favor of Bank of America, N.A. pursuant to that certain Loan Agreement dated as of October 12, 2001, by and among JAKKS Pacific, Inc., a Delaware corporation (the "Company"), Flying Colors Toys, Inc., a Michigan corporation, Road Champs, Inc., a Delaware corporation, and Pentech International Inc., a Delaware corporation (collectively, and together with Company, "Borrowers"), the Lenders and the Administrative Agent (as the same may be amended or supplemented from time to time, the "Loan Agreement").

(2) Joining Party is required pursuant to the Loan Agreement to become a Guarantor.

(3) Joining Party expects to realize direct and indirect benefits as a result of the availability to the Borrowers of the loan facility under the Loan Agreement.

NOW THEREFORE, Joining Party agrees as follows:

AGREEMENT

(2) By this Joinder, Joining Party becomes a "Guarantor" under and pursuant to Section 15 of the Guaranty. Joining Party agrees that, upon its execution hereof, it will become a Guarantor under the Guaranty with respect to all Obligations heretofore or hereafter incurred under the Loan Documents, and will be bound by all terms, conditions, and duties applicable to a Guarantor under the Guaranty.

(3) The effective date of this Joinder is _____, ____.

"Joining Party"

_____

a _____

By:

Name:
Title:

Address:

Attn:
Telephone:
Facsimile:

ACKNOWLEDGED:

BANK OF AMERICA, N.A.
as Administrative Agent

By:

Name:

Title:

EXHIBIT 15(I)

SECURITY AGREEMENT

(GUARANTOR)

This SECURITY AGREEMENT ("Agreement"), dated as of October 12, 2001, is made by JAKKS ACQUISITION CORP., a Delaware corporation, J-X ENTERPRISES, INC., a New York corporation, BERK CORPORATION, a California corporation, JP FERRERO PARKWAY, INC., a California corporation, PENTECH COSMETICS, INC., a Delaware corporation, SAWDUST PENCIL CO., a Delaware corporation and PENTECH-MON AMI, INC., a Delaware corporation (each a "Grantor" and, collectively, "Grantors"), jointly and severally in favor of BANK OF AMERICA, N.A., as Administrative Agent under the Loan Agreement hereafter referred to, the Lenders therein named and in favor of each of the Lenders which may hereafter become a party thereto, collectively as Secured Party, with reference to the following facts:

RECITALS

A. Grantors have guaranteed the obligations of JAKKS PACIFIC, INC., FLYING COLORS TOYS, INC., ROAD CHAMPS, INC. and PENTECH INTERNATIONAL INC. (collectively, "Borrowers") pursuant to a Loan Agreement of even date herewith among Borrowers, the Lenders referred to therein, and Bank of America, N.A., as Administrative Agent (as it may from time to time be amended, restated, extended, renewed, modified or supplemented, the "Loan Agreement"). This Agreement is the Guarantor Security Agreement referred to in the Loan Agreement and is one of the "Loan Documents" referred to in the Loan Agreement.

B. Pursuant to the Loan Documents of even date the Lenders are making certain credit facilities available to Borrowers.

C. As a condition of the availability of such credit facilities, Grantors are required to enter into this Agreement to grant security interests to Secured Party as herein provided.

D. Each Grantor expects to realize direct and indirect benefits from the execution of this Agreement.

AGREEMENT

NOW, THEREFORE, in order to induce Secured Party to extend the aforementioned credit facilities, and for other good and valuable consideration, the receipt and adequacy of which hereby is acknowledged, Grantors hereby jointly and severally represent, warrant, covenant, agree, assign and grant as follows:

1. Definitions. Terms defined in the Loan Agreement and not otherwise defined in this Agreement shall have the meanings defined for those terms in the Loan Agreement. Terms defined in the California Uniform Commercial Code (as amended from time to time) and not otherwise defined in this Agreement or in the Loan Agreement shall have the meanings defined for those terms in the Uniform Commercial Code, as enacted in the State of California. In addition, as used in this Agreement, the following terms shall have the meanings respectively set forth after each:

"Agreement" means this Security Agreement, and any extensions, modifications, renewals, restatements, supplements or amendments hereof.

"Collateral" means and includes all present and future right, title and interest of Grantors or any of them in or to any personal property whatsoever, and all rights and powers of Grantors, or any of them to transfer any interest in or to any personal property whatsoever, including, without limitation, any and all of the following personal property:

(a) All present and future accounts, accounts receivable, agreements, contracts, leases, contract rights, payment intangibles, rights to payment, instruments, documents, chattel paper (whether tangible or electronic), security agreements, guaranties, letters of credit, letter-of-credit rights, undertakings, surety bonds, insurance policies, notes and drafts, and all forms of obligations owing to Grantors, or any of them, or in which Grantors, or any of them may have any interest, however created or arising;

(b) All present and future general intangibles, all tax refunds of every kind and nature to which Grantors, or any of them now or hereafter may become entitled, however arising, all other refunds, and all deposits, goodwill, choses in action, trade secrets, computer programs, software, customer lists, trademarks, trade names, service marks, patents, licenses, copyrights, technology, processes, proprietary information and insurance proceeds;

(c) All present and future deposit accounts of Grantors or any of them, including, without limitation, any demand, time, savings, passbook or like account maintained by Grantors, or any of them with any bank, savings and loan association, credit union or like organization, and all money, Cash and Cash Equivalents of Grantors, or any of them, whether or not deposited in any such deposit account;

(d) All present and future books and records, including, without limitation, books of account and ledgers of every kind and nature, all electronically recorded data relating to Grantors or their businesses, all receptacles and containers for such records, and all files and correspondence;

(e) All present and future goods, including, without limitation, all consumer goods, farm products, inventory, equipment, machinery, tools, molds, dies, furniture, furnishings, fixtures, trade fixtures, motor vehicles and all other goods used in connection with or in the conduct of Grantors', or any of their businesses;

(f) All present and future inventory and merchandise, including, without limitation, all present and future goods held for sale or lease or to be furnished under a contract of service, all raw materials, work in process and finished goods, all packing materials, supplies and containers relating to or used in connection with any of the foregoing, and all bills of lading, warehouse receipts or documents of title relating to any of the foregoing;

