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To the Honorable Commissioner of Patents and Trademarks: Please record the attached original documents or copy thereof:

1. Name of conveying party: Teknekron Infoswitch Corporation 4425 Cambridge Road Forth Worth, TX 76155 [X] Corporation of Nevada	2. Name and address of receiving party: IBJ Whitehall Band & Trust Company as Administrative Agent One State Street New York, New York 10004 [X] Corporation of New York
3. Nature of conveyance: Security Interest  Execution Date: July 1, 1999	4. Trademark Application Nos.: 75/169,147 and 75/672,096

5. Name and address of party to whom correspondence concerning document should be mailed:  Kristen E. Mollnow, Esq. Nixon Peabody LLP Clinton Square Post Office Box 1051 Rochester, New York 14603	6. Total number of Applications involved: 2
7. Total fee (37 CFR 3.41) <u>\$65</u>  [X] <u>\$65</u> Check is enclosed.	8. Deposit Account Number: 14-1138  [X] Charge any additional fees to account.
DO NOT USE THIS SPACE	

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.

Kristen E. Mollnow  
Kristen E. Mollnow, Esq.

7-16-99  
Date

[Total number of pages including Cover Sheet and Security Agreement: 25]

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01 FC:481                      40.00 OP  
02 FC:482                      25.00 OP

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<b>Certificate of Mailing - 37 CFR 1.8(a)</b>
I hereby certify that this correspondence is being deposited with the United States Postal Service as first class mail in an envelope addressed to: Commissioner of Patents and Trademarks, Washington, D.C. 20231, on the date below.
7/16/99 <u>[Signature]</u> Date TRADEMARK Vorndran

REEL: 001931 FRAME: 0453

**SECURITY AGREEMENT**  
(Teknekron Infoswitch Corporation)

THIS SECURITY AGREEMENT, dated as of July 1, 1999 (the "Agreement" or the "Security Agreement"), is between Teknekron Infoswitch Corporation, a Nevada corporation, as debtor (the "Debtor"), and IBJ Whitehall Bank & Trust Company, a New York banking corporation, as agent (hereinafter, in such capacity, together with its successors in such capacity, the "Administrative Agent") for the lenders or other financial institutions or entities party, as lenders (collectively, the "Lenders"), to, and the Issuer under, the Credit Agreement referred to below.

The Debtor, the Lenders, the Issuer and the Administrative Agent are parties to a Credit Agreement, dated as of June 30, 1999 (such Credit Agreement, as the same may be amended or supplemented from time to time is referred to herein as the "Credit Agreement") providing, subject to the terms and conditions thereof, for extensions of credit to be made by the Lenders to the Debtor in an aggregate principal amount not exceeding \$48,000,000 (the "Loans"). The Loans made or to be made by the Lenders to the Debtor shall be evidenced by certain promissory notes (as exchanged, replaced, amended, supplemented or modified from time to time, the "Notes") in substantially the respective forms of Exhibits A-1, A-2 and A-3 attached to the Credit Agreement.

For other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Debtor has agreed to execute and deliver this Agreement.

As used herein, "UCC" shall mean the Uniform Commercial Code of the State of New York (except as otherwise defined in Section 7 hereof) as amended and in effect as of the date hereof. All other capitalized terms, unless defined herein or in the Schedules attached hereto and made a part hereof, shall have the meanings set forth in the Credit Agreement.

**SECTION 1. Security Interest.**

1(a) As security for the prompt and complete payment, performance and observance of all indebtedness, obligations, liabilities and agreements of the Debtor to the Lenders pursuant to, under or arising out of the Credit Agreement, the Notes, the other Loan Documents (including, without limitation, Reimbursement Obligations under Letters of Credit and obligations to a Person who is (or at the time of entering into an Interest Rate Hedge Agreement was) a Lender or its affiliate party to an Interest Rate Hedge Agreement) and any amendments, extensions, renewals, increases, refundings or modifications thereto or of any part thereof, whether now existing or hereafter incurred, matured or unmatured, direct or contingent, together with interest and costs of enforcement and collection thereof and of this Security Agreement, including all reasonable actual attorneys' fees and disbursements incurred by the Lenders and the Administrative Agent (collectively, the "Liabilities"), the Debtor hereby grants to the Administrative Agent, for (i) its benefit and (ii) the ratable benefit of the Lenders, the Issuer and affiliates of the Lenders with whom the Debtor may from time to time enter into Interest Rate Hedge Agreements (collectively, the "Credit Parties"), a continuing security interest of first priority in, and the Debtor hereby assigns and pledges to the Administrative Agent, for the

benefit of the Credit Parties, all of the Debtor's right, title and interest in and to the property described on Schedule A-1 attached hereto, whether now owned by the Debtor or hereafter coming into existence, and wherever located, subject to express prohibitions or restrictions on granting a security interest therein (all being collectively referred to herein as the "Collateral").

1(b) The Debtor irrevocably appoints the Administrative Agent as its lawful attorney and agent to execute financing statements and amendments thereto (to the extent permitted by applicable law), notices of any assignments of any of the Collateral on the Debtor's behalf, and on its behalf to file financing statements and amendments thereto in any appropriate public office.

1(c) This Security Agreement is in addition to and without limitation of any right of the Administrative Agent and/or any of the other Loan Parties under any other security agreement, pledge or leasehold assignment, mortgage or guarantee granted by the Debtor or any third party, with respect to the Liabilities, to the Administrative Agent for the benefit of the Credit Parties or directly to any of the Credit Parties.

1(d) Except as otherwise herein provided, this Security Agreement is absolute and without any conditions. The Administrative Agent can enforce its rights in the Collateral immediately upon an Event of Default without having first to attempt any collection from the Debtor.

## SECTION 2. Collection.

Upon the occurrence and continuation of an Event of Default, pursuant to Section 9(a) hereof, the Administrative Agent shall have the following rights and powers in addition to those specified in Section 9(b) hereof:

2(a) The Administrative Agent shall have the right to notify the parties obligated on any or all of the Debtor's Accounts, Bank Accounts, Contracts, Chattel Paper, Instruments, Insurance, Documents or General Intangibles to make payment thereof directly to the Administrative Agent, and the Administrative Agent may take control of all proceeds of any of the Accounts, Bank Accounts, Contracts, Chattel Paper, Instruments, Insurance or General Intangibles. The costs of collection and enforcement, including reasonable actual attorney's fees and reasonable out-of-pocket expenses, shall be borne solely by the Debtor, whether the same are incurred by the Administrative Agent or the Debtor. The Debtor will not thereafter, while an Event of Default is continuing, without the Administrative Agent's written consent make any adjustment, extend or renew, compromise, compound or settle any of the Accounts, Contracts, Chattel Paper, Instruments, Insurance or General Intangibles, or release, wholly or partly, any person liable for payment thereof.

