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To the Honorable Commissioner of Pa

ached original documents or copy thereof.

1. Name of conveying party(ies):

General Binding Corporation

- Individual(s) Association
General Partnership Limited Partnership
Corporation-State
Other

Additional name(s) of conveying party(ies) attached? Yes No

3. Nature of conveyance:

- Assignment Merger
Security Agreement Change of Name
Other

Execution Date: November 12, 1999

2. Name and address of receiving party(ies)

Name: Harris Trust and Savings Bank, as Agent

Internal Address:

Street Address: 111 W. Monroe Street

City: Chicago State: IL ZIP: 60603

- Individual(s) citizenship
Association
General Partnership
Limited Partnership
Corporation-State
Other

If assignee is not domiciled in the United States, a domestic representative designation is attached: Yes No

(Designations must be a separate document from assignment)

Additional name(s) & address(es) attached? Yes No

4. Application number(s) or patent number(s):

A. Trademark Application No.(s)

See Schedule B-1

B. Trademark Registration No.(s)

See Schedule B-1

Additional numbers attached? Yes No

5. Name and address of party to whom correspondence concerning document should be mailed:

Name: Gregory T. Pealer

Internal Address: Chapman and Cutler

Street Address: 111 West Monroe Street

City: Chicago State: IL ZIP: 60603

6. Total number of applications and registrations involved: 88

7. Total fee (37 CFR 3.41): \$2215.00

- Enclosed
Authorized to be charged to deposit account

8. Deposit account number:

(Attach duplicate copy of this page if paying by deposit account)

DO NOT USE THIS SPACE

9. 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.

Gregory T. Pealer

Name of Person Signing

Signature

November 11, 1999

Date

Total number of pages including cover sheet, attachments, and document: 48

SCHEDULE B-1**TO SECURITY AGREEMENT
RE: INTELLECTUAL PROPERTY****REGISTERED U.S. TRADEMARKS
AND TRADEMARK APPLICATIONS**

OWNER	REGISTERED U.S. TRADEMARKS	REGISTRATION REG. NO.	DATE	
General Binding Corporation	United States	110P	1602269	06/19/1990
		Bates	0158174 Whole Line	08/29/2002
		Bates	0269975	04/22/1930
		Bates 501	0857058	09/17/1968
		Bates 640	0890057	04/28/1970
		Bates National Rule	0878175	10/07/1989
		Bates System 3000	1316674	01/29/1985
		CRT Clean	1339892	06/11/1985
		Disk Finder	1284162	07/03/1984
		Jot-A-Lot	1631598	01/15/1991
		Jot'N File	1630849	01/08/1991
		Nevada 282P	1238350	05/17/1983
		Note 'N File	1577760	01/16/1990
		Quickster	1176183	11/03/1981
		Regency	1197226	06/08/1982
		Revolver (and Design)	1477618	02/23/1988
		Royall	1473138	01/19/1988
	The Performer	1160923	07/14/1981	
	Vue File	1185729	01/12/1982	
General Binding Corporation		Achiever	1,907,088	07/25/2005
General Binding Corporation		Certex	0,378,792	06/18/1940
General Binding Corporation		Color Coil	2,021,915	12/10/1996
General Binding Corporation		GBC Diamond Film	1,923,645	10/03/1995
General Binding Corporation		Docubind	1,706,724	08/11/1992
General Binding Corporation		GBC Docuseal	1,875,810	01/24/95

OWNER	REGISTERED U.S. TRADEMARKS	REGISTRATION REG. NO.	DATE
General Binding Corporation	Dri Mount Jacket	1,217,096	11/16/82
General Binding Corporation	EZ Load	1,997,827	09/03/1996
General Binding Corporation	GBC	0705,938	10/18/1960
General Binding Corporation	GBC	0506,902	02/22/1949
General Binding Corporation	GBC	0515,284	09/20/1949
General Binding Corporation	GBC	1,268,543	02/28/84
General Binding Corporation	GBC Tuf-Cote	2,272,621	08/24/99
General Binding Corporation	GBC Logo	0987,607	07/09/1974
General Binding Corporation	Genesis	1,904,111	07/11/95
General Binding Corporation	Hi-Tac	2,090,782	08/26/1997
General Binding Corporation	Imagemaker	1,450,381	DUE 8/04/07
General Binding Corporation	Impression Maker	1,922,891	DUE 9/26/05
General Binding Corporation	Jam-Stopper	1,311,070	12/25/84
General Binding Corporation	Lay-Flat	1,849,913	08/16/1994
General Binding Corporation	Life Jacket	1,209,707	09/21/82
General Binding Corporation	Mini-Lam	0,992,442	09/03/74
General Binding Corporation	Naplam	0,983,072	05/07/74

OWNER	REGISTERED U.S. TRADEMARKS	REGISTRATION REG. NO.	DATE
General Binding Corporation	Protector	1,163,456	08/04/81
General Binding Corporation	Shredmaster	0,591,630	06/22/54
General Binding Corporation	Surebind	1,412,032	10/07/1966
General Binding Corporation	Sure-Lox	0,678,471	05/12/1959
General Binding Corporation	System One	1,949,906	01/23/96
	System Two	1,949,904	01/23/96
	System Three	1,872,438	01/10/95
	System Four Punch	1,949,905	01/23/96
General Binding Corporation	Therm-A-Bond	744,739	02/05/63
General Binding Corporation	Tri-Max	2267266	06/03/99
General Binding Corporation	Desktop Velobinder	2,236,125	03/30/1999
General Binding Corporation	Desktop Velobinder & Design	2,236,124	03/30/1999
General Binding Corporation	Docubind	1,706,724	08/11/1992
VeloBind, Incorporated	Velo	1,924,622	10/03/95
		2,144,817	03/17/1998
VeloBind, Incorporated	Velobind	0,915,898	07/00/71
		1160681	07/14/1961
VeloBind, Incorporated	Velobinder	0,974,957	12/18/1973
		1,883,519	03/14/95
VeloBind, Incorporated	Personal Velobinder	1,481,395	03/22/1988
		1,481,396	0322/1988
General Binding Corporation	Orca	1,721,429	10/06/1992
General Binding Corporation	Ghostduster	1739333	12/15/1992