(g) All present and future investment property, stocks, bonds, debentures, securities (whether certificated or uncertificated), subscription rights, options, warrants, puts, calls, certificates, partnership interests, limited liability company memberships or other interests, joint venture interests, Investments and/or brokerage accounts and all rights, preferences, privileges, dividends, distributions,

redemption payments, or liquidation payments with respect thereto;

(h) All present and future accessions, appurtenances, components, repairs, repair parts, spare parts, replacements, substitutions, additions, issue and/or improvements to or of or with respect to any of the foregoing;

(i) All other tangible and intangible personal property of Grantors, or any of them;

(j) All rights, remedies, powers and/or privileges of Grantors, or any of them with respect to any of the foregoing; and

(k) Any and all proceeds and products of any of the foregoing, including, without limitation, all money, accounts, payment intangibles, general intangibles, deposit accounts, promissory notes, documents, instruments, certificates of deposit, chattel paper, goods, insurance proceeds, and any other tangible or intangible property received upon the sale or disposition of any of the foregoing.

"Secured Obligations" means any and all present and future Obligations of any type or nature of Grantors, or any one or more of them, arising under or relating to the Guaranty, of even date herewith, made by Grantors in favor of Secured Party. The Guaranty relates to the Loan Agreement and the Loan Documents or any one or more of them, and all obligations thereunder whether due or to become due, matured or unmatured, liquidated or unliquidated, or contingent or noncontingent, including Obligations of performance as well as Obligations of payment, and including interest that accrues after the commencement of any bankruptcy or insolvency proceeding by or against any Grantor.

"Secured Party" means the Administrative Agent under the Loan Agreement, the Lenders therein named and each of the Lenders which may hereafter become a party thereto. All rights of the Secured Party under this Agreement shall be exercised by the Administrative Agent, acting with the consent of those Lenders required by the Loan Agreement.

2. Further Assurances. At any time and from time to time at the request of Secured Party, Grantors, and each of them, shall execute and deliver to Secured Party all such financing statements and other instruments and documents in form and substance satisfactory to Secured Party as shall be necessary or desirable to fully perfect, when filed and/or recorded, Secured Party's security interests granted pursuant to Section 3 of this Agreement. At any time and from time to time, Secured Party shall be entitled to file and/or record any or all such financing statements, instruments and documents held by it, and any or all such further financing statements, documents and instruments, and to take all such other actions, as Secured Party may deem appropriate to perfect and to maintain perfected the security interests granted in Section 3 of this Agreement. Before and after the occurrence of any Event of Default, at Secured Party's request, Grantors, and each of them, shall execute all such further financing statements, instruments and documents, and shall do all such further acts and things, as may be deemed necessary or desirable by Secured Party to create and perfect, and to continue and preserve, an indefeasible security interest in the Collateral in favor of Secured Party, or the priority thereof. With respect to any Collateral consisting of certificated securities, instruments, documents, certificates of title or the like, as to which Secured Party's security interest need be perfected by, or the priority thereof need be assured by, possession or control of such

Collateral, Grantors, and each of them, will upon demand of Secured Party deliver possession or control, as applicable, of same in pledge to Secured Party. With respect to any Collateral consisting of securities, instruments, partnership or joint venture interests, limited liability company memberships or the like, Grantors hereby jointly and severally consent and agree that the issuers of, or obligors on, any such Collateral, or any registrar or transfer agent or trustee for any such Collateral, shall be entitled to accept the provisions of this Agreement as conclusive evidence of the right of Secured Party to effect any transfer or exercise any right hereunder or with respect to any such Collateral, notwithstanding any other notice or direction to the contrary heretofore or hereafter given by Grantors, or any of them, or any other Person to such issuers or such obligors or to any such registrar or transfer agent or trustee.

3. Security Agreement. For valuable consideration, Grantors hereby jointly and severally assign and pledge to Secured Party, and grant to Secured Party a security interest in, all presently existing and hereafter acquired Collateral, as security for the timely payment and performance of the Secured Obligations, and each of them. This Agreement is a continuing and irrevocable agreement and all the rights, powers, privileges and remedies hereunder shall apply to any and all Secured Obligations, including those arising under successive transactions which shall either continue the Secured Obligations, increase or decrease them, or from time to time create new Secured Obligations after all or any prior Secured Obligations have been satisfied, and notwithstanding the bankruptcy of any Grantor or any other Person or any other event or proceeding affecting any Person.

4. Grantors' Representations, Warranties and Agreements. Except as otherwise disclosed to Secured Party in writing concurrently herewith, Grantors jointly and severally represent, warrant, and agree that: (a) Grantors will pay, prior to delinquency, all taxes, charges, Liens and assessments against the Collateral, except such as are expressly permitted by the Loan Agreement or are timely contested in good faith, and upon its failure to pay or so contest such taxes, charges, Liens and assessments, Secured Party at its option may pay any of them, and Secured Party shall be the sole judge of the legality or validity thereof and the amount necessary to discharge the same; (b) the Collateral will not be knowingly used for any unlawful purpose or in material violation of any Law, regulation or ordinance, nor used in any way that will void or impair any insurance required to be carried in connection therewith; (c) Grantors will, to the extent consistent with good business practice, keep the Collateral in reasonably good repair, working order and condition, and from time to time make all needful and proper repairs, renewals, replacements, additions and improvements thereto and, as appropriate and applicable, will otherwise deal with the Collateral in all such ways as are considered good practice by owners of like Property; (d) Grantors will take all steps to preserve and protect the Collateral; (e) Grantors will maintain, with responsible insurance companies, insurance covering the Collateral against such insurable losses as is required by the Loan Agreement and as is consistent with sound business practice, and will cause Secured Party to be designated as an additional insured and loss payee with respect to such insurance, will obtain the written agreement of the insurers that such insurance shall not be canceled, terminated or materially modified to the detriment of Secured Party without at least 30 days prior written notice to Secured Party, and will furnish copies of such insurance policies or certificates to Secured Party promptly upon request therefor; and (f) Grantors will promptly notify Secured Party in writing in the event of any substantial or material damage to the Collateral from any source whatsoever, and, except for the disposition of collections and other proceeds of the Collateral permitted by Section 6 hereof, Grantors will not remove or permit to be removed any part of the Collateral from its place of business without the prior written consent of Secured Party, except for such items of the Collateral as are removed in the ordinary course of business or in connection with any transaction or disposition otherwise permitted by the Loan Documents.

