

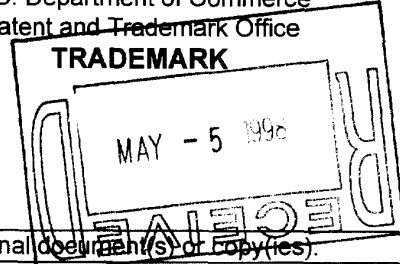
MRD 5-5-98

FORM PTO-1618A
Expires 06/30/99
OMB 0651-0027

05-19-1998

U.S. Department of Commerce
Patent and Trademark Office

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**RECORDATION FORM COVER SHEET
TRADEMARKS ONLY**

TO: The Commissioner of Patents and Trademarks: Please record the attached original document(s) or copy(ies).

Submission Type

- New
- Resubmission (Non-Recordation)
Document ID #
- Correction of PTO Error
Reel # Frame #
- Corrective Document
Reel # Frame #

Conveyance Type

- Assignment
 - License
 - Security Agreement
 - Nunc Pro Tunc Assignment
 - Merger
 - Change of Name
 - Other
- Effective Date
Month Day Year

Conveying Party

Mark if additional names of conveying parties attached

Name

Execution Date
Month Day Year

Formerly

- Individual
- General Partnership
- Limited Partnership
- Corporation
- Association
- Other
- Citizenship/State of Incorporation/Organization

Receiving Party

Mark if additional names of receiving parties attached

Name

DBA/AKA/TA

Composed of

Address (line 1)

Address (line 2)

Address (line 3)

- Individual
 - General Partnership
 - Limited Partnership
 - Corporation
 - Association
 - Other
 - Citizenship/State of Incorporation/Organization
- If document to be recorded is an assignment and the receiving party is not domiciled in the United States, an appointment of a domestic representative should be attached. (Designation must be a separate document attached from Assignment.)

FOR OFFICE USE ONLY

Public burden reporting for this collection of information is estimated to average approximately 10 minutes per Cover Sheet to be recorded, including time for reviewing the document and gathering the data needed to complete the Cover Sheet. Send comments regarding this burden estimate to U.S. Patent and Trademark Office, Chief Information Officer, Washington, D.C. 20231 and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Paperwork Reduction Project (0651-0027),

Mail documents to be recorded with required cover sheet(s) information to:
Commissioner of Patents and Trademarks, Box Assignments, Washington, D.C. 20231

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998

TRADEMARK

RECORDATION PROJECT: 0610

Domestic Representative Name and Address

Enter for the first Receiving Party only.

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

Correspondent Name and Address

Area Code and Telephone Number

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

Pages Enter the total number of pages of the attached conveyance document including any attachments. #

Trademark Application Number(s) or Registration Number(s) Mark if additional numbers attached
Enter either the Trademark Application Number or the Registration Number (DO NOT ENTER BOTH numbers for the same property).

Trademark Application Number(s)

Registration Number(s)

Number of Properties Enter the total number of properties involved. #

Fee Amount Fee Amount for Properties Listed (37 CFR 3.41): \$

Method of Payment: Enclosed Deposit Account

Deposit Account

(Enter for payment by deposit account or if additional fees can be charged to the account.)

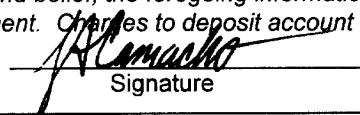
Deposit Account Number: #

Authorization to charge additional fees: Yes No

Statement and Signature

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document. Charges to deposit account are authorized, as indicated herein.

Jennifer A. Camacho
Name of Person Signing


Signature

May 1, 1998
Date Signed

**Additional
Receiving Party**

Name

DBA/AKA/TA

Composed of

Address (line 1)

Address (line 2)

Address (line 3)

City

State/Country

Zip Code

Individual General Partnership Limited Partnership

Corporation Association

Other

If document to be recorded is an assignment and the receiving party is not domiciled in the United States, an appointment of a domestic representative should be attached. *(Designation must be a separate document attached. from Assignment.)*

Citizenship/State of Incorporation/Organization

SECURITY AGREEMENT

SECURITY AGREEMENT, dated as of April 8, 1998 made by Beta-Therm Corporation, a Massachusetts corporation (the "Guarantor") in favor of Ulster Bank Limited and Ulster Bank Markets Limited (collectively, the "Lenders" and each individually a "Lender").