OWNER	REGISTERED U.S. TRADEMARKS	REGISTRATION REG. NO.	DATE
General Binding Corporation	Ghostduster and design	1521465	01/24/1989
General Binding Corporation	Glo-write	1533080	04/04/1989
General Binding Corporation	Hi-Fi	0712148	03/07/1961
General Binding Corporation	Hi Style	1491095	08/07/1988
General Binding Corporation	I.T.M. (Logo)	1638331	03/13/1991
General Binding Corporation	Ingento and Design	1581481	02/06/1990
General Binding Corporation	Little Giant and Design	839937	12/05/1987
General Binding Corporation	Mark 'N Wipe	1536369	04/25/1989
General Binding Corporation	Neverip	745143	02/12/1983
General Binding Corporation	Omega Stylized	159540	
General Binding Corporation	P/C	770353	05/26/1964
General Binding Corporation	Quartet	1244441	07/05/1983
General Binding Corporation	Quartet Ovonics	1527855	03/07/1989
General Binding Corporation	Q The Quality Line and design	1244442	07/05/1983
General Binding Corporation	Q and Design	1597089	05/22/1990
General Binding Corporation		1583605	02/20/1990
General Binding Corporation	Sign(ware)	1843605	07/05/1994
General Binding Corporation	Signia	1551952	08/15/1989

OWNER	REGISTERED U.S. TRADEMARKS	REGISTRATION REG. NO.	DATE
General Binding Corporation	Space Options	1801532	10/28/1983
General Binding Corporation	Unimate	1472219	01/12/1988
General Binding Corporation	Weber Costello Learning Board	1756774	03/09/1993
General Binding Corporation	Writing Wall	1791567	09/07/1993

REGISTERED STATE TRADEMARKS
AND TRADEMARK APPLICATIONS

OWNER	PENDING U.S. TRADEMARK APPLICATIONS	FILING NO.	FILING DATE
General Binding Corporation	Ultima	75/522,909	07/21/98
General Binding Corporation	Keynotes		04/22/94
General Binding Corporation	Q Charts		07/15/93
General Binding Corporation	Q Rail		06/08/94

OWNER	REGISTERED STATE. TRADEMARKS	REGISTRATION REG. NO.	DATE
	NONE		

OWNER	PENDING STATE TRADEMARK APPLICATIONS	FILING NO.	FILING DATE
	NONE		

SECURITY AGREEMENT RE: INTELLECTUAL PROPERTY

This Security Agreement Re: Intellectual Property (the "*Agreement*") dated as of November 12, 1999, by and between General Binding Corporation, a Delaware corporation (the "*Company*"), and the other parties executing this Agreement under the heading "Debtors" (the Company and such other parties being hereinafter referred to collectively as the "*Debtors*" and individually as a "*Debtor*"), each with its mailing address at One GBC Plaza, Northbrook, Illinois 60062, and Harris Trust and Savings Bank, an Illinois banking corporation ("*Harris*"), with its mailing address at 111 West Monroe Street, Chicago, Illinois 60603 acting as administrative agent hereunder for the Secured Creditors hereinafter identified and defined (Harris acting as such administrative agent and any successor or successors to Harris acting in such capacity being hereinafter referred to as the "*Agent*");

PRELIMINARY STATEMENTS

A. The Company, each Subsidiary of the Company that is a signatory to the Credit Agreement as hereinafter defined, Harris, individually and as Administrative Agent, and certain other banks and financial institutions have entered into an Amended and Restated Multicurrency Credit Agreement dated as of November 12, 1999 (such Amended and Restated Multicurrency Credit Agreement as the same may be amended or modified from time to time, including amendments and restatements thereof in its entirety, being hereinafter referred to as the "*Credit Agreement*"), pursuant to which Harris and such other banks and financial institutions from time to time party to the Credit Agreement (Harris, in its individual capacity, and such other banks and financial institutions being hereinafter referred to collectively as the "*Secured Creditors*" and individually as a "*Secured Creditor*") have agreed, subject to certain terms and conditions, to extend credit and make certain other financial accommodations available to the Company and each Borrowing Subsidiary (the Company and each Borrowing Subsidiary are at times hereinafter referred to individually as a "*Borrower*" and collectively as the "*Borrowers*").

B. Each Borrower and the other Debtors may from time to time enter into one or more Hedging Arrangements with one or more of the Secured Creditors party to the Credit Agreement, or their affiliates, for the purpose of hedging or otherwise protecting any of the Borrowers against changes in interest rates, commodity prices and currency exchange rates (the Agent, the Secured Creditors and such affiliates party to such agreements and financial arrangements being hereinafter referred to collectively as the "*Secured Creditors*" and individually as a "*Secured Creditor*").

C. As a condition to extending, and continuing to extend, credit to the Borrowers under the Credit Agreement or entering into any Hedging Arrangement, the Secured Creditors have required, among other things, that each Debtor grant to the Agent for the benefit of the Secured Creditors a lien on and security interest in the personal property of such Debtor described herein subject to the terms and conditions hereof.

D. The Company owns, directly or indirectly, equity interests in each other Debtor and the Company provides each other Debtor with financial, management, administrative and

technical support which enables such Debtor to conduct its business in an orderly and efficient manner in the ordinary course.

E. Each Debtor will benefit, directly or indirectly, from credit and other financial accommodations extended by the Secured Creditors to each Borrower.