5. Secured Party's Rights Re Collateral. At any time (whether or not an Event of Default has occurred), without notice or demand and at the expense of Grantors, Secured Party may, to the extent it may be necessary or desirable to protect the security hereunder, but Secured Party shall not be obligated to: (a) enter upon any premises on which Collateral is situated upon reasonable notice and examine the same or (b) upon any Event of Default, to perform any obligation of Grantors under this Agreement or any obligation of any other Person under the Loan Documents. Grantors shall maintain books and records pertaining to the Collateral in such detail, form and scope as is consistent with Grantors' past practices. Grantors shall at any time at Secured Party's request mark the Collateral and/or Grantors' ledger cards, books of account and other records relating to the Collateral with appropriate notations satisfactory to Secured Party disclosing that they are subject to Secured Party's security interests. Secured Party shall at all times on reasonable notice have full access to and the right to audit any and all of Grantors' books and records pertaining to the Collateral, and to confirm and verify the value of the Collateral and to do whatever else Secured Party reasonably may deem necessary or desirable to protect its interests; provided, however, that any such action which involves communicating with customers of Grantors shall be carried out by Secured Party through Grantors' independent auditors unless Secured Party shall then have the right directly to notify obligors on the Collateral as provided in Section 9. Secured Party shall be under no duty or obligation whatsoever to take any action to preserve any rights of or against any prior or other parties in connection with the Collateral, to exercise any voting rights or managerial rights with respect to any Collateral, whether or not an Event of Default shall have occurred, or to make or give any presentments, demands for performance, notices of non-performance, protests, notices of protests, notices of dishonor or notices of any other nature whatsoever in connection with the Collateral or the Secured Obligations. Secured Party shall be under no duty or obligation whatsoever to take any action to protect or preserve the Collateral or any rights of any Grantor therein, or to make collections or enforce payment thereon, or to participate in any foreclosure or other proceeding in connection therewith.

6. Collections on the Collateral. Except as otherwise provided in any Loan Document, Grantors shall have the right to use, dispose of and to continue to make collections on and receive dividends and other proceeds of all of the Collateral in the ordinary course of business so long as no Event of Default shall have occurred and be continuing. Upon the occurrence and during the continuance of an Event of Default, at the option of Secured Party, except as prohibited by applicable Law, Grantors' right to make collections on and receive dividends and other proceeds of the Collateral and to use or dispose of such collections and proceeds shall terminate, and any and all dividends, proceeds and collections, including all partial or total prepayments, then held or thereafter received on or on account of the Collateral will be held or received by Grantors in trust for Secured Party and immediately delivered in kind to Secured Party. Any remittance received by Grantors from any Person shall be presumed to relate to the Collateral and to be subject to Secured Party's security interests. Upon the occurrence and during the continuance of an Event of Default, Secured Party shall have the right at all times to receive, receipt for, endorse, assign, deposit and deliver, in the name of Secured Party or in the name of Grantors, any and all checks, notes, drafts and other instruments for the payment of money constituting proceeds of or otherwise relating to the Collateral; and each Grantor hereby authorizes Secured Party to affix, by facsimile signature or otherwise, the general or special endorsement of it, in such manner as Secured Party shall deem advisable, to any such instrument in the event the same has been delivered to or obtained by Secured Party without appropriate endorsement, and Secured Party and any collecting bank are hereby authorized to consider such endorsement to be a sufficient, valid and effective endorsement by Grantors, and each of them, to the same extent as though it were manually executed by the duly authorized officer of each Grantor, regardless of by whom or under what circumstances or by what authority such facsimile

signature or other endorsement actually is affixed, without duty of inquiry or responsibility as to such matters, and each Grantor hereby expressly waives demand, presentment, protest and notice of protest or dishonor and all other notices of every kind and nature with respect to any such instrument.

7. Possession of Collateral by Secured Party. All the Collateral now, heretofore or hereafter delivered to Secured Party shall be held by Secured Party in its possession, custody and control. Any or all of the cash Collateral delivered to Secured Party will be held in an interest bearing account until it is applied in accordance with the terms hereof. Nothing herein shall obligate Secured Party to invest any Collateral or obtain any particular return thereon. Upon the occurrence and during the continuance of an Event of Default, whenever any of the Collateral is in Secured Party's possession, custody or control, Secured Party may use, operate and consume the Collateral, as reasonably necessary, whether for the purpose of preserving and/or protecting the Collateral, or for the purpose of performing any of Grantors' obligations with respect thereto, or otherwise. Secured Party may at any time deliver or redeliver the Collateral or any part thereof to Grantors, and the receipt of any of the same by Grantors shall be complete and full acquittance for the Collateral so delivered, and Secured Party thereafter shall be discharged from any liability or responsibility therefor. Notwithstanding anything to the contrary in this Agreement, so long as Secured Party exercises reasonable care with respect to any Collateral in its possession, custody or control, Secured Party shall have no liability for any loss of or damage to such Collateral, and in no event shall Secured Party have liability for any diminution in value of Collateral occasioned by economic or market conditions or events. Secured Party shall be deemed to have exercised reasonable care within the meaning of the preceding sentence if the Collateral in the possession, custody or control of Secured Party is accorded treatment substantially equal to that which Secured Party accords its own property, it being understood that Secured Party shall not have any responsibility for (a) ascertaining or taking action with respect to calls, conversions, exchanges, maturities, tenders or other matters relating to any Collateral, whether or not Secured Party has or is deemed to have knowledge of such matters, or (b) taking any necessary steps to preserve rights against any Person with respect to any Collateral.