RECITALS

Pursuant to the Facilities Agreement of even date herewith (as amended, supplemented or otherwise modified from time to time, the "Facilities Agreement"), between the Guarantor, the Lenders and the other parties thereto, the Lenders have agreed to make loans and other credit accommodations to Betatherm Holdings Limited ("BHL"), an affiliate of the Guarantor, upon the terms and subject to the conditions set forth therein, the repayment of which the Board of Directors of the Guarantor has determined the Guarantor will guarantee as an Acceding Guarantor under the Facilities Agreement, the giving of such guarantee being determined by the Board of Directors of the Guarantor to be necessary and convenient to the conduct, promotion and attainment of the business of the Guarantor. It is a condition precedent to the obligation of the Lenders to make their loans and other credit accommodations to the Guarantor under the Facilities Agreement that the Guarantor shall have executed and delivered this Security Agreement to the Lenders.

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and to induce the Lenders to make the loans and other credit accommodations to the Guarantor under the Facilities Agreement, the Guarantor hereby agrees with the Lender as follows:

1. Defined Terms. Unless otherwise defined herein, terms which are defined in the Facilities Agreement and used herein are so used as so defined. The following terms which are defined in the Uniform Commercial Code in effect in the Commonwealth of Massachusetts on the date hereof are used herein as therein defined: Accounts, Chattel Paper, Documents, Equipment, Fixtures, General Intangibles, Goods, Instruments, Inventory and Proceeds. The following terms shall have the following meanings:

"Code" means the Uniform Commercial Code as from time to time in effect in the Commonwealth of Massachusetts.

"Collateral" shall have the meaning assigned to it in Section 2 of this Security Agreement.

"Obligations" means the unpaid principal amount of, and interest and commissions on, the Facilities (including, without limitation, all Advances, Bank Guarantees and liabilities of any Lender under or pursuant to any Facility) and all other obligations and liabilities of the Guarantor to any Lender, whether direct or indirect, absolute or contingent, due or to become due, or now existing or hereafter incurred, which may arise under, out of, or in connection with, the Facilities Agreement, the Facilities, the Pledge Agreement by and among the Guarantor and the Lenders of even date herewith or this Security Agreement and any other document executed and delivered in connection therewith or herewith and each other obligation and liability, whether direct or indirect, absolute or contingent, due or to become due, or now or hereafter existing, of the Guarantor to any Lender, whether on account of principal, interest, commissions, reimbursement obligations, fees, indemnities, costs, expenses (including, without limitation, all reasonable fees and disbursements of counsel to the Lenders) or otherwise.

"Security Agreement" means this Security Agreement, as amended, supplemented or otherwise modified from time to time.

2. Grant of Security Interest. As collateral security for the prompt and complete payment and performance when due (whether at the stated maturity, by acceleration or otherwise) of the Obligations, the Guarantor hereby grants to the Lenders a security interest in all of the following property now owned or at any time hereafter acquired by the Guarantor or in which the Guarantor now has or at any time in the future may acquire any right, title or interest: (i) Accounts; (ii) Chattel Paper; (iii) Documents; (iv) Equipment; (v) Fixtures; (vi) General Intangibles (including without limitation patents, letters patent, patent applications, trademarks, service marks, trade names and copyrights and any applications therefor or registrations, recordings, divisions, continuations, continuations-in-part, renewals, reissues or extensions thereof, including those assets listed on Schedule A attached hereto); (vii) Goods; (viii) Instruments; (ix) Inventory; (x) insurance claims and proceeds; (xi) books and records, computer programs, databases and other computer materials of the Guarantor pertaining to any and all of the foregoing; and (xii) to the extent not otherwise included, Proceeds and products of any and all of the foregoing (collectively, the "Collateral").