NOW, THEREFORE, for and in consideration of the execution and delivery by the Secured Creditors of the Credit Agreement, and other good and valuable consideration, receipt whereof is hereby acknowledged, the parties hereto hereby agree as follows:

Section 1. Grant of Security Interest in the Collateral; Obligations Secured. (a) Each Debtor hereby grants, bargains, sells, transfers, conveys, assigns, mortgages and pledges to the Agent for the ratable benefit of the Secured Creditors, and grants to the Agent for the ratable benefit of the Secured Creditors a security interest in, and acknowledges and agrees that the Agent has and shall continue to have for the ratable benefit of the Secured Creditors a continuing security interest in, any and all right, title and interest of each Debtor, whether now existing or hereafter acquired or arising, in and to the following:

(i) *Patents.* Patents, whether now owned or hereafter acquired, or in which such Debtor now has or hereafter acquires any rights (the term "*Patents*" means and includes (i) all letters patent of the United States of America or any other country or any political subdivision thereof, all registrations and recordings thereof, and all applications for letters patent of the United States of America or any other country or any political subdivision thereof, including, without limitation, registrations, recordings and applications in the United States Patent and Trademark Office or in any similar office or agency of the United States of America, any state thereof or any other country or any political subdivision thereof and (ii) all reissues, continuations, continuations-in-part or extensions thereof), including, without limitation, each Patent listed on Schedule A-1 hereto, and all of the inventions now or hereafter described and claimed in such Debtor's Patents;

(ii) *Patent Licenses.* Patent Licenses, whether now owned or hereafter acquired, or in which such Debtor now has or hereafter acquires any rights (the term "*Patent Licenses*" means and includes any written agreement granting to any person any right to exploit, use or practice any invention on which a Patent is owned by another person), including, without limitation, each Patent License listed on Schedule A-2 hereto, and all royalties and other sums due or to become due under or in respect of the such Debtor's Patent Licenses, together with the right to sue for and collect all such royalties and other sums;

(iii) *Trademarks.* Trademarks and Trademark registrations, whether now owned or hereafter adopted or acquired, or in which such Debtor now has or hereafter acquires any rights (the term "*Trademarks*" means and includes (i) all trademarks, trade names, trade styles, service marks and logos, all prints and labels on which said trademarks, trade names, trade styles, service marks and logos have appeared or appear and all designs and general intangibles of like nature, all registrations and recordings

thereof, and all applications in connection therewith, including, without limitation, registrations, recordings and applications in the United States Patent and Trademark Office or in any similar office or agency of the United States of America, any state thereof or any other country or any political subdivision thereof and (ii) all reissues, extensions or renewals thereof), including, without limitation, each Trademark registration listed on Schedule B-1 hereto, and all of the goodwill of the business connected with the use of, and symbolized by, each Trademark and Trademark registration and all customer lists and other records of such Debtor relating to the distribution of products bearing, or rendition of services otherwise relating to, a Trademark;

(iv) *Trademark Licenses.* Trademark Licenses, whether now owned or hereafter acquired, or in which such Debtor now has or hereafter acquires any rights (the term "*Trademark Licenses*" means and includes any written agreement granting to any person any right to use or exploit any Trademark or Trademark registration of another person), including, without limitation, the agreements described in Schedule B-2 hereto, and all of the goodwill of the business connected with the use of, and symbolized by, each Trademark licensed and all royalties and other sums due or to become due under or in respect of such Debtor's Trademark Licenses, together with the right to sue for and collect all such royalties and other sums;

(v) *Copyrights.* Copyrights and Copyright registrations, whether now owned or hereafter adopted or acquired, or in which such Debtor now has or hereafter acquires any rights (the term "*Copyrights*" means and includes (i) all copyrights, whether or not published or registered, and all works of authorship and other intellectual property and the rights therein, including, without limitation, copyrights for computer programs and data bases, copyrightable materials, and all tangible property embodying such copyrights or copyrightable materials, all registrations and recordings thereof, and all applications in connection therewith, including, without limitation, registrations, recordings and applications in the United States Copyright Office or in any similar office or agency of the United States of America, any state thereof or any other country or any political subdivision thereof, and (ii) all renewals, derivative works, enhancements, modifications, new releases and other revisions thereof, and (iii) all accounts receivable, income, royalties, damages and payments now or hereafter due and/or payable with respect thereto, including, without limitation, payments under all licenses entered into in connection therewith, and (iv) all rights corresponding thereto throughout the world), including, without limitation, each Copyright registration listed on Schedule C-1 hereto;

(vi) *Copyright Licenses.* Copyright Licenses, whether now owned or hereafter acquired, or in which such Debtor now has or hereafter acquires any rights (the term "*Copyright Licenses*" means and includes any written agreement granting to any person the right to use or exploit any Copyright or Copyright registration of another person, including, without limitation, the right to use the foregoing to prepare for sale or distribution and sell or distribute any and all inventory now or hereafter owned by such Debtor and now or hereafter covered by such licenses), including, without limitation, the license and subscription agreements listed on Schedule C-2 hereto, and all royalties and

other sums due or to become due under or in respect of such Debtor's Copyright Licenses, together with the right to sue for and collect all such royalties and other sums;

(vii) *Know-How and Trade Secret Collateral.* All know-how, inventions, processes, methods, information, data, plans, blueprints, specifications, designs, drawings, engineering reports, test reports, material standards, processing standards and performance standards, to the extent that the foregoing pertain to manufacturing, production or processing operations of such Debtor and constitute trade secrets of such Debtor, and all licenses or other similar agreements granted to or by such Debtor with respect to any of the foregoing;

(viii) *General Intangibles and Records and Cabinets.* General intangibles relating to any of the above-described property and supporting evidence and documents relating to any of the above-described property, including, without limitation, written applications, correspondence, delivery receipts and notes, together with all books of account, ledgers and cabinets in which the same are reflected or maintained, all whether now existing or hereafter arising;

(ix) *Accessions and Additions.* All accessions and additions to, and substitutions and replacements of, any and all of the foregoing, whether now existing or hereafter arising; and