8. Events of Default. There shall be an Event of Default hereunder upon the occurrence and during the continuance of an Event of Default under the Loan Agreement.

9. Rights Upon Event of Default. Upon the occurrence and during the continuance of an Event of Default, Secured Party shall have, in any jurisdiction where enforcement hereof is sought, in addition to all other rights and remedies that Secured Party may have under applicable Law or in equity or under this Agreement (including, without limitation, all rights set forth in Section 6 hereof) or under any other Loan Document, all rights and remedies of a secured party under the Uniform Commercial Code as enacted in any jurisdiction, and, in addition, the following rights and remedies, all of which may be exercised with or without notice to Grantors and without affecting the Obligations of Grantors hereunder or under any other Loan Document, or the enforceability of the Liens and security interests created hereby: (a) to foreclose the Liens and security interests created hereunder or under any other agreement relating to any Collateral by any available judicial procedure or without judicial process; (b) to enter any premises where any Collateral may be located for the purpose of securing, protecting, inventorying, appraising, inspecting, repairing, preserving, storing, preparing, processing, taking possession of or removing the same; (c) to sell, assign, lease or otherwise dispose of any Collateral or any part thereof, either at public or private sale or at any broker's board, in lot or in bulk, for cash, on credit or otherwise, with or without representations or warranties and upon such terms as shall be acceptable to Secured Party; (d) to notify obligors on the Collateral that the Collateral has been assigned to Secured Party and that all

payments thereon are to be made directly and exclusively to Secured Party; (e) to collect by legal proceedings or otherwise all dividends, distributions, interest, principal or other sums now or hereafter payable upon or on account of the Collateral; (f) to enter into any extension, reorganization, deposit, merger or consolidation agreement, or any other agreement relating to or affecting the Collateral, and in connection therewith Secured Party may deposit or surrender control of the Collateral and/or accept other Property in exchange for the Collateral; (g) to settle, compromise or release, on terms acceptable to Secured Party, in whole or in part, any amounts owing on the Collateral and/or any disputes with respect thereto; (h) to extend the time of payment, make allowances and adjustments and issue credits in connection with the Collateral in the name of Secured Party or in the name of Grantors; (i) to enforce payment and prosecute any action or proceeding with respect to any or all of the Collateral and take or bring, in the name of Secured Party or in the name of Grantors, any and all steps, actions, suits or proceedings deemed by Secured Party necessary or desirable to effect collection of or to realize upon the Collateral, including any judicial or nonjudicial foreclosure thereof or thereon, and each Grantor specifically consents to any nonjudicial foreclosure of any or all of the Collateral or any other action taken by Secured Party which may release any obligor from personal liability on any of the Collateral, and each Grantor waives any right not expressly provided for in this Agreement to receive notice of any public or private judicial or nonjudicial sale or foreclosure of any security or any of the Collateral; and any money or other property received by Secured Party in exchange for or on account of the Collateral, whether representing collections or proceeds of Collateral, and whether resulting from voluntary payments or foreclosure proceedings or other legal action taken by Secured Party or Grantors may be applied by Secured Party without notice to Grantors to the Secured Obligations in such order and manner as Secured Party in its sole discretion shall determine; (j) to insure, process and preserve the Collateral; (k) to exercise all rights, remedies, powers or privileges provided under any of the Loan Documents; (l) to remove, from any premises where the same may be located, the Collateral and any and all documents, instruments, files and records, and any receptacles and cabinets containing the same, relating to the Collateral, and Secured Party may, at the cost and expense of Grantors, use such of its supplies, equipment, facilities and space at its places of business as may be necessary or appropriate to properly administer, process, store, control, prepare for sale or disposition and/or sell or dispose of the Collateral or to properly administer and control the handling of collections and realizations thereon, and Secured Party shall be deemed to have a rent-free tenancy of any premises of Grantors for such purposes and for such periods of time as reasonably required by Secured Party; (m) to receive, open and dispose of all mail addressed to Grantors or any of them and notify postal authorities to change the address for delivery thereof to such address as Secured Party may designate; provided that Secured Party agrees that it will promptly deliver over to Grantors such mail as does not relate to the Collateral; and (n) to exercise all other rights, powers, privileges and remedies of an owner of the Collateral; all at Secured Party's sole option and as Secured Party in its sole discretion may deem advisable. Grantors will, at Secured Party's request, assemble the Collateral and make it available to Secured Party at places which Secured Party may designate, whether at the premises of Grantors or elsewhere, and will make available to Secured Party, free of cost, all premises, equipment and facilities of Grantors for the purpose of Secured Party's taking possession of the Collateral or storing same or removing or putting the Collateral in salable form or selling or disposing of same.

Upon the occurrence and during the continuance of an Event of Default, Secured Party also shall have the right, without notice or demand, either in person, by agent or by a receiver to be appointed by a court, and without regard to the adequacy of any security for the Secured Obligations, to take possession of the Collateral or any part thereof and to collect and receive the rents, issues, profits, income and proceeds thereof. Taking possession of the Collateral shall not cure or waive any Event of Default or notice thereof or invalidate any act done pursuant to such notice. The rights, remedies and powers of any receiver appointed by a court shall be as ordered by said

court.

Any public or private sale or other disposition of the Collateral may be held at any office of Secured Party, or at any Grantors' place of business, or at any other place permitted by applicable Law, and without the necessity of the Collateral's being within the view of prospective purchasers. Secured Party may direct the order and manner of sale of the Collateral, or portions thereof, as it in its sole and absolute discretion may determine, and Grantors expressly waive any right to direct the order and manner of sale of any Collateral. Secured Party or any Person on Secured Party's behalf may bid and purchase at any such sale or other disposition. The net cash proceeds resulting from the collection, liquidation, sale, lease or other disposition of the Collateral shall be applied, first, to the expenses (including attorneys' fees and disbursements) of retaking, holding, storing, processing and preparing for sale or lease, selling, leasing, collecting, liquidating and the like, and then to the satisfaction of the Secured Obligations in such order as shall be determined by Secured Party in its sole and absolute discretion. Grantors and any other Person then obligated therefor shall pay to Secured Party on demand any deficiency with regard thereto which may remain after such sale, disposition, collection or liquidation of the Collateral.

Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Secured Party will send or otherwise make available to Grantors notice of the time and place of any public sale thereof or of the time on or after which any private sale thereof is to be made. The requirement of sending notice conclusively shall be met if such notice is given in the manner contemplated by the Loan Agreement at least ten (10) days before the date of the sale. Each Grantor expressly waives any right to receive notice of any public or private sale of any Collateral or other security for the Secured Obligations except as expressly provided for in this paragraph.

With respect to any Collateral consisting of securities, partnership interests, joint venture interests, limited liability company memberships, Investments or the like, and whether or not any of such Collateral has been effectively registered under the Securities Act of 1933 or other applicable Laws, Secured Party may, in its sole and absolute discretion, sell all or any part of such Collateral at private sale in such manner and under such circumstances as Secured Party may deem necessary or advisable in order that the sale may be lawfully conducted. Without limiting the foregoing, Secured Party may (i) approach and negotiate with a limited number of potential purchasers, and (ii) restrict the prospective bidders or purchasers to persons who will represent and agree that they are purchasing such Collateral for their own account for investment and not with a view to the distribution or resale thereof. In the event that any such Collateral is sold at private sale, each Grantor agrees that if such Collateral is sold for a price which Secured Party in good faith believes to be reasonable under the circumstances then existing, then (a) the sale shall be deemed to be commercially reasonable in all respects, (b) no Grantor shall not be entitled to a credit against the Secured Obligations in an amount in excess of the purchase price, and (c) Secured Party shall not incur any liability or responsibility to any Grantor in connection therewith, notwithstanding the possibility that a substantially higher price might have been realized at a public sale. Each Grantor recognizes that a ready market may not exist for such Collateral if it is not regularly traded on a recognized securities exchange, and that a sale by Secured Party of any such Collateral for an amount substantially less than a pro rata share of the fair market value of the issuer's assets minus liabilities may be commercially reasonable in view of the difficulties that may be encountered in attempting to sell a large amount of such Collateral or Collateral that is privately traded.

Upon consummation of any sale of Collateral hereunder, Secured Party shall have the right to assign, transfer and deliver to the purchaser or purchasers thereof the Collateral so sold. Each such purchaser at any such sale shall hold the Collateral so sold absolutely free from any claim or right upon the part of any Grantor or any other Person, and each Grantor hereby waives (to the extent permitted by applicable Laws) all rights of redemption, stay and appraisal which it now has or may at any time in the future have under any rule of Law or statute now existing or hereafter enacted. If the sale of all or any part of the Collateral is made on credit or for future delivery, Secured Party shall not be required to apply any portion of the sale price to the Secured Obligations until such amount actually is received by Secured Party, and any Collateral so sold may be retained by Secured Party until the sale price is paid in full by the purchaser or purchasers thereof. Secured Party shall not incur any liability in case any such purchaser or purchasers shall fail to pay for the Collateral so sold, and, in case of any such failure, the Collateral may be sold again.

10. Voting Rights; Dividends; etc. With respect to any Collateral consisting of securities, partnership interests, joint venture interests, limited liability company memberships, Investments or the like (referred to collectively and individually in this Section 10 and in Section 11 as the "Investment Collateral"), so long as no Event of Default occurs and remains continuing:

(a) Voting Rights. Grantors shall be entitled to exercise any and all voting and other consensual rights pertaining to the Investment Collateral, or any part thereof, for any purpose not inconsistent with the terms of this Agreement, the Loan Agreement, or the other Loan Documents; provided, however, that Grantors shall not exercise, or shall refrain from exercising, any such right if it would result in a Default.

(b) Dividend and Distribution Rights. Except as otherwise provided in any Loan Document, Grantors shall be entitled to receive and to retain and use any and all dividends or distributions paid in respect of the Investment Collateral; provided, however, that any and all such dividends or distributions received in the form of capital stock, certificated securities, warrants, options or rights to acquire capital stock or certificated securities forthwith shall be, and the certificates representing such capital stock or certificated securities, if any, forthwith shall be delivered to Secured Party to hold as pledged Collateral and shall, if received by Grantors, be received in trust for the benefit of Secured Party, be segregated from the other Property of Grantors, and forthwith be delivered to Secured Party as pledged Collateral in the same form as so received (with any necessary endorsements).

11. Rights During Event of Default. With respect to any Investment Collateral, so long as an Event of Default has occurred and is continuing:

(a) Voting, Dividend, and Distribution Rights. At the option of Secured Party, all rights of Grantors to exercise the voting and other consensual rights which it would otherwise be entitled to exercise pursuant to Section 10(a) above, and to receive the dividends and distributions which it would otherwise be authorized to receive and retain pursuant to Section 10(b) above, shall cease, and all such rights thereupon shall become vested in Secured Party which thereupon shall have the sole right to exercise such voting and other consensual rights and to receive and to hold as pledged Collateral such dividends and distributions.

(b) Dividends and Distributions Held in Trust. All dividends and other distributions which are received by Grantors contrary to the provisions of this Agreement shall be received in trust for the benefit of Secured Party, shall be segregated from other funds of Grantors, and forthwith shall be paid over to Secured Party as pledged Collateral in the same form as so

received (with any necessary endorsements).

(c) Irrevocable Proxy. Each Grantor hereby revokes all previous proxies with regard to the Investment Collateral and appoints Secured Party as its proxyholder to attend and vote at any and all meetings of the shareholders or other equity holders of the Persons that issued the Investment Collateral and any adjournments thereof, held on or after the date of the giving of this proxy and prior to the termination of this proxy, and to execute any and all written consents of shareholders or equity holders of such Persons executed on or after the date of the giving of this proxy and prior to the termination of this proxy, with the same effect as if such Grantor had personally attended the meetings or had personally voted its shares or other interests or had personally signed the written consents; provided, however, that the proxyholder shall have rights hereunder only upon the occurrence and during the continuance of an Event of Default. Each Grantor hereby authorizes Secured Party to substitute another Person as the proxyholder and, upon the occurrence and during the continuance of any Event of Default, hereby authorizes the proxyholder to file this proxy and any substitution instrument with the secretary or other appropriate official of the appropriate Person. This proxy is coupled with an interest and is irrevocable until such time as all Secured Obligations have been paid and performed in full.