3. Rights of Lenders; Limitations on Lenders' Obligations.

(a) Guarantor Remains Liable under Accounts. Anything herein to the contrary notwithstanding, the Guarantor shall remain liable under each of the Accounts to observe and perform all the conditions and obligations to be observed and performed by it thereunder, all in accordance with the terms of any agreement giving rise to each such Account. Neither Lender shall have any obligation or liability under any Account (or any agreement giving rise thereto) by reason of or arising out of this Security Agreement or the receipt by any Lender of any payment relating to such Account pursuant hereto, nor shall any Lender be obligated in any manner to perform any of the obligations of the Guarantor under or pursuant to any Account (or any agreement giving rise thereto), to make any payment, to make any inquiry as to the nature or the sufficiency of any

payment received by it or as to the sufficiency of any performance by any party under any Account (or any agreement giving rise thereto), to present or file any claim, to take any action to enforce any performance or to collect the payment of any amounts which may have been assigned to it or to which it may be entitled at any time or times.

(b) Notice to Account Debtors. Upon the request of any Lender at any time after the occurrence and during the continuance of an Event of Default, the Guarantor shall notify account debtors on the Accounts that the Accounts have been assigned to the Lenders and that payments in respect thereof shall be made directly to any or all of the Lenders. Any Lender may in its own name or in the name of others communicate with account debtors on the Accounts to verify with them to its satisfaction the existence, amount and terms of any Accounts.

(c) Collections on Accounts. The Lenders hereby authorizes the Guarantor to collect the Accounts, and any Lender may curtail or terminate said authority at any time after the occurrence and during the continuance of an Event of Default. If required by any Lender at any time after the occurrence and during the continuance of an Event of Default, any payments of Accounts, when collected by the Guarantor, shall be forthwith (and, in any event, within two Business Days) deposited by the Guarantor in the exact form received, duly endorsed by the Guarantor to the Lenders if required, in a special collateral account maintained by any Lender, subject to withdrawal by the Lenders only, as hereinafter provided, and, until so turned over, shall be held by the Guarantor in trust for the Lenders, segregated from other funds of the Guarantor. All Proceeds constituting collections of Accounts while held by the Lenders (or by the Guarantor in trust for the Lenders) shall continue to be collateral security for all of the Obligations and shall not constitute payment thereof until applied thereto by the Lenders, or by the Guarantor with the Lenders' consent. If an Event of Default shall have occurred and be continuing, at any time at the election of any Lender, the Lenders shall apply all or any part of the funds on deposit in said special collateral account on account of the Obligations in such order as the Lenders may elect, and any part of such funds which the Lenders elect not so to apply and deems not required as collateral security for the Obligations shall be paid over from time to time by the Lenders to the Guarantor or to whomsoever may be lawfully entitled to receive the same. At the Lenders' request, the Guarantor shall deliver to any Lender all original and other documents evidencing, and relating to, the agreements and transactions which gave rise to the accounts, including, without limitation, all original orders, invoices and shipping receipts.

(d) Trust Account. Upon the occurrence and during the continuance of an Event of Default, any Lender may, in its sole discretion, elect to require the Guarantor to establish with any Lender a trust account and to deal with all of its Accounts subject to the provisions of this Section. Following such election, the Guarantor will collect its Accounts as the Lenders' collection agent, hold such collections in trust for the Lenders without commingling the same with other funds of the Guarantor and will promptly, on the day of receipt thereof, transmit such collections to the Lenders in the identical form in which they were received by the Guarantor, with such endorsements as may be

appropriate, accompanied by a report, in form approved by the Lenders, showing the amount of such collections and the cash discounts applicable thereto.

(e) Title to Collateral. The Guarantor represents and warrants to the Lenders that it has good title to all of the Collateral, free and clear of all Security Interests and adverse interests, other than the Permitted Encumbrances, in favor of any person or entity other than the Lenders.