(x) *Proceeds and Products.* All proceeds and products of the foregoing and all insurance of the foregoing and proceeds thereof, whether now existing or hereafter arising, including, without limitation, (i) any claim of such Debtor against third parties for damages by reason of past, present or future infringement of any Patent or any Patent licensed under any Patent License, (ii) any claim by such Debtor against third parties for damages by reason of past, present or future infringement or dilution of any Trademark or Trademark registration or of any Trademark licensed under any Trademark License, or for injury to the goodwill of the business connected with the use of, or symbolized by, any Trademark or Trademark registration or of any Trademark licensed under any Trademark License, (iii) any claim of such Debtor against third parties for damages by reason of past, present or future infringements of any Copyright or Copyright registration or of any Copyright licensed under any Copyright License, and (iv) any claim by such Debtor against third parties for damages by reason of past, present or future misappropriation or wrongful use or disclosure of any trade secret or other property or right described above or of any such trade secret or other property or right licensed under any license agreement described above, and together with the right to sue for and collect the damages described in the immediately preceding clauses (i), (ii), (iii) and (iv);

all of the foregoing being herein sometimes referred to as the "*Collateral*"; *provided, however,* that the Collateral shall neither mean nor include (i) the assets and properties of the Debtors excluded from the lien and security interest hereof by Section 7.1 of the Credit Agreement, and (ii) any license agreement under which such Debtor is licensee which, by its terms, prohibits the security interest contemplated by this Agreement. Notwithstanding anything herein to the contrary, this Agreement shall not operate as a sale, transfer, conveyance or other assignment to

the Agent of any applications by such Debtor for a Trademark based on an intent to use the same if and so long as such application is pending and not matured into a registered Trademark (such pending applications which are based on intent to use being hereinafter referred to collectively as "*Intent-To-Use Applications*"), but rather, if and so long as such Debtor's Intent-To-Use Application is pending this Agreement shall operate only to create a security interest for collateral purposes in favor of the Agent for the ratable benefit of the Secured Creditors on such Intent-To-Use Application as collateral security for the Obligations.

(b) This Agreement is made and given to secure, and shall secure, the prompt payment and performance in full when due (whether by lapse of time, acceleration or otherwise) of (i) all indebtedness, obligations and liabilities of the Borrowers under or in connection with or evidenced by (w) the Credit Agreement or (x) the Notes of each Borrower heretofore or hereafter issued under the Credit Agreement and the obligation of each Borrower to reimburse the Issuing Agent for the amount of all drawings on all Letters of Credit issued for the account of such Borrower pursuant to the Credit Agreement, and all other obligations of each Borrower under any and all applications for such Letters of Credit or (y) any of the Collateral Documents or (z) agreements with any one or more of the Secured Creditors with respect to Hedging Liability, in each case whether now existing or hereafter arising (and whether arising before or after the filing of a petition in bankruptcy), due or to become due, direct or indirect, absolute or contingent, and howsoever evidenced, held or acquired and (ii) all expenses and charges, legal or otherwise, suffered or incurred by the Agent and the Secured Creditors in collecting or enforcing any of such indebtedness, obligations and liabilities or in realizing on or protecting or preserving any security therefor, including, without limitation, the lien and security interest granted hereunder (all of the indebtedness, obligations, liabilities, expenses and charges described in clauses (i) and (ii) above being hereinafter referred to as the "*Obligations*").

Section 2. Terms Defined in Credit Agreement. All capitalized terms used herein without definition shall have the same meanings herein as such terms have in the Credit Agreement.

Section 3. No Release. Nothing set forth in this Agreement shall relieve any Debtor from the performance of any term, covenant, condition or agreement on such Debtor's part to be performed or observed under or in respect of any of the Collateral or from any liability to any party under or in respect of any of the Collateral or impose any obligation on the Agent or any Secured Creditor to perform or observe any such term, covenant, condition or agreement on such Debtor's part to be so performed or observed or impose any liability on the Agent or any Secured Creditor for any act or omission on the part of such Debtor relative thereto or for any breach of any representation or warranty on the part of such Debtor contained in this Agreement or under or in respect of the Collateral or made in connection herewith or therewith.

Section 4. Use of Collateral. Notwithstanding anything to the contrary contained in this Agreement, until an Event of Default hereunder has occurred and is continuing and thereafter until otherwise notified by the Agent, each Debtor may continue to exploit, license, use, enjoy and protect the Collateral throughout the world and the Agent shall from time to time execute and deliver, upon written request of such Debtor, any and all instruments, certificates or other documents, in the form so requested, necessary or appropriate in the reasonable judgment

of such Debtor to enable such Debtor to continue to exploit, license, use, enjoy and protect the Collateral throughout the world.

Section 5. Representations and Warranties of the Debtors. Each Debtor hereby represents and warrants to the Agent and the Secured Creditors as follows:

(a) Each Debtor is, and, as to the Collateral acquired by it from time to time after the date hereof, such Debtor will be, the owner or, as applicable, licensee of all the Collateral. Each Debtor's rights in the Collateral are and shall remain free and clear of any lien, pledge, security interest, encumbrance, license, assignment, collateral assignment or charge of any kind, including, without limitation, any filing of or agreement to file a financing statement as debtor under the Uniform Commercial Code or any similar statute, except for the lien and security interest created by this Agreement and except as permitted by Schedule D attached hereto and the Credit Agreement (collectively, the "*Permitted Encumbrances*"). Each Debtor has made no previous assignment, conveyance, transfer or agreement in conflict herewith. Each Debtor further represents and warrants to the Agent and each Secured Creditor that Schedules A-1, A-2, B-1, B-2, C-1 and C-2 hereto, respectively, are true and correct lists of all Patents, Patent Licenses, Trademarks, Trademark Licenses, Copyrights and Copyright Licenses owned or used by such Debtor as of the date hereof and that Schedules A-1, A-2, B-1, B-2, C-1 and C-2 are true and correct with respect to the matters set forth therein as of the date hereof.

(b) Each Debtor has full corporate power to pledge and grant a security interest in all the Collateral pursuant to this Agreement.

(c) No authorization, consent, approval, license, qualification or exemption from, nor any filing, declaration or registration with, any court, governmental agency or regulatory authority, or with any securities exchange or any other party, is required in connection with (i) such Debtor's execution, delivery or performance of this Agreement, (ii) such Debtor's grant of a security interest (including the priority thereof when the appropriate filings have been made and accepted) in the Collateral in the manner and for the purpose contemplated by this Agreement or (iii) the rights of the Agent and Secured Creditors created hereby, except those that have already been obtained or made and those referred to in paragraph (f) of this Section.

(d) Each Debtor owns directly or has rights to use all the Collateral and all rights with respect to any of the foregoing used in, necessary for or of importance to the business of such Debtor in the ordinary course as presently conducted. The use of the Collateral and all rights with respect to the foregoing by such Debtor does not, to such Debtor's knowledge after due inquiry, infringe on the rights of any party, nor has any claim of such infringement been made.