2(b) The Debtor hereby irrevocably appoints the Administrative Agent to be the Debtor's true and lawful attorney, with full power of substitution, in the Administrative Agent's name or the Debtor's name or otherwise for the Administrative Agent's sole use and benefit, but at the Debtor's cost and expense, to exercise at any time all or any of the following powers with respect to all or any of the Collateral:

- (i) to demand, sue for, collect, receive and give acquittance for any and all moneys due or to become due upon or by virtue thereof;
- (ii) to receive, take, sign, endorse, assign and deliver any and all checks, notes, drafts, acceptances, invoices, freight or express bills, bills of lading, storage or warehouse receipts, drafts against debtors, assignments, verifications, notices and other negotiable and non-negotiable instruments and documents taken or received by the Administrative Agent in connection therewith;
- (iii) to receive, open and dispose of all mail addressed to the Debtor and to notify the post office authorities to change the address for delivery of mail addressed to the Debtor to such address as the Administrative Agent may designate;
- (iv) to sign the name of the Debtor on any Document, on invoices relating to any Account or Contract, drafts against and notices to account debtors or obligors of the Debtor, on financing statements and other public records and on notices to customers;
- (v) to execute endorsements, assignments or other instruments of conveyance or transfer and proofs of claim and loss and to adjust and compromise any claims under insurance policies or otherwise;
- (vi) to settle, compromise, compound, prosecute or defend any action or proceeding with respect thereto;
- (vii) to sell, transfer, assign or otherwise deal in or with the same or the proceeds thereof and to apply for and obtain any required consents of governmental authority for any sale or other disposition of the Collateral, as full and effectually as if the Administrative Agent were the absolute owner thereof; and
- (viii) to apply any or all amounts then in, or thereafter deposited in, the Company Account in the manner provided in Section 9(b)(iii) hereof; and
- (ix) to make any allowances and other adjustments with reference thereto and to take all other actions necessary or advisable in the sole discretion of the Administrative Agent to carry out and enforce this Security Agreement or the Liabilities.

All acts done under the foregoing authorization are hereby ratified and approved by the Debtor and neither the Administrative Agent nor any designee or agent of the Administrative Agent shall be liable for any acts of commission or omission (other than acts committed or omitted through gross negligence or willful misconduct), for any error of judgment or for any mistake of fact or law. The foregoing power of attorney being coupled with an interest is irrevocable while any Liabilities shall remain unpaid. The foregoing authorization shall not be construed in limitation of any other similar authorization to the Administrative Agent under the Credit Agreement or otherwise.

2(c) Upon the written request of the Administrative Agent, the Debtor will immediately deliver to the Administrative Agent all proceeds of the Collateral and all original evidence of Accounts, Bank Accounts, Contracts, Chattel Paper, Instruments, Insurance,

Documents, Patents, Patent Licenses, Trademarks, Trademark Licenses, Copyrights, Copyright Licenses, Records or General Intangibles, including without limitation all notes or other instruments or contracts for the payment of money, appropriately endorsed to the Administrative Agent's order and, regardless of the form of such endorsement, the Debtor hereby waives presentment, demand, notice of dishonor, protest and notice of protest and all other notices with respect thereto, unless otherwise specifically set forth in the Loan Documents; and the Debtor hereby appoints the Administrative Agent as the Debtor's agent and attorney-in-fact to make such endorsement on behalf of and in the name of the Debtor.

2(d) The exercise by the Administrative Agent of or failure to so exercise any authority granted hereinabove shall in no manner affect the Debtor's liability to the Administrative Agent, and provided, further, that the Administrative Agent shall be under no obligation or duty to exercise any of the powers hereby conferred upon it and it shall be without liability for any act or failure to act in connection with the collection of, or the preservation of any rights under any of, the Collateral except for liability for its gross negligence and willful misconduct and except for failure to maintain custody of any Collateral in the Administrative Agent's possession.

### SECTION 3. General Representations and Warranties.

In addition to the Debtor's representations made in the other Loan Documents, the Debtor represents and warrants to the Administrative Agent and the other Credit Parties, which representations and warranties shall survive execution and delivery of this Agreement, as follows:

3(a) Subject to the filing of UCC-1 financing statements in the appropriate jurisdictions and Patent, Trademark, Copyright and other intellectual property filings with the appropriate domestic governmental offices and any filings and action necessary in respect to foreign Patent, Trademark, Copyright and other intellectual property filings, all filings, registrations and recordings necessary or appropriate to create, preserve, protect and perfect the security interest granted by the Debtor to the Administrative Agent hereby in respect to the Collateral will have been accomplished and the security interest granted to the Administrative Agent pursuant to this Agreement in and to such Collateral constitutes a perfected security interest therein superior and prior to the rights of all other Persons therein (except for Liens permitted under the Credit Agreement) and subject to no other Liens (except for Liens permitted under the Credit Agreement), and is entitled to all the rights, priorities and benefits afforded by the UCC or other relevant laws as enacted in any relevant jurisdiction to perfected security interests, subject to the express prohibitions and restrictions on granting a security interest therein.

3(b) The Debtor is, and as to Collateral acquired by it from time to time after the date hereof the Debtor will be, the owner of all Collateral free from any Lien, security interest, encumbrance or other right, title or interest of any Person (other than Liens permitted under the Credit Agreement), and the Debtor shall defend its Collateral against all claims and demands of all Persons at any time claiming the same or any interest therein adverse to the Administrative Agent.

3(c) There is no financing statement (or similar statement or instrument of registration under the law of any jurisdiction) covering or purporting to cover any interest of any kind in the Collateral except for filings and recordings permitted under the Credit Agreement and filings and recordings in favor of the Administrative Agent, for the benefit of the Credit Parties, created or provided for herein, and so long as any of the Liabilities remain unpaid the Debtor will not execute or authorize to be filed in any public office any financing statement (or similar statement or instrument of registration under the law of any jurisdiction) or statements relating to the Collateral, except (i) financing statements filed or to be filed in respect of and covering the security interests granted hereby by the Debtor, and (ii) financing statements to be filed in connection with the creation of Liens permitted under the Credit Agreement.

3(d) The office location(s) of the Debtor set forth on Schedule B attached hereto is the Debtor's principal place of business and chief executive office and all other places of business of the Debtor are correctly listed on such schedule.

3(e) Schedule B attached hereto contains a true and complete listing of all of the locations all of the Collateral. In the case of Inventory, Schedule B also sets forth each Warehouseman (as defined in the Uniform Commercial Code as in effect in the state in which the warehouse owned or operated by such Person is located) that from time to time holds Inventory of the Debtor and the Permitted Inventory Location (as defined herein) at which such Inventory is so held.

3(f) The Debtor further represents and warrants, as to any Inventory, that all such Inventory, other than Inventory in transit in the normal course of business, is held at a Permitted Inventory Location (as defined herein). "Permitted Inventory Location" is defined herein to mean (i) those locations listed on Schedule B hereto (ii) any warehouse or other storage facility owned or leased by the Debtor, or (iii) a warehouse or other storage facility owned, leased or operated by a Warehouseman from whom the Administrative Agent has received a Warehouse Bailment Agreement (substantially in the form of Annex A hereto) with respect to Inventory there held, and, in either case, in jurisdictions where appropriate UCC financing statements shall have been filed against the Debtor for the benefit of the Administrative Agent and the other Credit Parties.