4. Covenants. The Guarantor covenants and agrees with the Lenders that, from and after the date of this Security Agreement until the Obligations are paid and satisfied in full:

(a) Further Documentation; Pledge of Instruments and Chattel Paper. At any time and from time to time, upon the written request of any Lender, and at the sole expense of the Guarantor, the Guarantor will promptly and duly execute and deliver such further instruments and documents and take such further action as any Lender may reasonably request for the purpose of obtaining or preserving the full benefits of this Security Agreement and of the rights and powers herein granted, including, without limitation, the filing of any financing or continuation statements under the Uniform Commercial Code in effect in any jurisdiction with respect to the Security Interests created hereby. The Guarantor also hereby authorizes any Lender to file any such financing or continuation statement without the signature of the Guarantor to the extent permitted by applicable law. A carbon, photographic or other reproduction of this Security Agreement shall be sufficient as a financing statement for filing in any jurisdiction. If any amount payable under or in connection with any of the Collateral shall be or become evidenced by any Instrument or Chattel Paper, such Instrument or Chattel Paper shall be immediately delivered to the Lenders, duly endorsed in a manner satisfactory to the Lenders, to be held as Collateral pursuant to this Security Agreement.

(b) Indemnification. The Guarantor agrees to pay, and to save the Lenders harmless from, any and all liabilities, reasonable costs and expenses (including, without limitation, reasonable legal fees and expenses) (i) with respect to, or resulting from, any delay in paying, any and all excise, sales or other taxes which may be payable or determined to be payable with respect to any of the Collateral, (ii) with respect to, or resulting from, any delay in complying with any law, rule, regulation or order of any court, arbitrator or governmental entity, jurisdiction or authority applicable to any of the Collateral or (iii) in connection with any of the transactions contemplated by this Security Agreement. In any suit, proceeding or action brought by any Lender under any Account for any sum owing thereunder, or to enforce any provisions of any Account, the Guarantor will save, indemnify and keep the Lenders harmless from and against all expense, loss or damage suffered by reason of any defense, setoff, counterclaim, recoupment or reduction or liability whatsoever of the account debtor or obligor thereunder, arising out of a breach by the Guarantor of any obligation thereunder or arising out of any other agreement, indebtedness or liability at any time owing to or in favor of such account debtor or obligor or its successors from the Guarantor. The

foregoing indemnification shall not apply to any liabilities, costs or expenses resulting directly from the gross negligence, actual willful misconduct or bad faith of the Lenders.

(c) Maintenance of Records. The Guarantor will keep and maintain at its own cost and expense satisfactory and complete records of the Collateral, including without limitation, a record of all payments received and all credits granted with respect to the Accounts. For the Lenders' further security, the Guarantor hereby grants to the Lenders a security interest in all of the Guarantor's books and records pertaining to the Collateral, and upon the occurrence and during the continuance of an Event of Default, the Guarantor shall make available any such books and records to the Lenders or to their representatives during normal business hours at the request of any Lender.

(d) Right of Inspection. Each Lender shall at all times have full and free access during normal business hours upon reasonable prior notice and in the presence of any employee, agent or representative of the Guarantor, to all the books of record and account of the Guarantor, and any Lender or its representatives may examine the same, take extracts therefrom and make photocopies thereof, and the Guarantor agrees to render to each Lender, at the Guarantor's cost and expense, such clerical and other assistance as may be reasonably requested with regard thereto, provided that, prior to the occurrence of an Event of Default, the Guarantor shall not be obligated to reimburse any Lender for third-party clerical or other assistance. Each Lender and its representatives shall at all times also have the right during normal business hours upon reasonable prior notice and in the presence of any employee, agent or representative of the Guarantor, to enter into and upon any premises where any of the Inventory or Equipment is located for the purpose of inspecting the same or otherwise protecting its interests therein.

(e) Compliance with Laws, etc. The Guarantor will comply in all material respects with all laws, rules, regulations and orders of any court, arbitrator or governmental entity, jurisdiction or authority applicable to the Collateral or any part thereof or to the operation of the Guarantor's business; provided, however, that the Guarantor may contest any such law, rule, regulation or order in any reasonable manner which shall not, in the reasonable opinion of any Lender, adversely affect the Lenders' rights or the priority of their liens on the Collateral.

(f) Payment of Obligations. The Guarantor will pay promptly when due and payable all taxes, assessments and governmental charges or levies imposed upon the Collateral or in respect of its income or profits therefrom, as well as all claims of any kind (including, without limitation, claims for labor, materials and supplies) against or with respect to the Collateral, except that no such charge need be paid if (i) the validity thereof is being contested in good faith by appropriate proceedings, (ii) such proceedings do not involve any material danger of the sale, forfeiture or loss of any of the Collateral or any interest therein and (iii) such charge is adequately reserved against on the Guarantor's books in accordance with GAAP.