(e) Upon filings and the acceptance thereof in the appropriate offices under the Uniform Commercial Code and in the United States Patent and Trademark Office and the United States Copyright Office, this Agreement will create a valid and duly perfected

first priority lien and security interest in the Collateral located in the United States of America subject to no prior liens or encumbrances, except as permitted in the Credit Agreement.

(f) To each Debtor's knowledge after due inquiry, no claim has been made and remains outstanding that such Debtor's use of any of the Collateral does or may violate the rights of any third person.

Section 6. Covenants and Agreements of the Debtors. Each Debtor hereby covenants and agrees with the Agent and the Secured Creditors as follows:

(a) On a continuing basis, but subject to Section 7.1 of the Credit Agreement, such Debtor will, at the expense of such Debtor, subject to any prior licenses, encumbrances and restrictions and prospective licenses, encumbrances and restrictions permitted hereunder, make, execute, acknowledge and deliver, and file and record in the proper filing and recording places within the United States of America, all such instruments, including, without limitation, appropriate financing and continuation statements and collateral agreements, and take all such action, as may reasonably be deemed necessary or advisable by the Agent (i) to carry out the intent and purposes of this Agreement, (ii) to assure and confirm to the Agent the grant and perfection of a first priority security interest in the Collateral for the benefit of the Secured Creditors or (iii) to enable the Agent to exercise and enforce its rights and remedies hereunder with respect to any Collateral.

(b) Without limiting the generality of the foregoing paragraph (a) of this Section, each Debtor (i) will not enter into any agreement that would impair or conflict with such Debtor's obligations hereunder, (ii) will, promptly following its becoming aware thereof, notify the Agent and the Secured Creditors of (x) any final adverse determination in any proceeding reasonably expected by such Debtor to be materially adverse in the United States Patent and Trademark Office or United States Copyright Office with respect to any of the Collateral or (y) the institution of any proceeding or any adverse determination in any federal, state, local or foreign court or administrative bodies regarding such Debtor's claim of ownership in or right to use any of the Collateral, its right to register any such Collateral or its right to keep and maintain such registration; (iii) will properly maintain and care for the Collateral to the extent necessary for the conduct of the business of such Debtor in the ordinary course as presently conducted and consistent with such Debtor's current practice; (iv) will not grant or permit to exist any lien or encumbrance upon or with respect to the Collateral or any portion thereof except the Permitted Encumbrances and will not execute any security agreement or financing statement covering any of the Collateral except in the name of the Agent; (v) will not permit to lapse or become abandoned, or settle or compromise any pending or future material litigation or material administrative proceeding, with respect to any Collateral without the prior written consent of the Agent or contract for sale or otherwise sell, convey, assign or dispose of, or grant any option with respect to, the Collateral or any portion thereof, except in connection with dispositions permitted by the Credit Agreement; (vi) upon any responsible officer of such Debtor obtaining knowledge

thereof, will promptly notify the Agent and the Secured Creditors in writing of any event which may reasonably be expected to materially and adversely affect the value of any of the Collateral, the ability of such Debtor or the Agent to dispose of any such Collateral or the rights and remedies of the Agent in relation thereto, including, without limitation, a levy or threat of levy or any legal process against any such Collateral; (vii) will diligently keep reasonable records respecting the Collateral; (viii) hereby authorizes the Agent, in its sole discretion, to file one or more financing or continuation statements relative to all or any part of the Collateral without the signature of such Debtor where permitted by law; (ix) will furnish to the Agent and any Secured Creditor from time to time statements and schedules further identifying and describing the Collateral and such other materials evidencing or reports pertaining to the Collateral as the Agent or such Secured Creditor may reasonably request, all in reasonable detail; (x) will pay when due any and all taxes, levies, maintenance fees, charges, assessments, licenses fees and similar taxes or impositions payable in respect of the Collateral except to the extent being contested in good faith by appropriate proceedings which prevent the enforcement of the matter being contested (and such Debtor has established adequate reserves therefor) and preclude interference with the operation of the business of such Debtor in the ordinary course; and (xi) comply in all material respects with all laws, rules and regulations applicable to the Collateral.

(c) If any Debtor shall (i) obtain any rights to any new invention (whether or not patentable), know-how, trade secret, design, process, procedure, formula, diagnostic test, service mark, trademark, trademark registration, trade name, copyright, copyright registration, or license or (ii) become entitled to the benefit of any patent, patent application, service mark, trademark, trademark application, trademark registration, copyright, copyright application, copyright registration, license renewal or copyright renewal or extension, or patent for any reissue, division, continuation, renewal, extension, or continuation-in-part of any Patent or any improvement on any Patent, the provisions of this Agreement shall automatically apply thereto and the same shall automatically constitute Collateral and be and become subject to the assignment, lien and security interest created hereby without further action by any party, all to the same extent and with the same force and effect as if the same had originally been Collateral hereunder. If any Debtor so obtains or becomes entitled to any of the foregoing rights described in clauses (i) and (ii) above, such Debtor shall promptly give written notice thereof to the Agent. Each Debtor agrees, promptly following written request therefor by the Agent, to confirm the attachment of the lien and security interest created hereby to any such rights described in clauses (i) and (ii) above by execution of an instrument in form and substance acceptable to the Agent.

(d) Each Debtor hereby authorizes the Agent to modify this Agreement by amending Schedules A-1, A-2, B-1, B-2, C-1 and C-2 hereto to include any future Collateral.

(e) Each Debtor shall prosecute diligently applications for the Patents, Trademarks and Copyrights now or hereafter pending that in such Debtor's reasonable judgment would be materially beneficial to the business of such Debtor in the ordinary

course, make application on unpatented but patentable inventions and registrable but unregistered Trademarks and Copyrights that in such Debtor's reasonable judgment would be materially beneficial to the business of such Debtor in the ordinary course, file and prosecute opposition and cancellation proceedings and do all acts necessary to preserve and maintain all its rights in the Collateral, unless as to any Patent, Trademark or Copyright, in the reasonable judgment of such Debtor, such Patent, Trademark or Copyright has become obsolete to the business of such Debtor. Any expenses incurred in connection with such actions shall be borne by such Debtor.