#### SECTION 4. Special Provisions Concerning Accounts.

4(a) Intentionally omitted.

4(b) The Debtor will keep and maintain at its own cost and expense satisfactory and complete records of its Accounts, including, but not limited to, records of all payments received, credits granted thereon, all merchandise returned and all other dealings therewith, and the Debtor will make the same available to the Administrative Agent for inspection, at the Debtor's own cost and expense, at any and all reasonable times upon demand.

4(c) The Debtor shall endeavor to cause to be collected from the account debtor named in each of its Accounts, as and when due (including, without limitation, Accounts which are delinquent, such Accounts to be collected in accordance with generally accepted lawful collection procedures), any and all amounts owing under or on account of such Accounts, and apply forthwith upon receipt thereof all such amounts as are so collected to the outstanding

balance of such Accounts, except that, so long as no Event of Default exists and is continuing, the Debtor may allow in the ordinary course of business as adjustments to amounts owing under its Accounts an extension or renewal of the time or times of payment, or settlement for less than the total unpaid balance, which the Debtor finds appropriate in accordance with sound business judgment. The costs and expenses (including, without limitation, attorneys' fees and expenses) of collection, whether incurred by the Debtor or the Administrative Agent (following an Event of Default), shall be borne by the Debtor.

4(d) If any of the Accounts becomes evidenced by an Instrument, the Debtor will within ten (10) days notify the Administrative Agent thereof, and upon request by the Administrative Agent promptly deliver such Instrument to the Administrative Agent appropriately endorsed to the order of the Administrative Agent as further security hereunder.

4(e) The Debtor will, at its own expense, make, execute, endorse, acknowledge, file and/or deliver to the Administrative Agent from time to time such vouchers, invoices, schedules, confirmatory assignments, conveyances, financing statements, transfer endorsements, powers of attorney, certificates, reports and other assurances or instruments and take such further steps relating to its Accounts and other property or rights covered by the security interest hereby granted, as the Administrative Agent may reasonably require which are consistent with the terms hereunder.

#### SECTION 5. Special Provisions Concerning Contracts.

5(a) The Debtor represents and warrants that no consent of any party (other than the Debtor and such other consents which have previously been obtained) to any Contract is required, or purports to be required, in connection with the execution, delivery and performance of this Security Agreement. Each Contract, which is listed on Schedule A-2, is in full force and effect and is enforceable in accordance with its respective terms and there is no default under any of the material terms thereof. The Debtor does hereby further represent and warrant that it has not assigned or pledged, and hereby covenants that it will not assign or pledge, except as permitted under the Credit Agreement, the whole or any part of the rights hereby assigned to anyone other than the Administrative Agent, its successors or assigns so long as this Security Agreement shall remain in effect. The Debtor also covenants and agrees that it will not take any action or fail to take any action or institute any proceedings the taking or omission of which might result in the material alteration or impairment of this Security Agreement or any of the material rights created by any of the Contracts or this Security Agreement. Except as specified by a detailed notation corresponding to the applicable Contract on Schedule A-2 hereto and on Schedule 3 of the Credit Agreement, the Debtor hereby further represents and warrants that no consent or authorization of, filing with or other act by or in respect of any Governmental Authority, with the exception of UCC-1 financing statements and any action necessary under the Assignment of Claims Act, is required in connection with the execution, delivery, performance, validity or enforceability of any of the Contracts by Company other than those which have been duly obtained, made or performed, are in full force and effect and do not subject the scope of any such Contract to any material adverse limitations, either specific or general in nature. To the Debtor's knowledge, the right, title and interest of the Debtor in, to and under each Contract are not subject to any defense, offset, counterclaim or claim which could reasonably be expected to have a Material Adverse Effect, nor, as of the date of this Security Agreement and to the best of

the Debtor's knowledge, have any of the foregoing been asserted or alleged against the Debtor as to any Contract. The Debtor has delivered to the Administrative Agent a complete and correct copy of each Contract requested by the Administrative Agent, including all amendments, supplements and other modifications thereto. No amount payable to the Debtor under or in connection with any Contract is evidenced by any Instrument or Chattel Paper which has not been delivered to the Administrative Agent.

**SECTION 6. Rights and Obligations Concerning Accounts and Contracts.**

6(a) Anything herein to the contrary notwithstanding, the Debtor shall remain liable under each of the Accounts and Contracts to observe and perform all the conditions and obligations to be observed and performed by it thereunder, all in accordance with the terms of any agreement giving rise to each such Account and in accordance with and pursuant to the terms and provisions of each such Contract. None of the Administrative Agent, nor any of the other Credit Parties, shall have any obligation or liability under any Account (or any agreement giving rise thereto) or under any Contract by reason of or arising out of this Security Agreement or the receipt by the Administrative Agent or any such other Credit Party of any payment relating to such Account or Contract pursuant hereto, nor shall the Administrative Agent, nor any other Credit Party be obligated in any manner to perform any of the obligations of the Debtor under or pursuant to any Account (or any agreement giving rise thereto) or under or pursuant to any Contract, to make any payment, to make any inquiry as to the nature or the sufficiency of any payment received by it or as to the sufficiency of any performance by any party under any Account (or any agreement giving rise thereto) or under any Contract, 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.

6(b) Upon the occurrence of a Default, the Administrative Agent has the right to make test verifications of the Accounts in any manner and through any medium that it reasonably considers advisable and the Debtor shall furnish all such assistance and information as the Administrative Agent may require in connection therewith and verify with the Administrative Agent to its satisfaction the existence, amount and terms of any Accounts or Contracts.

6(c) The Debtor shall promptly notify the Administrative Agent of, and provide to the Administrative Agent copies of, any default notices under any of the material Contracts.

**SECTION 7. Special Provisions Concerning Patents, Trademarks and Copyrights.**

7(a) The Debtor represents and warrants that it is the owner of the Trademarks and the Trademark applications listed on Schedule A-3, the Patents and Patent applications listed on Schedule A-4 and the Copyrights listed on Schedule A-5 attached hereto, free and clear of all liens and encumbrances (including, without limitation, any covenant not to sue a third party); that the Trademarks, Patents and Copyrights listed on Schedule A-3, A-4 and A-5 hereto are valid and have not been adjudged invalid or unenforceable, in whole or in part; and that such Trademarks, Patents and Copyrights constitute all the registered trademarks, patents and copyrights, in the United States Patent and Trademark Office and the United States Copyright Office, respectively, that the Debtor now owns and uses in connection with its business.



7(b) Except as disclosed on Schedule 3 to the Credit Agreement, the Debtor represents and warrants that, to its knowledge, it has received no current notice or claim that its use of any of the Trademarks, Patents, Copyrights or other intellectual property, owned by the Debtor or used in its business, infringes the rights of any third party.