(g) Limitation on Security Interests in Collateral. The Guarantor will not create, incur or permit to exist, will defend the Collateral against, and will take such other action as is necessary to remove, any Security Interest or other charge or encumbrance on or to the Collateral, other than Permitted Encumbrances, and will defend the right, title and interest of the Lenders in and to any of the Collateral against the claims and demands of all persons or entities whatsoever.

(h) Limitations on Dispositions of Collateral. The Guarantor will not sell, transfer, lease or otherwise dispose of any of the Collateral, or attempt, offer or contract to do so, except for Permitted Disposals.

(i) Limitations on Discounts, Compromises, Extensions of Accounts. Other than in the ordinary course of business as generally conducted by the Guarantor, the Guarantor will not grant any extension of the time of payment of any of the Accounts, compromise, compound or settle the same for less than the full amount thereof, release, wholly or partially, any person or entity liable for the payment thereof, or allow any credit or discount whatsoever thereon.

(j) Maintenance of Equipment. The Guarantor will maintain each item of Equipment in good operating condition, ordinary wear and tear and immaterial impairments of value and damage by the elements excepted, and will provide all maintenance, service and repairs necessary for such purpose.

(k) Maintenance of Insurance. The Guarantor will maintain, with financially sound and reputable companies, insurance policies (i) insuring the Inventory, Equipment and Vehicles against loss by fire, explosion, theft and such other casualties as may be reasonably satisfactory to the Lenders and (ii) insuring the Guarantor and the Lenders against liability for personal injury and property damage relating to such Inventory, Equipment and Vehicles, such policies to be in such form and amounts and having such coverage as may be reasonably satisfactory to the Lenders, with losses payable to the Guarantor and the Lenders as their respective interests may appear. All such insurance shall (i) provide that no termination, cancellation, material reduction in amount or material change in coverage thereof shall be effective until at least 30 days after receipt by the Lenders of written notice thereof, (ii) name the Lenders as additional insureds and loss payees and (iii) be reasonably satisfactory in all other respect to the Lenders. From time to time upon the request of any Lenders, the Guarantor shall deliver to the Lenders insurance policies, certificates or binders.

(l) Further Identification of Collateral. The Guarantor will furnish to the Lenders from time to time statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as any Lender may reasonably request, all in reasonable detail.

5. Lenders' Appointment as Attorney-in-Fact.

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

- (i) in the case of any Account, at any time when the authority of the Guarantor to collect the Accounts has been curtailed or terminated pursuant to the first sentence of Section 3(c) hereof, or in the case of any other Collateral, at any time when any Event of Default shall have occurred and is continuing, in the name of the Guarantor or its own name, or otherwise, to take possession of and endorse and collect any checks, drafts, notes, acceptances or other instruments for the payment of moneys due under any Account, Instrument or with respect to any other action or proceeding in any court of law or equity or otherwise deemed appropriate by such Lender for the purpose of collecting any and all such moneys due under any Account, Instrument or with respect to any other collateral whenever payable;
- (ii) to pay or discharge taxes and liens levied or placed on or threatened against the Collateral, to effect any repairs or any insurance called for by the terms of this Security Agreement and to pay all or any part of the premiums therefor and the costs thereof; and
- (iii) Upon the occurrence and during the continuance of any Event of Default, (A) to direct any party liable for any payment under any of the Collateral to make payment of any and all moneys due or to become due thereunder directly to the Lenders or as any Lender shall direct; (B) to ask or demand for, collect, receive payment of and receipt for, any and all moneys, claims and other amounts due or to become due at any time in respect of or arising out of any Collateral; (C) to sign and endorse any invoices, freight or express bills, bills of lading, storage or warehouse receipts, drafts against debtors, assignments, verifications, notices and other documents in connection with any of the collateral; (D) to commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect the Collateral or any thereof and to enforce any other right in respect of any Collateral; (E) to defend any suit, action or proceeding brought against the Guarantor with respect to any Collateral; (F) to settle, compromise or adjust any suit, action or