Section 7. Grant of License to Patents, Trademarks, Copyrights, Etc. Without in any way limiting the scope of the lien and security interest created hereby, each Debtor hereby grants to the Agent for the ratable benefit of the Secured Creditors an irrevocable, nonexclusive license and right to use all of such Debtor's Patents, Patent applications, Patent Licenses, Trademarks, Trademark registrations, Trademark Licenses, trade names, trade styles, Copyrights, Copyright registrations, Copyright Licenses and similar intangibles in the processing, production, marketing, distribution or sale by the Agent of all or any part of its collateral for the Obligations in connection with and solely in connection with any foreclosure or other realization on such collateral. The license and rights granted the Agent hereby shall be exercisable without the payment of any royalty, fee, charge or any other compensation to such Debtor or any other party. Such license and rights shall include reasonable access to all records in which any of the licensed items may be recorded or stored. Such license and rights shall be absolute and unconditional to the extent used for the purpose stated above.

Section 8. Supplements; Further Assurances. Each Debtor (i) agrees that it will join with the Agent in executing and, at such Debtor's own expense, file and refile, or permit the Agent to file and refile, such financing statements, continuation statements and other instruments and documents (including without limitation this Agreement) in such offices (including, without limitation, the United States Patent and Trademark Office and the United States Copyright Office) as the Agent may reasonably deem necessary or appropriate in order to perfect and preserve the rights and interests granted to the Agent hereunder and (ii) hereby authorizes the Agent to file and refile such instruments and documents and any other instruments or documents related thereto without the signature of such Debtor where permitted by law and (iii) agrees to do such further acts and things, and to execute and deliver to the Agent such additional instruments and documents, as the Agent may reasonably require to carry into effect the purposes of this Agreement or to better assure and confirm unto the Agent its respective rights, powers and remedies hereunder. All of the foregoing are to be at the sole cost of such Debtor. Any costs of the foregoing incurred by the Agent shall be payable by such Debtor upon demand, together with interest thereon from the date of incurrence at the Default Rate (as hereinafter defined) until so paid, and shall constitute additional Obligations hereunder.

Section 9. The Agent May Perform. If any Debtor fails to perform any agreement contained herein after receipt of a written request to do so from the Agent, the Agent may itself perform, or cause performance of, such agreement, and the expenses of the Agent, including the fees and expenses of its counsel, so incurred in connection therewith shall be payable by such Debtor under Section 14 hereof.

Section 10. Remedies Upon Default. (a) The occurrence of any one or more of the following events shall constitute an "Event of Default" hereunder:

(i) default in the observance or performance of any covenant dealing with the use or remittance of proceeds of Collateral; or

(ii) default in the observance or performance of any other provision hereof which is not remedied within 30 days after written notice thereof to the Company by the Agent; or

(iii) the occurrence of any event or the existence of any condition which is specified as an Event of Default under the Credit Agreement.

(b) Upon the occurrence and during the continuation of any Event of Default hereunder, the Agent shall have, in addition to all other rights provided herein or by law, the rights and remedies of a secured party under the Uniform Commercial Code as enacted in the State of Illinois and any successor statute(s) thereto (regardless of whether such Uniform Commercial Code is the law of the jurisdiction where the rights or remedies are asserted and regardless of whether such Uniform Commercial Code applies to the affected Collateral), and further the Agent may, without demand and without advertisement, notice, hearing or process of law, all of which each Debtor hereby waives, at any time or times, sell and deliver any or all of the Collateral at reasonable public or private sale, for cash, upon credit or otherwise, at such prices and upon such terms as the Agent deems advisable, in its sole discretion. In addition to all other sums due the Agent or any Secured Creditor hereunder, the Debtors shall pay the Agent and any Secured Creditor all costs and expenses incurred by the Agent or such Secured Creditor, including attorneys' fees and reasonable court costs, in obtaining, liquidating or enforcing payment of the Collateral or the Obligations or in the prosecution or defense of any action or proceeding by or against the Agent, such Secured Creditor or any Debtor concerning any matter arising out of or connected with this Agreement or the Collateral or the Obligations, including, without limitation, any of the foregoing arising in, arising under or related to a case under the United States Bankruptcy Code, as amended (or any successor statute). Any requirement of reasonable notice shall be met if such notice is personally served on or mailed, postage prepaid, to the Company in accordance with Section 17(b) hereof at least ten (10) days before the time of sale or other event giving rise to the requirement of such notice; *however*, no notification need be given to the Company if the Company has signed, after an Event of Default hereunder has occurred, a statement renouncing any right to notification of sale or other intended disposition. The Agent shall not be obligated to make any sale or other disposition of the Collateral regardless of notice having been given. The Agent or any Secured Creditor may be the purchaser at any such sale. Each Debtor hereby waives all of its rights of redemption from any such sale. Subject to the provisions of applicable law, the Agent may postpone or cause the postponement of the sale of all or any portion of the Collateral by announcement at the time and place of such sale, and such sale may, without further notice, be made at the time and place to which the sale was postponed or the Agent may further postpone such sale by announcement made at such time and place.

(c) Without in any way limiting the foregoing, upon the occurrence and during the continuation of any Event of Default hereunder, the Agent may, to the full extent permitted by applicable law, with ten (10) days' prior notice to the Company, and without advertisement, notice, hearing or process of law of any other kind, all of which each Debtor hereby waives, (i) exercise any and all rights as beneficial and legal owner of the Collateral, including, without limitation, any and all consensual rights and powers with respect to the Collateral and (ii) sell or assign or grant a license to use, or cause to be sold or assigned or granted a license to use, any or all of the Collateral or any part hereof, in each case free of all rights and claims of each Debtor therein and thereto. In that connection, the Agent shall have the right to cause any or all of the Collateral to be transferred of record into the name of the Agent or its nominee as well as the right to impose (i) such limitations and restrictions on the sale or assignment of the Collateral as the Agent may deem to be necessary or appropriate to comply with any law, rule or regulation, whether federal, state or local, having applicability to the sale or assignment and (ii) requirements for any necessary governmental approvals.