7(c) The Debtor, in its sole discretion and using its reasonable business judgment, may prosecute any and all persons who infringe any of its Trademarks, Patents, Copyrights or other intellectual property to recover any and all damages and take such other actions as the Debtor shall deem appropriate under the circumstances to protect such Trademarks, Patents, Copyrights or other intellectual property.

7(d) If any Trademark, service mark registration, Patent registration or Copyright registration is issued hereafter to the Debtor as a result of any application or registration now or hereafter pending before the United States Patent and Trademark Office, United States Copyright Office or foreign equivalent thereof, the Debtor shall notify the Administrative Agent of any such new registration on a periodic basis, but not less than once every six months and shall grant a security in such Trademark, service mark or Patent to the Administrative Agent confirming the grant thereof hereunder, the form of such confirmatory grant to be substantially the same as the form hereof.

7(e) The Debtor will perform all acts and execute all documents including, without limitation, documents in form suitable for filing with the United States Patent and Trademark Office, United States Copyright Office, other governmental office, and any foreign equivalent thereof, as reasonably requested by the Administrative Agent at any time to evidence, perfect, maintain, record and enforce the Administrative Agent's interest, for the benefit of the Credit Parties, in the Trademarks, Patents, Copyrights and the Debtor's other intellectual property or otherwise in furtherance of the provisions of this Agreement. In the event of foreclosure hereunder upon all or any part of the Collateral, the Debtor shall, and hereby does, constitute the Administrative Agent as the Debtor's attorney-in-fact to transfer, in the Debtor's name, the Trademarks (including all goodwill associated with the Trademarks), the Patents, the Copyrights and the Debtor's other intellectual property to a third party capable, in the Administrative Agent's judgment, of using and maintaining the nature and quality of the Trademarks, the Patents, the Copyrights and the Debtor's other intellectual property. Such power-of-attorney shall include, without limitation, the right to execute all documents and to do all acts as the Administrative Agent considers necessary to effect any of the foregoing, and all acts of such attorney are hereby ratified and confirmed; such power being coupled with an interest which is irrevocable until the Liabilities are paid in full.

7(f) The Debtor shall notify the Administrative Agent if it knows, or has reason to know, of any reason that any application or registration relating to any Trademark, Patent, Copyright or other intellectual property of the Debtor that is material to the Company Business may become abandoned or of any adverse determination or development, within thirty (30) days of receipt of such knowledge (including, without limitation, the institution of, or any such determination or development in, any proceeding in the United States Patent and Trademark Office or any court) regarding the Debtor's ownership of any Trademark, Patent, Copyright or other intellectual property, its right to register or use the same, or to keep and maintain the same.

7(g) The Debtor shall notify the Administrative Agent in writing of its filing of any application for the registration of any Trademark, Patent, Copyright or other intellectual property with the United States Patent and Trademark Office, United States Copyright Office, other governmental office, or any similar office or agency in any other country or any political subdivision thereof. Upon request of the Administrative Agent, Debtor shall (i) execute and deliver any and all agreements, instruments, documents and papers as the Administrative Agent may reasonably request to evidence the Administrative Agent's security interest in such Trademark, Patent, Copyright or other intellectual property and the goodwill and general intangibles of the Debtor relating thereto or represented thereby, and as applicable, (ii) agree to modify this Agreement by amending Schedule A-3, Schedule A-4 and or Schedule A-5 (as the case may be) to include any future Trademarks, Patents, Copyrights and other intellectual property.

7(h) Consistent with the Debtor's reasonable business judgment, the Debtor will take all commercially reasonable steps, including, without limitation, in any proceeding before the United States Patent and Trademark Office, United States Copyright Office, any other governmental office, or any other office or agency in any other country or any political subdivision thereof, as applicable, to maintain and pursue each application as set forth on Schedules A-3, A-4 and A-5 as amended from time to time (and to obtain the relevant registration) and to maintain each registration of such Trademarks, Patents and Copyrights, including but not limited to the appropriate and timely payment of any required fees and the appropriate and timely filing of any documents or declarations necessary to maintain and renew such Trademarks, Patents and Copyrights which may be necessary or appropriate under applicable federal, state, and foreign law.

7(i) Upon the occurrence and during the existence of an Event of Default, the Administrative Agent may, by written notice to the Debtor, take any or all of the following actions: (i) declare the entire right, title and interest of the Debtor in and to each of the Trademarks, Patents, Copyrights and other intellectual property (to the extent transferable), vested, in which event such rights, title and interest shall immediately vest, in the Administrative Agent, in which case the Debtor agrees to execute all appropriate assignments to the Administrative Agent, of all its rights, title and interest in and to such Trademarks, Patents, Copyrights and other intellectual property to the Administrative Agent; (ii) take and use or sell the Trademarks, Patents, Copyrights and other intellectual property (to the extent transferable) and the goodwill of the Debtor's business symbolized by the Trademarks and the right to carry on the business of such Debtor in connection with which the Trademarks have been used; and (iii) direct the Debtor to refrain, in which event the Debtor shall refrain, from using the Trademarks, Patents, Copyrights and its other intellectual property in any manner whatsoever, directly or indirectly, and, if requested by the Administrative Agent, change the Debtor's corporate name to eliminate therefrom any use of any Trademarks and execute such other and further documents that the Administrative Agent may reasonably request to further confirm this and to transfer Debtor's ownership of the Trademarks, Patents, Copyrights and other intellectual property, and any pending trademark and patent application(s) for trademarks, patents, copyrights and other intellectual property in the United States Patent and Trademark Office, United States Copyright Office, any other governmental office, and in any similar foreign office to the Administrative Agent. After any Event of Default, the Debtor shall cooperate and use its best efforts to obtain any consents, waivers, or agreements reasonably necessary to enable the

Administrative Agent to exercise its rights and remedies with respect to any Trademark, Patent, Copyright and other intellectual property of the Debtor.

**SECTION 8. Covenants of Debtor.**

In addition to the Debtor's covenants contained in the Credit Agreement, the Debtor covenants that:

8(a) Subject to Section 3(e) and Section 3(f) hereof, the Collateral is and will be located at the Debtor's chief executive office and such other places of business and Permitted Inventory Locations as indicated on Schedule B attached hereto. The Debtor's records of the Collateral will be located at the Debtor's chief executive office. The chief executive office of the Debtor is located at the address shown on Schedule B attached hereto. The Debtor will not move its chief executive office, the location of the Collateral or any Records Office (as defined below) except to such new location as the Debtor may establish in accordance with the last sentence of this Section 8(a) and, with respect to Inventory, to Permitted Inventory Locations. The originals of all documents and all electronically stored data and information evidencing all Accounts and Contracts of the Debtor and the only original books of account and records of the Debtor relating thereto are, and will continue to be, kept at its chief executive office shown on Schedule B attached hereto (each, a "Records Office"), or at such new Records Office as the Debtor may establish in accordance with the last sentence of this Section 8(a). All Accounts, Contracts and records of the Debtor are, and will continue to be, maintained at, and controlled and directed (including, without limitation, for general accounting purposes) from, such Records Office location shown above, or such new location as the Debtor may establish in accordance with the last sentence of this Section 8(a). The Debtor shall not establish a new location for its chief executive office, the location of the Collateral or any Records Office until (i) it shall have given to the Administrative Agent not less than 20 days' prior written notice of its intention so to do, clearly describing such new location and providing such other information in connection therewith as the Administrative Agent may reasonably request, and (ii) with respect to such new location, it shall have taken all action, satisfactory to the Administrative Agent, to maintain the security interest of the Administrative Agent in the Collateral intended to be granted hereby at all times fully perfected and in full force and effect.