12. Attorney-in-Fact. Each Grantor hereby irrevocably nominates and appoints Secured Party as its attorney-in-fact for the following purposes: (a) to do all acts and things which Secured Party may deem necessary or advisable to perfect and continue perfected the security interests created by this Agreement and, upon the occurrence and during the continuance of an Event of Default, to preserve, process, develop, maintain and protect the Collateral; (b) upon the occurrence and during the continuance of an Event of Default, to do any and every act which such Grantor is obligated to do under this Agreement, at the expense of the Grantors so obligated and without any obligation to do so; (c) to prepare, sign, file and/or record, for such Grantor, in the name of such Grantor, any financing statement, application for registration, or like paper, and to take any other action deemed by Secured Party necessary or desirable in order to perfect or maintain perfected the security interests granted hereby; and (d) upon the occurrence and during the continuance of an Event of Default, to execute any and all papers and instruments and do all other things necessary or desirable to preserve and protect the Collateral and to protect Secured Party's security interests therein; provided, however, that Secured Party shall be under no obligation whatsoever to take any of the foregoing actions, and, absent bad faith or actual malice, Secured Party shall have no liability or responsibility for any act taken or omission with respect thereto.

13. Costs and Expenses. Each Grantor agrees to pay to Secured Party all costs and expenses (including, without limitation, attorneys' fees and disbursements) incurred by Secured Party in the enforcement or attempted enforcement of this Agreement, whether or not an action is filed in connection therewith, and in connection with any waiver or amendment of any term or provision hereof. All advances, charges, costs and expenses, including attorneys' fees and disbursements, incurred or paid by Secured Party in exercising any right, privilege, power or remedy conferred by this Agreement (including, without limitation, the right to perform any Secured Obligation of such Grantor under the Loan Documents), or in the enforcement or attempted enforcement thereof, shall be secured hereby and shall become a part of the Secured Obligations and shall be paid to Secured Party by Grantor, immediately upon demand, together with interest thereon at the Default Rate.

14. Statute of Limitations and Other Laws. Until the Secured Obligations shall

have been paid and performed in full, the power of sale and all other rights, privileges, powers and remedies granted to Secured Party hereunder shall continue to exist and may be exercised by Secured Party at any time and from time to time irrespective of the fact that any of the Secured Obligations may have become barred by any statute of limitations. Each Grantor expressly waives the benefit of any and all statutes of limitation, and any and all Laws providing for exemption of property from execution or for valuation and appraisal upon foreclosure, to the maximum extent permitted by applicable Law.

15. Other Agreements. Nothing herein shall in any way modify or limit the effect of terms or conditions set forth in any other security or other agreement executed by Grantors, or any of them, or in connection with the Secured Obligations, but each and every term and condition hereof shall be in addition thereto. All provisions contained in the Loan Agreement or any other Loan Document that apply to Loan Documents generally are fully applicable to this Agreement and are incorporated herein by this reference.

16. Understandings With Respect to Waivers and Consents. Each Grantor warrants and agrees that each of the waivers and consents set forth herein are made after consultation with legal counsel and with full knowledge of their significance and consequences, with the understanding that events giving rise to any defense or right waived may diminish, destroy or otherwise adversely affect rights which such Grantor otherwise may have against Secured Party or others, or against Collateral, and that, under the circumstances, the waivers and consents herein given are reasonable and not contrary to public policy or Law. If any of the waivers or consents herein are determined to be contrary to any applicable Law or public policy, such waivers and consents shall be effective to the maximum extent permitted by Law.

17. Release of Grantors. This Agreement and all Secured Obligations of Grantors hereunder shall be released when all Secured Obligations have been paid in full in cash or otherwise performed in full and when no portion of the Commitment remains outstanding. Upon such release of Grantors' Secured Obligations hereunder, Secured Party shall return any pledged Collateral to Grantors, or to the Person or Persons legally entitled thereto, and shall endorse, execute, deliver, record and file all instruments and documents, and do all other acts and things, reasonably required for the return of the Collateral to Grantors, or to the Person or Persons legally entitled thereto, and to evidence or document the release of Secured Party's interests arising under this Agreement, all as reasonably requested by, and at the sole expense of, Grantors.

18. WAIVER OF JURY TRIAL. EACH GRANTOR AND SECURED PARTY EXPRESSLY WAIVE THEIR RESPECTIVE RIGHTS TO A TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF OR RELATED TO THIS AGREEMENT, THE LOAN AGREEMENT, THE OTHER LOAN DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY IN ANY ACTION, PROCEEDING OR OTHER LITIGATION OF ANY TYPE BROUGHT BY ANY OF THE PARTIES AGAINST ANY OTHER PARTY OR PARTIES, WHETHER NOW EXISTING OR HEREAFTER ARISING AND WHETHER WITH RESPECT TO CONTRACT CLAIMS, TORT CLAIMS, OR OTHERWISE. EACH GRANTOR AND SECURED PARTY AGREE THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE TRIED BY A COURT TRIAL WITHOUT A JURY. WITHOUT LIMITING THE FOREGOING, THE PARTIES FURTHER AGREE THAT THEIR RESPECTIVE RIGHTS TO A TRIAL BY JURY ARE WAIVED BY OPERATION OF THIS SECTION AS TO ANY ACTION, COUNTERCLAIM OR OTHER PROCEEDING WHICH SEEKS, IN WHOLE OR IN PART, TO CHALLENGE THE VALIDITY

OR ENFORCEABILITY OF THIS AGREEMENT, THE LOAN AGREEMENT OR THE OTHER LOAN DOCUMENTS OR ANY PROVISION HEREOF OR THEREOF. THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT, THE LOAN AGREEMENT AND THE OTHER LOAN DOCUMENTS. ANY PARTY HERETO MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE SIGNATORIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

19. Incorporation of Suretyship Provisions and Waivers. The attached Exhibit A, "Suretyship Provisions and Waivers" is hereby incorporated by this reference as though set forth herein in full.