(d) In the event the 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 Agent, then and in every such case each Debtor, the Agent and each Secured Creditor shall be restored to their respective former positions and rights hereunder with respect to the Collateral, and all rights, remedies and powers of the Agent and the Secured Creditors shall continue as if no such proceeding had been instituted.

(e) Failure by the Agent to exercise any right, remedy or option under this Agreement or any other agreement between any Debtor and the Agent or provided by law, or delay by the Agent in exercising the same, shall not operate as a waiver; no waiver shall be effective unless it is in writing, signed by the party against whom such waiver is sought to be enforced and then only to the extent specifically stated. For purposes of this Agreement, an Event of Default shall be construed as continuing after its occurrence until the same is waived in writing by the Banks or the Required Banks, as the case may be, in accordance with the terms of the Credit Agreement. Neither the Agent, nor any Secured Creditor, nor any party acting as attorney for the Agent or any Secured Creditor, shall be liable hereunder for any acts or omissions or for any error of judgment or mistake of fact or law other than their gross negligence or willful misconduct. The rights and remedies of the Agent under this Agreement shall be cumulative and not exclusive of any other right or remedy which the Agent or the Secured Creditors may have.

Section 11. The Agent Appointed Attorney-in-Fact. Each Debtor hereby irrevocably appoints the Agent, its nominee, or any other person whom the Agent may designate as such Debtor's attorney-in-fact, with full authority in the place and stead of such Debtor and in the name of such Debtor, the Agent or otherwise, upon the occurrence and during the continuation of any Event of Default hereunder, or if such Debtor fails to perform any agreement contained herein, then to the extent necessary to enable the Agent to perform such agreement itself, from time to time in the Agent's discretion, to take any action and to execute any instrument which the Agent may deem necessary or advisable to accomplish the purposes of this Agreement, including, without limitation, to prosecute diligently any patent, trademark or copyright or any application for Patents, Trademarks or Copyrights pending as of the date of this Agreement or

thereafter until the Obligations shall have been fully paid and satisfied and the commitments of the Secured Creditors to extend credit to or for the account of each Borrower under the Credit Agreement shall have terminated, to make application on unpatented but patentable inventions and registrable but unregistered Trademarks and Copyrights, to file and prosecute opposition and cancellation proceedings, to do all other acts necessary or desirable to preserve all rights in Collateral and otherwise to file any claims or take any action or institute any proceedings which the Agent may deem necessary or desirable to enforce the rights of the Agent and the Secured Creditors with respect to any of the Collateral. Each Debtor hereby ratifies and approves all acts of any such attorney and agrees that neither the Agent nor any such attorney will be liable for any acts or omissions nor for any error of judgment or mistake of fact or law other than their gross negligence or willful misconduct. The foregoing power of attorney, being coupled with an interest, is irrevocable until the Obligations have been fully paid and satisfied and the commitments of the Secured Creditors to extend credit to or for the account of each Borrower under the Credit Agreement have terminated.

Section 12. Application of Proceeds. The proceeds and avails of the Collateral at any time received by the Agent upon the occurrence and during the continuation of any Event of Default hereunder, including, without limitation, the proceeds of any sale made under or by virtue of the provisions of Section 10 of this Agreement, shall, when received by the Agent in cash or its equivalent, be applied by the Agent in reduction of the Obligations as set forth in Section 6.9 of the Credit Agreement. Each Debtor shall remain liable to the Agent and the Secured Creditors for any deficiency. Any surplus remaining after the full payment and satisfaction of the Obligations shall be returned to the Company or to whomsoever the Agent reasonably determines is lawfully entitled thereto.

Section 13. Indemnification; Litigation. (a) Each Debtor hereby indemnifies the Agent and the Secured Creditors for any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements (including attorneys' fees) of any kind and nature whatsoever which may be imposed on, incurred by or asserted against the Agent, the Secured Creditors or any of them in any way relating to or arising out of, directly or indirectly, the manufacture, use or sale of products or processes utilizing or embodying any Collateral or any transactions contemplated hereby or any enforcement of the terms hereof; *provided, however,* that such Debtor shall not be liable for any of the foregoing to the extent they arise from the gross negligence or willful misconduct of the party to be indemnified hereunder.

(b) Each Debtor shall have the right to commence and prosecute in its own name, as real party in interest, for its own benefit and at its own expense, such applications for protection of the Collateral, suits, proceedings or other actions for infringement, unfair competition, dilution or other damage as are in its reasonable business judgment necessary to protect the Collateral. To the extent required by Section 6(b)(ii), each Debtor shall promptly notify the Agent and the Secured Creditors in writing as to the commencement and prosecution of any such actions, or threat thereof, relating to the Collateral and shall provide to the Agent and the Secured Creditors such information with respect thereto as may be reasonably requested. The Agent and the Secured Creditors shall provide all reasonable and necessary cooperation in connection with any such suit, proceeding or action, including, without limitation, joining as a necessary party. Each Debtor shall indemnify and hold harmless the Agent and the Secured Creditors for any and all

liabilities, obligations, losses, damages, penalties, actions, judgments, suits, expenses or disbursements (including attorneys' fees) of any kind and nature whatsoever which may be imposed on, incurred by or asserted against the Agent or any Secured Creditor in connection with or in any way arising out of such suits, proceedings or other actions; *provided, however*, that such Debtor shall not be liable for any of the foregoing to the extent they arise from the gross negligence or willful misconduct of the party to be indemnified hereunder.

(c) Upon the occurrence and during the continuation of any Event of Default hereunder, the Agent shall have the right, but shall in no way be obligated, to file applications for protection of the Collateral or bring suit in the name of such Debtor, the Agent or the Secured Creditors to enforce the Collateral. In the event of such suit, such Debtor shall, at the request of the Agent, do any and all lawful acts and execute any and all documents required by the Agent in aid of such enforcement and such Debtor shall promptly, upon demand, reimburse and indemnify the Agent, as the case may be, for all costs and expenses incurred by the Agent in the exercise of its rights under this Section. In the event that the Agent shall elect not to bring suit to enforce the Collateral, such Debtor agrees, to the extent required by Section 6, to use all reasonable measures, whether by action, suit, proceeding or otherwise, to prevent the infringement of any of the Collateral by others and for that purpose agrees to diligently maintain any action, suit or proceeding against any person so infringing necessary to prevent such infringement.