8(b) The tangible Collateral used or useful in its business, in whomsoever's possession they may be, shall be kept in good repair, working order and condition (normal wear and tear excepted), and that from time to time there will be made to such tangible Collateral all needful and proper repairs, renewals, replacements, extensions, additions, betterments and improvements thereto, to the extent and in the manner customary for companies in similar lines of business under similar circumstances. Other than as permitted in the Credit Agreement, the Debtor will not encumber, sell, transfer, assign, abandon or otherwise dispose of the Collateral except for: (i) collection, discharge, discount, compromise, abandonment or expiration of the Accounts, Chattel Paper, Instruments or General Intangibles in the ordinary course of the Debtor's business or as necessary in the Debtor's reasonable business judgment, (ii) sale or transfer of Inventory in the ordinary course of business, (iii) dispositions of items of Equipment and other Collateral no longer reasonably needed by the Debtor in the ordinary course of business, and (iv) trade-ins, replacements or exchanges of items of Equipment for other items of Equipment to the extent the same shall promptly be replaced by Equipment having an equal or greater value (in excess of

purchase money liens on such items) and useful in the Debtor's business. The inclusion of "products" and "proceeds" of the Collateral under the security interest granted herein shall not be deemed a consent by the Administrative Agent to any sale or other disposition of the Collateral except as expressly permitted herein or in the Credit Agreement.

8(c) The Debtor will have and maintain insurance at its expense as required pursuant to Section 6.04 of the Credit Agreement. The Administrative Agent (i) is authorized by the Debtor to act as its attorney in collecting (as loss payee and/or additional insured) and, after the occurrence of an Event of Default that is continuing, adjusting, settling or cancelling such insurance and endorsing any drafts drawn by insurers; and (ii) may apply any insurance proceeds received by it to the Liabilities, which are then due and owing; provided, however, that the Administrative Agent will hold such proceeds as a special deposit for use by the Debtor in replacing any damaged Collateral which gave rise to such proceeds, so long as the Debtor is taking steps to replace such Collateral with due diligence and in good faith and so long as no Event of Default has occurred and is continuing hereunder. Not later than the expiration date of each insurance policy then in effect, the Debtor shall deliver to the Administrative Agent a certificate of insurance (for policies required under the Credit Agreement) certifying as to (i) the extension of such policy or the issuance of a renewal policy therefor, describing the same in reasonable detail satisfactory to the Administrative Agent and (ii) the payment in full of the portion of the premium therefor then due and payable (or accompanied by other proof of such payment satisfactory to the Administrative Agent). The Debtor shall be required forthwith to notify the Administrative Agent if the Debtor shall determine at any time not to, or at any time be unable to, extend or renew any such insurance policy then in effect.

8(d) The Debtor will use the Collateral for business purposes and not for personal, family, household or farming purposes and not in violation of any statute or ordinance.

8(e) The Debtor will pay promptly when due all material taxes, contributions, charges or levies and assessments upon the Collateral owned by the Debtor or upon its use or sale (other than those the amount or validity of which is currently being contested in good faith by appropriate proceeding and with respect to which appropriate reserves are maintained on the books of the Debtor in accordance with GAAP). At its option the Administrative Agent may, after an Event of Default, discharge taxes, liens or other encumbrances at any time levied against or placed on the Collateral which have not been stayed as to execution and contested with due diligence in appropriate legal proceedings, and the Administrative Agent may, after an Event of Default, pay for insurance on the Collateral and maintenance and preservation of the Collateral if the Debtor fails to do so. The Debtor shall reimburse the Administrative Agent on demand for any such expense incurred by the Administrative Agent pursuant to the foregoing authorization, together with interest thereon, from the date paid by the Administrative Agent until payment in full by the Debtor, at a per annum rate equal to the Default Rate.

8(f) The Debtor will at all times and in all material respects keep accurate and complete records of the Collateral. Subject to such notice required pursuant to the Credit Agreement (if any), the Administrative Agent, or any of its agents, shall have the right (in addition to the rights granted to the Administrative Agent pursuant to Section 6(c) hereof) to call at the Debtor's place or places of business during normal business hours, at intervals to be determined by the Administrative Agent, to examine and inspect the Collateral and to inspect,

audit, make test verifications and otherwise check and make extracts from the books, records, journals, orders, receipts, correspondence and other data relating to the Collateral or to any other transactions between the parties hereto.

8(g) The Debtor agrees to stamp its books and records pertaining to Accounts, Contracts, Chattel Paper, Instruments, Documents, Trademarks and General Intangibles to evidence the Administrative Agent's security interest therein in form satisfactory to the Administrative Agent immediately upon the Administrative Agent's written demand.

8(h) The Debtor will obtain the consent of any Governmental Authority or other Person to the assignment hereunder of any of the Collateral if such consent may be required by the terms of any contract or statute.

8(i) If any action or proceeding shall be commenced, other than any action to collect the Liabilities, to which action or proceeding the Administrative Agent or any Lender is made a party and in which it becomes necessary to defend or uphold the Administrative Agent's security interest hereunder, all costs incurred by the Administrative Agent for the expenses of such litigation (including reasonable actual attorney fees and expenses) shall be deemed part of the Liabilities secured hereby, which the Debtor agrees to pay or cause to be paid.

8(j) The Debtor agrees that if any warehouse receipt or receipt in the nature of a warehouse receipt is issued with respect to any of its Inventory, such warehouse receipt or receipt in the nature thereof shall not be "negotiable" (as such term is used in Section 7-104 of the UCC).

8(k) The Debtor will, at its own expense, make, execute, endorse, acknowledge, file and/or deliver to the Administrative Agent from time to time such lists, descriptions and designations of its Collateral, warehouse receipts, receipts in the nature of warehouse receipts, bills of lading, documents of title, vouchers, invoices, schedules, confirmatory assignments, conveyances, financing statements, transfer endorsements, powers of attorney, certificates, reports and other assurances or instruments and take such further steps relating to the Collateral and other property or rights covered by the security interest hereby granted, which the Administrative Agent deems appropriate or advisable to perfect, preserve or protect its security interest in the Collateral consistent with the terms hereunder, and the Debtor hereby authorizes the Administrative Agent to execute and file at any time and from time to time one or more financing statements or copies thereof or of this Security Agreement with respect to the Collateral signed only by the Administrative Agent.

8(l) If the Debtor is not the owner of any premises where any Equipment is located, the Debtor will use its reasonable best efforts to furnish such consents and waivers executed by the owners of such premises as the Administrative Agent shall request.