IN WITNESS WHEREOF, each Grantor has executed this Agreement by its duly authorized officer as of the date first written above.

"Grantors"

JAKKS ACQUISITION CORP.
J-X ENTERPRISES, INC.
BERK CORPORATION
JP FERRERO PARKWAY, INC.
PENTECH COSMETICS, INC.
SAWDUST PENCIL CO.
PENTECH-MON AMI, INC.

By: /s/ JOEL M. BENNETT
Joel M. Bennett

Title: C.F.O.
of each of the foregoing

EXHIBIT A
TO
SECURITY AGREEMENT

SURETYSHIP PROVISIONS AND WAIVERS

1. Waivers and Consents. Each Grantor acknowledges that the Liens and security interests created or granted herein will or may secure obligations of Persons other than such Grantor and, in full recognition of that fact, each Grantor consents and agrees that Secured Party may, at any time and from time to time, without notice or demand, and without affecting the enforceability or security hereof:

(a) supplement, modify, amend, extend, renew, or otherwise change the time for payment or the terms of the Obligations or any part thereof, including any increase or decrease of the rate(s) of interest thereon;

(b) supplement, modify, amend or waive, or enter into or give any agreement, approval or consent with respect to, the Obligations or any part thereof or any of the Loan Documents or any additional security or guaranties, or any condition, covenant, default, remedy, right, representation or term thereof or thereunder;

(c) accept new or additional instruments, documents or agreements in exchange for or relative to any of the Loan Documents or the Obligations or any part thereof;

(d) accept partial payments on the Obligations;

(e) receive and hold additional security or guaranties for the Obligations or any part thereof;

(f) release, reconvey, terminate, waive, abandon, subordinate, exchange, substitute, transfer and enforce any security or guaranties, and apply any security and direct the order or manner of sale thereof as Secured Party in its sole and absolute discretion may determine;

(g) release any Person or any guarantor from any personal liability with respect to the Obligations or any part thereof;

(h) settle, release on terms satisfactory to Secured Party or by operation of applicable Laws or otherwise liquidate or enforce any Obligations and any security or guaranty therefor in any manner, consent to the transfer of any security and bid and purchase at any sale; and

(i) consent to the merger, change or any other restructuring or termination of the corporate existence of any Borrower or any other Person, and correspondingly restructure the Obligations, and any such merger, change, restructuring or termination shall not affect the liability of any Grantor or the continuing existence of any Liens hereunder, under any other Loan Document to which any Grantor is a party or the enforceability hereof or thereof with respect to all or any part of the Obligations.

Upon the occurrence of and during the continuance of any Event of Default, Secured Party may enforce this Agreement independently as to each Grantor and independently of any other remedy or security Secured Party at any time may have or hold in connection with the Obligations, and it shall not be necessary for Secured Party to marshal assets in favor of any Grantor, any Borrower or any other Person or to proceed upon or against and/or exhaust any other security or remedy before proceeding to enforce this Agreement. Each Grantor expressly waives any right to require Secured Party to marshal assets in favor of such Grantor, any Borrower or any other Person or to proceed against any other Person or any collateral provided by any other Person, and agrees that Secured Party may proceed against any Person and/or collateral in such order as it shall determine in its sole and absolute discretion. Secured Party may file a separate action or actions against any Grantor, whether action is brought or prosecuted with respect to any other security or against any other Grantor, any Borrower or any other Person, or whether any other Person is joined in any such action or actions. Each Grantor agrees that Secured Party and the Borrowers and any other Person may deal with each other in connection with the Obligations or otherwise, or alter any contracts or agreements now or hereafter existing between any of them, in any manner whatsoever, all without in any way altering or affecting the security of this Agreement. Secured Party's rights hereunder shall be reinstated and revived, and the enforceability of this Agreement shall continue, with respect to any amount at any time paid on account of the Obligations which thereafter shall be required to be restored or returned by Secured Party upon the bankruptcy, insolvency or reorganization of any Borrower, any Grantor or any other Person, or otherwise, all as though such amount had not been paid. The Liens created or granted herein and the enforceability of this Agreement at all times shall remain effective to secure the full amount of all the Obligations including, without limitation, the amount of all loans and interest thereon at the rates provided for in the Loan Agreement, even though the Obligations, including any part thereof or any other security or guaranty therefor, may be or hereafter may become invalid or otherwise unenforceable as against the Borrowers or any other Person and whether or not the Borrowers or any other Person shall have any personal liability with respect thereto. Each Grantor expressly waives any and all defenses now or hereafter arising or asserted by reason of (a) any disability or other defense of any Borrower or any other Person with respect to the Obligations, (b) the unenforceability or invalidity of any security or guaranty for the Obligations or the lack of perfection or continuing perfection or failure of priority of any security for the Obligations, (c) the cessation for any cause whatsoever of the liability of any Borrower or any other Person (other than by reason of the full payment and performance of all Obligations), (d) any failure of Secured Party to marshal assets in favor of such Grantor or any other Person, (e) except as otherwise required by Law or as provided in this Agreement, any failure of Secured Party to give notice of sale or other disposition of collateral to such Grantor or any other Person or any defect in any notice that may be given in connection with any sale or disposition of collateral, (f) except as otherwise required by Law or as provided in this Agreement, any failure of Secured Party to comply with applicable Laws in connection with the sale or other disposition of any collateral or other security for any Obligation, including without limitation any failure of Secured Party to conduct a commercially reasonable sale or other disposition of any collateral or other security for any Obligation, (g) any act or omission of Secured Party or others that directly or indirectly results in or aids the discharge or release of any Borrower, any Grantor or any other Person or the Obligations or any other security or guaranty therefor by operation of law, (h) any Law which provides that the obligation of a surety or guarantor must neither be larger in amount nor in other respects more burdensome than that of the principal or which reduces a surety's or guarantor's obligation in proportion to the principal obligation, (i) any failure of Secured Party to file or enforce a claim in any bankruptcy or other proceeding with respect to any Person, (j) the election by Secured Party, in any bankruptcy proceeding of any Person, of the application or non-application of Section 1111(b)(2) of the United States Bankruptcy Code, (k) any extension of credit or the grant of any Liens under Section 364 of the United States Bankruptcy Code, (l) any use of cash collateral under Section 363 of the United States Bankruptcy Code, (m) any