proceeding described in clause (E) above and, in connection therewith, to give such discharges or releases as any Lender may deem appropriate, provided that to the extent that any such settlement, compromise or adjustment purports to require payment by the Guarantor of an amount in excess of the Obligations, or to materially restrict the conduct of the Guarantor's business, such settlement, compromise or adjustment shall require the consent of the Guarantor, which shall not be unreasonably withheld or delayed; and (G) generally, to sell, transfer, pledge and make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though such Lender were the absolute owner thereof for all purposes, and to do, at the option of any Lender and at the Guarantor's expense, at any time, or from time to time, all acts and things consistent with the foregoing which any Lender deems necessary to protect, preserve or realize upon the Collateral and the Lenders' liens thereon and to effect the intent of this Security Agreement, all as fully and effectively as the Guarantor might do.

At the reasonable request of any Lender, the Guarantor shall deliver to the Lenders, one or more further documents ratifying any and all actions that said attorneys shall lawfully take or do or cause to be taken or done by virtue hereof. This power of attorney is a power coupled with an interest and shall be irrevocable.

(b) Other Powers. The Guarantor also authorizes any Lender, at any time and from time to time, to execute, in connection with the sales provided for in Section 7 hereof, any endorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral.

(c) No Duty on Lenders' Part. The powers conferred on the Lenders hereunder are solely to protect the interests of the Lenders in the Collateral and shall not impose any duty upon it to exercise any such powers. The Lenders shall be accountable only for amounts that they actually receive as a result of the exercise of such powers, and neither the Lenders nor any of their respective officers, directors, employees or agents shall be responsible to the Guarantor for any act or failure to act hereunder, except for their own gross negligence, actual willful misconduct or bad faith.

6. Performance by Lenders of Guarantor's Obligations. If the Guarantor fails to perform or comply with any of its agreements contained herein and any Lender, as provided for by the terms of this Security Agreement, shall itself perform or comply, or otherwise cause performance or compliance, with such agreement, the expenses of the Lenders incurred in connection with such performance or compliance, together with interest thereon at a rate per annum equal to the lesser of (i) the Prime Rate plus 5% or (ii) the maximum rate permitted by applicable law, shall be payable by the Guarantor to the Lenders on demand and shall constitute Obligations secured hereby.

7. Remedies. If an Event of Default shall occur and be continuing, any Lender may exercise, in addition to all other rights and remedies granted to it in this Security Agreement and in any other instrument or agreement securing, evidencing or relating to the Obligations, all rights and remedies of a secured party under the Code. Without limiting the generality of the foregoing, any Lender, without demand of performance or other demand, presentment, protest, or notice of any kind (except any notice required by law referred to below) to or upon the Guarantor or any other person or entity (all and each of which are hereby waived), may in such circumstances forthwith collect, receive, appropriate and realize upon the Collateral, or any part thereof, and/or may forthwith sell, lease, assign, give option or options to purchase, or otherwise dispose of and deliver the Collateral or any part thereof (or contract to do any of the foregoing), in one or more parcels at public or private sale or sales, at any exchange, broker's board or office of any Lender or elsewhere upon such terms and conditions as it may deem advisable and at such prices as it may deem best, for cash or on credit or for future delivery without assumption of any credit risk. Each Lender shall have the right upon any such public sale or sales, and, to the extent permitted by law, upon any such private sale or sales, to purchase the whole or any part of the Collateral so sold, free of any right or equity or redemption in the Guarantor, which right or equity is hereby waived or released. The Guarantor further agrees, at the request of any Lender, to assemble the Collateral and make it available to the Lenders at places which any Lender shall reasonably select, whether at the Guarantor's premises or elsewhere. The Lenders shall apply the net proceeds of any such collection, recovery, receipt, appropriation, realization or sale, after deducting all reasonable costs and expenses of every kind incurred therein or incidental to the care or safekeeping of any of the Collateral or in any way relating to the Collateral or the rights of the Lenders hereunder, including, without limitation, reasonable attorneys' fees and expenses, to the payment in whole or in part of the Obligations, in such order as the Lenders may elect, and only after such application and after the payment by the Lenders of any other amount required by any provision of law, including, without limitation, Section 9-504(1)(c) of the Code, need the Lenders account for the surplus, if any, to the Guarantor. To the extent permitted by applicable law, the Guarantor waives all claims, damages and demands it may acquire against the Lenders arising out of the exercise by any Lender of any of its rights hereunder, provided that such release shall not apply to any claim, damage or demand resulting directly from the gross negligence, actual willful misconduct or bad faith of the Lenders. If any notice of a proposed sale or other disposition of Collateral shall be required by law, such notice shall be deemed reasonable and proper if given at least seven days before such sale or other disposition. The Guarantor shall remain liable for any deficiency if the proceeds of any sale or other disposition of the Collateral are insufficient to pay the Obligations and the reasonable fees and expenses of any attorneys employed by the Lenders to collect such deficiency.