#### SECTION 9. Events of Default.

9(a) An Event of Default ("Event of Default") shall have occurred under this Agreement upon the occurrence of any event, condition or act which is defined or described as an Event of Default in the Credit Agreement.

9(b) Upon the occurrence of an Event of Default that is continuing, the Administrative Agent shall have all of the rights, powers and remedies set forth in the Credit Agreement, the Notes, this Agreement, the other Loan Documents and any other instrument or other evidence of any of the Liabilities secured hereby, together with the rights and remedies of a secured party under the Uniform Commercial Code of the jurisdictions where the Collateral is located, and, without limiting the foregoing, the Administrative Agent may:

(i) personally, or by agents or attorneys, immediately retake possession of the Collateral or any part thereof, from the Debtor or any other Person who then has possession of any part thereof with or without notice or process of law, and for that purpose may enter upon the Debtor's premises where any of the Collateral is located and remove the same and use in connection with such removal any and all services, supplies, aids and other facilities of the Debtor; and

(ii) instruct the obligor or obligors on any agreement, instrument or other obligation (including, without limitation, the Accounts and the Contracts) constituting the Collateral to make any payment required by the terms of such instrument or agreement directly to the Administrative Agent; and

(iii) withdraw all monies, securities and instruments in the Company Account or any other account for application to the Liabilities; and

(iv) sell or otherwise liquidate, or direct the Debtor to sell or otherwise liquidate, any or all investments made in whole or in part with the Collateral or any part thereof, and take possession of the proceeds of any such sale or liquidation; and

(v) take possession of the Collateral or any part thereof, by directing the Debtor in writing to deliver the same to the Administrative Agent at any place or places designated by the Administrative Agent, in which event the Debtor shall at its own expense

(A) forthwith cause the same to be moved to the place or places so designated by the Administrative Agent and there delivered to the Administrative Agent,

(B) store and keep any Collateral so delivered to the Administrative Agent at such place or places pending further action by the Administrative Agent as provided in Section 9(c) hereof, and

(C) while the Collateral shall be so stored and kept, provide such guards and maintenance services as shall be necessary to protect the same and to preserve and maintain them in good condition;

it being understood that the Debtor's obligation so to deliver the Collateral is of the essence of this Agreement and that, accordingly, upon application to a court of equity having jurisdiction, the Administrative Agent shall be entitled to a decree requiring specific performance by the Debtor of said obligation.

9(c) Any Collateral repossessed by the Administrative Agent under or pursuant to Section 7(k) or 9(b) and any other Collateral whether or not so repossessed by the Administrative Agent, upon the occurrence of an Event of Default that is continuing, may be sold, leased or otherwise disposed of under one or more contracts or as an entirety, and without the necessity of gathering at the place of sale the property to be sold, and in general in such manner, at such time or times, at such place or places and on such terms as the Administrative Agent may, in compliance with any mandatory requirements of applicable law, determine to be commercially reasonable. Any of the Collateral may be sold, leased or otherwise disposed of, in the condition in which the same existed when taken by the Administrative Agent or after any overhaul or repair which the Administrative Agent shall determine to be commercially reasonable at a public or private sale or proceeding, or otherwise, by one or more contracts, in one or more parcels, at the same or different times, for cash and/or credit and upon any terms, at such places and times and to such persons as the Administrative Agent deems best, and for that purpose the Administrative Agent may enter peaceably any premises on which the Collateral or any part thereof may be situated and remove the same therefrom and the Debtor will not resist or interfere with such action. If an Event of Default shall have occurred and be continuing, the Administrative Agent may require the Debtor to assemble and/or remove the Collateral and make it available to the Administrative Agent at a place which is reasonably convenient to both parties. The Debtor hereby agrees that its address and the place or places of location of the Collateral are places reasonably convenient to it to assemble 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, if an applicable statute requires reasonable notice of sale or other disposition, the Administrative Agent will send to the Debtor reasonable notice of the time and place of any public sale or reasonable notice of the time after which any private sale or any other disposition thereof is to be made. The Debtor agrees that requirement of sending reasonable notice shall be met if such notice is mailed, postage prepaid, to the Debtor at least ten (10) days before the time of the sale or disposition. If an Event of Default shall have occurred and be continuing, the Administrative Agent may at any time in its discretion transfer any property constituting Collateral into its own name or that of its nominee and receive the income thereon and hold the same as security for the Liabilities. To the extent permitted by any law, the Administrative Agent may itself bid for and purchase the Collateral or any item thereof offered for sale in accordance with this Section without accountability to the Company (except to the extent of surplus money received as provided in Section 9(f)).

9(d) The Debtor recognizes that the Collateral may not be readily marketable and may not be marketable at all if an Event of Default has occurred. Therefore, in order to enable the Administrative Agent to use such means as it may determine necessary or advisable to realize upon the Collateral from time to time, the Debtor consents that the Administrative Agent may use whatever means it may reasonably consider necessary or advisable to sell any or all of the Collateral at any time or times after default thereunder, including but not restricted to the giving of an option to purchase any or all of the Collateral to any party and the extending of credit to

any purchaser of such Collateral. The Administrative Agent may sell any or all of the Collateral or commit itself to sale without limiting the amount sold to the amount of indebtedness secured thereby, plus costs and expenses of collection.

9(e) Upon the occurrence of an Event of Default, the Administrative Agent may appropriate, set off and apply to the payment of the Liabilities, any Collateral in or coming into the possession of the Administrative Agent or its agents, without notice to the Debtor and in such manner as the Administrative Agent may in its discretion determine.

9(f) The proceeds of any Collateral obtained pursuant to Section 2(a), 7(k) or 9(b) or disposed of pursuant to Section 9(c) shall be applied as follows:

(i) to the payment of any and all expenses and fees (including reasonable actual attorneys' fees and expenses) incurred by the Administrative Agent in obtaining, taking possession of, removing, insuring, repairing, storing and disposing of Collateral and any and all amounts incurred by the Administrative Agent in connection therewith;

(ii) next, any surplus then remaining to the payment of the Liabilities in such order as the Administrative Agent may determine (subject to any statutory requirements), and the Debtor shall remain liable for, and shall pay on demand, any deficiency; and

(iii) after payment in full of all amounts due under subparagraphs 9(f)(i) and 9(f)(ii) above, any surplus then remaining shall be paid to the Debtor, subject, however, to the rights of the holder of any then existing Lien of which the Administrative Agent has actual notice (without investigation).

9(g) Each and every right, power and remedy hereby specifically given to the Administrative Agent shall be in addition to every other right, power and remedy specifically given under this Agreement or under the other Security Documents or now or hereafter existing at law or in equity, or by statute and each and every right, power and remedy whether specifically herein given or otherwise existing may be exercised from time to time or simultaneously and as often and in such order as may be deemed expedient by the Administrative Agent. All such rights, powers and remedies shall be cumulative and the exercise or the beginning of exercise of one shall not be deemed a waiver of the right to exercise of any other or others. The Administrative Agent may exercise its rights with respect to Collateral without resorting to or regard to other Collateral or sources of reimbursement for any of the Liabilities. No delay or omission of the Administrative Agent in the exercise of any such right, power or remedy and no renewal or extension of any of the Liabilities shall impair any such right, power or remedy or shall be construed to be a waiver of any Default or Event of Default or an acquiescence therein. In the event that the Administrative Agent shall bring any suit to enforce any of its rights hereunder and shall be entitled to judgment, then in such suit the Administrative Agent may recover reasonable expenses, including attorneys' fees, and the amounts thereof shall be included in such judgment.