agreement or stipulation with respect to the provision of adequate protection in any bankruptcy proceeding of any Person, (n) the avoidance of any Liens in favor of Secured Party for any reason, (o) any bankruptcy, insolvency, reorganization, arrangement, readjustment of debt, liquidation or dissolution proceeding commenced by or against any Person, including any discharge of, or bar or stay against collecting, all or any of the Obligations (or any interest thereon) in or as a result of any such proceeding, or (p) to the extent permitted, the benefits of any form of one-action rule. Until no part of any commitment to lend remains outstanding and all of the Obligations have been paid and performed in full, Grantors shall have no right of subrogation, contribution, reimbursement or indemnity, and each Grantor expressly waives any right to enforce any remedy that Secured Party now has or hereafter may have against any other Person and waives the benefit of, or any right to participate in, any other security now or hereafter held by Secured Party. Each Grantor expressly waives all setoffs and counterclaims and all presentments, demands for payment or performance, notices of nonpayment or nonperformance, protests, notices of protest, notices of dishonor and all other notices or demands of any kind or nature whatsoever with respect to the Obligations, and all notices of acceptance of this Agreement or of the existence, creation or incurring of new or additional Obligations.

2. Condition of Grantors and their Subsidiaries. Each Grantor represents and warrants to Secured Party that such Grantor has established adequate means of obtaining from each other Grantor and its Subsidiaries, on a continuing basis, financial and other information pertaining to the businesses, operations and condition (financial and otherwise) of each other Grantor and its Subsidiaries and their properties, and such Grantor now is and hereafter will be completely familiar with the businesses, operations and condition (financial and otherwise) of each other Grantor and its Subsidiaries and their properties. Each Grantor hereby expressly waives and relinquishes any duty on the part of Secured Party to disclose to such Grantor any matter, fact or thing related to the businesses, operations or condition (financial or otherwise) of any Grantor or its Subsidiaries or their properties, whether now known or hereafter known by Secured Party during the life of this Agreement. With respect to any of the Obligations, Secured Party need not inquire into the powers of any Grantor or any Subsidiaries thereof or the officers or employees acting or purporting to act on their behalf, and all Obligations made or created in good faith reliance upon the professed exercise of such powers shall be secured hereby.

3. Liens on Real Property. In the event that all or any part of the Obligations at any time are secured by any one or more deeds of trust or mortgages creating or granting Liens on any interests in real property, each Grantor authorizes Secured Party, upon the occurrence of and during the continuance of any Event of Default, at its sole option, without notice or demand and without affecting any Obligations, the enforceability of this Agreement, or the validity or enforceability of any Liens of any Secured Party on any collateral, to foreclose any or all of such deeds of trust or mortgages by judicial or nonjudicial sale. Insofar as the Liens created herein secure the obligations of other Persons, (i) each Grantor expressly waives any defenses to the enforcement of this Agreement or any Liens created or granted hereby or to the recovery by Secured Party against the Borrowers or any other Person liable therefor of any deficiency after a judicial or nonjudicial foreclosure or sale, even though such a foreclosure or sale may impair the subrogation rights of such Grantor and may preclude such Grantor from obtaining reimbursement or contribution from any other Person and (ii) each Grantor expressly waives any defenses or benefits that may be derived from California Code of Civil Procedure Section Section 580a, 580b, 580d or 726, or comparable provisions of the Laws of any other jurisdiction and all other suretyship defenses it otherwise might or would have under California Law or other applicable Law. Each Grantor expressly waives any right to receive notice of any judicial or nonjudicial foreclosure or sale of any real property or interest therein subject to any such deeds of trust or mortgages and such Grantor's failure to receive any such notice shall not impair or affect such

Grantor's obligations hereunder or the enforceability of this Agreement or any Liens created or granted hereby.

4. Waiver of Rights of Subrogation. Notwithstanding anything to the contrary elsewhere contained herein or in any other Loan Document to which any Grantor is a Party, each Grantor hereby waives with respect to the Borrowers and their successors and assigns (including any surety) and any other Party any and all rights at Law or in equity, to subrogation, to reimbursement, to exoneration, to contribution, to setoff or to any other rights that could accrue to a surety against a principal, to a guarantor against a maker or obligor, to an accommodation party against the party accommodated, or to a holder or transferee against a maker and which such Grantor may have or hereafter acquire against any Borrower or any other Party in connection with or as a result of such Grantor's execution, delivery and/or performance of this Agreement or any other Loan Document to which such Grantor is a party. Each Grantor agrees that it shall not have or assert any such rights against any Borrower or its successors and assigns or any other Person (including any surety), either directly or as an attempted setoff to any action commenced against such Grantor by any Borrower (as borrower or in any other capacity) or any other Person. Each Grantor hereby acknowledges and agrees that this waiver is intended to benefit Secured Party and shall not limit or otherwise affect such Grantor's liability hereunder, under any other Loan Document to which such Grantor is a party, or the enforceability hereof or thereof.

5. Understandings with Respect to Waivers and Consents. Each Grantor warrants and agrees that each of the waivers and consents set forth herein is made with full knowledge of its significance and consequences, with the understanding that events giving rise to any defense waived may diminish, destroy or otherwise adversely affect rights which such Grantor otherwise may have against the Borrowers, Secured Party or others, or against collateral, and that, under the circumstances, the waivers and consents herein given are reasonable and not contrary to public policy or Law. If any of the waivers or consents herein are determined to be contrary to any applicable Law or public policy, such waivers and consents shall be effective to the maximum extent permitted by Law.