8. Limitation on Duties Regarding Preservation of Collateral. The Lenders' sole duty with respect to the custody, safekeeping and physical preservation of the Collateral in their possession, under Section 9-207 of the Code or otherwise, shall be to deal with it in the same manner as the Lenders deals with similar property for their own account. Neither Lender nor any of its directors, officers, employees or agents shall be liable for

failure to demand, collect or realize upon all or any part of the Collateral or for any delay in doing so or shall be under any obligation to sell or otherwise dispose of any Collateral upon the request of the Guarantor or otherwise.

9. Powers Coupled with an Interest. All authorizations and agencies herein contained with respect to the Collateral are irrevocable and powers coupled with an interest.

10. Severability. Any provision of this Security Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

11. Paragraph Headings. The paragraph headings used in this Security Agreement are for convenience of reference only and are not to affect the construction hereof or be taken into consideration in the interpretation hereof.

12. No Waiver; Cumulative Remedies. The Lenders shall not by any act (except by a written instrument pursuant to Section 13 hereof), delay, indulgence, omission or otherwise be deemed to have waived any right or remedy hereunder or to have acquiesced in any Default or Event of Default or in any breach of any of the terms and conditions hereof. No failure to exercise, nor any delay in exercising, on the part of the Lenders, any right, power or privilege hereunder shall operate as a waiver thereof. No single or partial exercise of any right, power or privilege hereunder shall preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by the Lenders of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which the Lenders would otherwise have on any future occasion. The rights and remedies herein provided are cumulative, may be exercised singly or concurrently and are not exclusive of any rights or remedies provided by law.

13. Waivers and Amendments; Successors and Assigns. None of the terms or provisions of this Security Agreement may be waived, amended, supplemented or otherwise modified except by a written instrument executed by the Guarantor and the Lenders, provided that any provision of this Security Agreement may be waived by the Lenders in a written letter or agreement executed by the Lenders or by telex or facsimile transmission from the Lenders. This Security Agreement shall be binding upon the successors and assigns of the Guarantor and shall inure to the benefit of the Lenders and their respective successors and assigns.

14. Governing Law. This Security Agreement shall be governed by, and construed and interpreted in accordance with, the laws of the Commonwealth of Massachusetts.

IN WITNESS WHEREOF, the Guarantor has caused this Security Agreement to be duly executed and delivered in favor of the Lenders as of the date first above written.

GUARANTOR:

BETA-THERM CORPORATION

By: Terence Monaghan

Name: TERENCE MONAGHAN

Title: Chief executive officer

LENDERS:

ULSTER BANK LIMITED

Claire McGrath

By: *Colin Motyer*

CLAIRE MC GRATHAN.

Name: COLIN MOTYER.

CORPORATE MANAGER.

Title: SENIOR CORPORATE MANAGER

ULSTER BANK MARKETS LIMITED

Claire McGrath

By: *Colin Motyer*

CLAIRE MC GRATHAN.

Name: COLIN MOTYER.

CORPORATE MANAGER

Title: SENIOR CORPORATE MANAGER

Schedule A

Registered Intellectual Property

Trademarks

1. "BETACURVE" (PTO registration no. 1488243)
2. "BETATRACK" (PTO registration no. 1488244)
3. "BETACHIP" (PTO registration no. 1488245)

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1. Betatherm - NTC Thermistor Catalog (registration no. TX2152557;
registration date: October 6, 1987)

97MDS8690/1.500026-1