9(h) In case the Administrative Agent shall have instituted any proceeding to enforce any right, power or remedy under this Agreement by foreclosure, sale, entry or otherwise, and such proceeding shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Administrative Agent, then and in every such case the Debtor, the Administrative Agent and each holder of any of the obligations shall be restored to their former positions and rights hereunder with respect to the Collateral subject to the security interest created under this Agreement, and all rights, remedies and powers of the Administrative Agent shall continue as if no such proceeding had been instituted.

#### SECTION 10. Waivers.

10(a) Except as otherwise provided in this Agreement, **THE DEBTOR HEREBY WAIVES, TO THE EXTENT PERMITTED BY APPLICABLE LAW, NOTICE OR JUDICIAL HEARING IN CONNECTION WITH THE ADMINISTRATIVE AGENT'S TAKING POSSESSION OR THE ADMINISTRATIVE AGENT'S DISPOSITION OF ANY OF THE COLLATERAL, INCLUDING, WITHOUT LIMITATION, ANY AND ALL PRIOR NOTICE AND HEARING FOR ANY PREJUDGMENT REMEDY OR REMEDIES AND ANY SUCH RIGHT WHICH THE DEBTOR WOULD OTHERWISE HAVE UNDER THE CONSTITUTION OR ANY STATUTE OF THE UNITED STATES OR OF ANY STATE,** and the Debtor hereby further waives:

- (i) all damages occasioned by such taking of possession except any damages which are the direct result of the Administrative Agent's gross negligence or willful misconduct;
- (ii) all other requirements as to the time, place and terms of sale or other requirements with respect to the enforcement of the Administrative Agent's rights hereunder; and
- (iii) all rights of redemption, appraisalment, valuation, stay, extension or moratorium now or hereafter in force under any applicable law in order to prevent or delay the enforcement of this Agreement or the absolute sale of the Collateral or any portion thereof, and the Debtor, for itself and all who may claim under insofar as it or they, now or hereafter, lawfully may, hereby waives the benefit of all such laws.

Any sale of, or the grant of options to purchase, or any other realization upon, any Collateral shall operate to divest all right, title, interest, claim and demand, either at law or in equity, of the Debtor therein and thereto, and shall be a perpetual bar both at law and in equity against the Debtor and against any and all Persons claiming or attempting to claim the Collateral so sold, optioned or realized upon, or any part thereof, from, through and under the Debtor.

10(b) The Debtor 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 except as hereinbefore provided. With respect to Liabilities and Collateral, the Debtor assents to any extension or postponement of the time of payment or any other indulgence, to any substitution,

exchange or release of Collateral, to the addition or release of any party or person primarily or secondarily liable, to the acceptance of partial payments thereon and the settlement, compromising or adjusting of any thereof, all in such time or times as the Administrative Agent may deem advisable.

10(c) The Administrative Agent shall have no duty as to the collection or protection of Collateral not in the Administrative Agent's possession, and the Administrative Agent's duty with reference to Collateral in its possession shall be to use reasonable care in the custody and preservation of such Collateral, but such duty shall not require the Administrative Agent to do any of the following (although the Administrative Agent is authorized to reasonably undertake any such action if the Administrative Agent deems such action appropriate):

- (i) exercise any rights under the Collateral or act upon any request made by the Debtor;
- (ii) collect any sums due on the Collateral;
- (iii) notify the Debtor of any maturities or other similar matters concerning the Collateral; or
- (iv) preserve or protect the Debtor's rights in the Collateral or take any action to protect any of the Collateral against claims of others or to preserve rights against prior parties.

#### SECTION 11. Indemnity and Costs and Expenses.

11(a) The Debtor agrees to pay, or reimburse the Administrative Agent for any and all reasonable fees, costs and expenses of whatever kind or nature incurred in connection with (i) the enforcement or attempted enforcement of the Administrative Agent's rights under this Security Agreement, and (ii) the creation, preservation or protection of the Administrative Agent's Liens on, and security interest in, the Collateral, including, without limitation, all fees and taxes in connection with the recording or filing of instruments and documents in public offices, payment or discharge of any taxes or Liens upon or in respect of the Collateral, premiums for insurance with respect to the Collateral and all other fees, costs and expenses in connection with protecting, maintaining or preserving the Collateral and the Administrative Agent's interest therein, whether through judicial proceedings or otherwise, or in defending or prosecuting any actions, suits or proceedings arising out of or relating to the Collateral.

11(b) Without limiting the application of Section 11(a) hereof, the Debtor agrees to pay, indemnify and hold the Administrative Agent and the other Credit Parties (collectively, the "Indemnitees") harmless from and against any loss, costs, damages and expenses which any such Indemnitee may suffer, expend or incur in consequence of or growing out of any misrepresentation by the Debtor in this Agreement or any of the other Loan Documents or in any statement or writing contemplated by or made or delivered pursuant to or in connection with this Agreement or any of the other Security Documents or any breach by the Debtor of this Agreement or any of the other Loan Documents.

11(c) If and to the extent that the obligations of the Debtor under this Section 11 are unenforceable for any reason, the Debtor hereby agrees to make the maximum contribution to the payment and satisfaction of such obligations which is permissible under applicable law.

11(d) Any amounts paid by any Indemnitee as to which such Indemnitee has the right to reimbursement shall constitute Liabilities secured by the Collateral. The indemnity obligations of the Debtor contained in this Section 11 shall continue in full force and effect notwithstanding the full payment of all the Notes issued under the Credit Agreement and all of the other Liabilities and notwithstanding the discharge thereof.

**SECTION 12. The Administrative Agent.** Without limiting any provision hereof, the Administrative Agent shall be entitled to the rights, powers, immunities, exculpations and privileges set forth in Article IX of the Credit Agreement as if the same were set forth in full in this Agreement. The Lenders shall have no rights hereunder to realize upon the Collateral or otherwise enforce the provisions of this Agreement, it being understood that such rights and remedies may be exercised only by the Administrative Agent.

**SECTION 13. Successors and Assigns.** The covenants, representations, warranties and agreements herein set forth shall be binding upon the Debtor, its legal representatives, successors and assigns, and shall inure to the benefit of the Administrative Agent, the Lenders, the Issuer and their respective successors and assigns. The successor of the Administrative Agent hereunder shall forthwith become vested with and shall be entitled to exercise all the powers and rights given by this Agreement to the Administrative Agent, as if said successor were originally named as secured party herein.

**SECTION 14. Administrative Agent May Perform.** If, following an Event of Default, Debtor fails to perform any agreement contained herein, the Administrative Agent may itself perform, or cause performance of, such agreement, and the expenses of the Administrative Agent incurred in connection therewith shall be payable by Debtor on demand.

**SECTION 15. No Waiver; Remedies.** No failure on the part of the Administrative Agent to exercise, and no delay in exercising, and no course of dealing with respect to, any right, power, or remedy under this Agreement shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder and under any of the other Loan Documents preclude any other or further exercise thereof or the exercise of any other right, power, or privilege. The remedies provided herein and in the other Loan Documents are cumulative and not exclusive of any remedies provided by law.

**SECTION 16. Governing Law.** **THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO ANY CHOICE OF LAW RULES WHICH WOULD REQUIRE THE APPLICATION OF THE LAWS OF ANY OTHER JURISDICTION EXCEPT TO THE EXTENT THAT THE LAWS OF THE JURISDICTIONS WHERE THE COLLATERAL IS LOCATED APPLY TO THE CREATION, ATTACHMENT, PERFECTION, PRIORITY AND ENFORCEMENT OF LIENS ON AND SECURITY INTERESTS IN THE COLLATERAL.**

**SECTION 17. Severability.** If any provision hereof shall be held to be invalid, illegal or unenforceable in any jurisdiction, then, to the fullest extent permitted by law, (i) the other provisions hereof shall remain in full force and effect in such jurisdiction, and (ii) the invalidity or unenforceability of any provision hereof in any jurisdiction shall not affect the validity or enforceability of such provision in any other jurisdiction.

**SECTION 18. Amendments.** None of the terms or provisions of this Security Agreement may be waived, altered, modified, or amended except by an agreement in writing signed by the Administrative Agent and the Debtor (but, as to the Administrative Agent, only with the consent of the requisite Lenders as provided in the Credit Agreement).

**SECTION 19. Notices.** All notices, statements, requests and demands herein provided for shall be in writing and shall be deemed to have been given or made when delivered to the respective addresses and in the manner specified in Section 10.01 of the Credit Agreement.

**SECTION 20. Counterparts.** This Agreement may be executed in any number of counterparts, all of which, when taken together shall constitute one and the same instrument, and any party hereto may execute this Agreement by signing any such counterpart.

**SECTION 21. Termination.** When all Liabilities shall have been paid in full and the Commitments under the Credit Agreement have expired or been terminated, this Agreement shall terminate, and the Administrative Agent shall cause to be assigned, transferred and delivered, against receipt but without any recourse, warranty or representation whatsoever, any remaining Collateral and money received in respect thereof, to or for the account of the Debtor. The Administrative Agent shall also execute and deliver to the Debtor upon such termination such UCC termination statements and such other documentation as shall be reasonably requested as necessary by the Debtor to effect the termination and release of the Liens on the Collateral, all at the expense of the Debtor.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective duly authorized officers as of the date and year first above written.

TEKNEKRON INFOSWITCH CORPORATION

By:   
Name: Michael J. Tamer  
Title: President

IBJ WHITEHALL BANK & TRUST COMPANY,  
as Administrative Agent

By:   
Name: J. Christopher Mangan  
Title: Senior Managing Director

SCHEDULE A-3

to

Security Agreement  
in favor of

IBJ Whitehall Bank & Trust Company  
as the Administrative Agent for the Lenders, the Issuer  
and the other Credit Parties\*  
granted by Teknekron Infoswitch Corporation  
as Debtor

Description of Trademarks and Trademark Licenses

**REGISTERED U.S. TRADEMARKS**

Trademark No.	Mark	Registration No. and Date	Class	Description
19143.0146	INFOSWITCH	Reg. No. 1506964 10/04/88	9	Microprocessor-based switching units and control programs for controlling and managing telephone communications
19143.0147	INFOSWITCH	Reg. No. 1506965 10/04/88	9	Computer programs and program manuals all sold as a unit for use with computer communications management products
19143.0148	CCMS	Reg. No. 1487410 05/10/88	9	Computer system comprised of a processing unit with customer database and associated telephone and data channel interface units for use in telephone marketing.
19143.0149	ACM	Reg. No. 1481418 03/22/88	9	Computer-based telephone switching unit for automating inbound telephone calls

\* As used in this Schedule A-3, "Issuer" and "Lenders" means IBJ Whitehall Bank & Trust Company, its successors and assigns (including each "Lender" which shall become party to the Credit Agreement between the Debtor, IBJ Whitehall Bank & Trust Company, as Administrative Agent for the Lenders or other financial institutions or entities party, as Lenders, thereto and the Issuer thereunder). All other capitalized terms shall have the meanings ascribed thereto in the Security Agreement.

Booked No.	Mark	Registration No. and Date	Class	Goods/Services
19143.0220	AUTOQUALITY	Reg. No. 2108836 10/28/97	9	Computer telephony system comprised of telecommunications hardware and computer operating software for automation of call center monitoring, reporting and evaluation
19143.0222	P&Q REVIEW	Reg. No. 2108835 10/28/87	9	Telecommunications software, namely, computer software for collection, measurement and reporting of quality and productivity data

**PENDING U.S. TRADEMARK APPLICATIONS**

Booked No.	Mark	App. No.	Class	Goods/Services
19143.0219	ORCHESTRA	App. No. 75/169,147 09/20/96	9	Telecommunications systems, namely, computer desktop platforms integrating telephony hardware and computer software for display, control and measurement of data, audio and video for call centers, exclusive of any system or software designed specifically to function as a payroll management system
19143.0282	MISC. DESIGN (Worldman Logo)	App. No. 75/672,096 03/31/99	9	Computer-based telephone switching units and control programs for automating inbound and outbound telephone calls and for controlling and managing telephone communications...

ONLY THE PORTION OF SCHEDULE A-3 PERTAINING TO U.S. TRADEMARK  
REGISTRATIONS AND PENDING U.S. TRADEMARK APPLICATIONS IS INCLUDED.

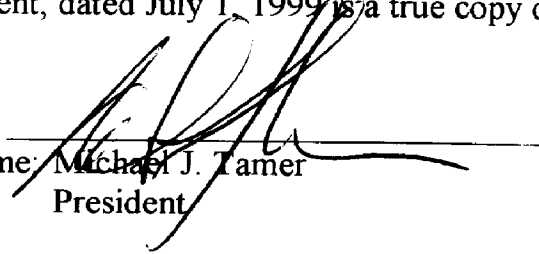
ALL OTHER SCHEDULES HAVE BEEN REDACTED.



## CERTIFICATION OF AUTHENTICITY

I, Michael J. Tamer, President of Teknekron Infoswitch Corporation, hereby certify under penalty of perjury under the laws of the United States of America that the foregoing photocopy of the Security Agreement between Teknekron Infoswitch Corporation, as debtor, and IBJ Whitehall Bank & Trust Company, as administrative agent, dated July 1, 1999 is a true copy of the original document.

Date: July 1, 1999

By:   
Name: Michael J. Tamer  
Its: President