Section 14. Expenses. Each Debtor will, upon demand, pay to the Agent the amount of any and all costs and expenses, including the fees and expenses of its counsel and the fees and expenses of any experts and agents, which the Agent or any Secured Creditor may incur in connection with (i) the enforcement and administration of this Agreement (including, without limitation, the filing or recording of any documents), (ii) the custody or preservation of, or the sale of, collection from, or other realization upon, any of the Collateral, (iii) the exercise or enforcement of any of the rights of the Agent or any Secured Creditor hereunder or (iv) the failure by such Debtor to perform or observe any of the provisions hereof to the extent reimbursable under Section 17.15 of the Credit Agreement. All amounts payable by such Debtor under this Section shall be due from such Debtor upon demand and shall bear interest from the date incurred by the Agent or Secured Creditor, as appropriate, at the rate per annum (the "Default Rate") determined by adding 2% to the sum of (x) the Domestic Rate Margin plus (y) the Domestic Rate from time to time in effect (with the Default Rate computed on the basis of a year of 365 or 366 days, as the case may be, for the actual number of days elapsed and any change in the Default Rate resulting from a change in such Domestic Rate to be effective on the date of the relevant change in such Domestic Rate). All amounts so payable, together with such interest thereon, shall be part of the Obligations. Each Debtor's obligations under this Section shall survive the termination of this Agreement and the discharge of such Debtor's other obligations hereunder.

Section 15. Termination and Release. This Agreement is made for collateral purposes only. This Agreement shall be a continuing agreement in every respect and shall remain in full force and effect until all of the Obligations, both for principal and interest, have been fully paid and satisfied and the commitments of the Secured Creditors to extend credit to or for the account of each Borrower under the Credit Agreement shall have terminated. Upon such termination of this Agreement, the Agent shall, upon the request and at the expense of each Debtor, forthwith

assign, transfer and deliver, against receipt and without recourse to the Agent, such of the Collateral as may then be in the possession of the Agent and as shall not have been sold or otherwise applied pursuant to the terms hereof to or on the order of such Debtor. Said assignment, transfer and delivery shall include an instrument in form recordable in the United States Patent and Trademark Office or the United States Copyright Office, as the case may be, by which the Agent shall terminate, release and, without representation, recourse or warranty, reassign to such Debtor all rights in each Patent, Patent License, Trademark, Trademark License, Copyright and Copyright License, including each registration thereof and application therefor, conveyed and transferred to the Agent pursuant to this Agreement.

Section 16. The Agent. In acting under or by virtue of this Agreement, the Agent shall be entitled to all the rights, authority, privileges and immunities provided in Section 15 of the Credit Agreement, all of which provisions of said Section 15 are incorporated by reference herein with the same force and effect as if set forth herein. The Agent hereby disclaims any representation or warranty to Secured Creditors concerning the perfection of the security interest granted hereunder or the value of the Collateral.

Section 17. Miscellaneous. (a) This Agreement cannot be changed or terminated orally. This Agreement shall create a continuing security interest in the Collateral and shall be binding upon each Debtor, its successors and assigns and shall inure, together with the rights and remedies of the Agent and the Secured Creditors hereunder, to the benefit of the Agent, the Secured Creditors and their successors and assigns; *provided, however,* that such Debtor may not assign its rights or delegate its duties hereunder without the Agent's prior written consent. Without limiting the generality of the foregoing, and subject to the provisions of Sections 17.10 and 17.11 of the Credit Agreement, any Secured Creditor may assign or otherwise transfer any indebtedness held by it secured by this Agreement to any other person or entity, and such other person or entity shall thereupon become vested with all the benefits in respect thereof granted to such Secured Creditor herein or otherwise, subject, however, to the provisions of the Credit Agreement. Each Debtor hereby releases the Agent from any liability for any act or omission relating to the Collateral or this Agreement, except the Agent's gross negligence or willful misconduct.

(b) Except as otherwise specified herein, all communications hereunder shall be in writing (including cable, telecopy and telex) and shall be given to the relevant party, and shall be deemed to have been made when given to the relevant party, in accordance with Section 17.8 of the Credit Agreement.

(c) No Secured Creditor shall have the right to institute any suit, action or proceeding in equity or at law for the foreclosure against any Collateral subject to this Agreement or for the execution of any trust or power hereof or for the appointment of a receiver, or for the enforcement of any other remedy under or upon this Agreement; it being understood and intended that no one or more of the Secured Creditors shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of this Agreement by its or their action or to enforce any right hereunder, and that all proceedings at law or in equity shall be instituted, had and maintained by the Agent in the manner herein provided and for the ratable benefit of the Secured Creditors.

(d) In the event that any provision hereof shall be deemed to be invalid by reason of the operation of any law or by reason of the interpretation placed thereon by any court, this Agreement shall be construed as not containing such provision, but only as to such jurisdictions where such law or interpretation is operative, and the invalidity of such provision shall not affect the validity of any remaining provision hereof, and any and all other provisions hereof which are otherwise lawful and valid shall remain in full force and effect.

(e) This Agreement shall be deemed to have been made in the State of Illinois and shall be governed by and construed in accordance with the laws of the State of Illinois, without regard to principles of conflicts of law, except as required by mandatory provisions of law and except to the extent that the validity or perfection of the security interest hereunder, or remedies hereunder, in respect of any particular Collateral are governed by the laws of a jurisdiction other than the State of Illinois. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning of any provision hereof.

(f) Each Debtor hereby submits to the non-exclusive jurisdiction of the United States District Court for the Northern District of Illinois and of any Illinois state court sitting in the City of Chicago for purposes of all legal proceedings arising out of or relating to this Agreement or the transactions contemplated hereby. Each Debtor irrevocably waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of the venue of any such proceeding brought in such a court and any claim that any such proceeding brought in such a court has been brought in an inconvenient form. EACH DEBTOR AND THE AGENT HEREBY IRREVOCABLY WAIVE ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

(g) This Agreement may be executed in any number of counterparts and by different parties hereto on separate counterpart signature pages, each constituting an original, but all together one and the same instrument.

(h) The lien and security interest herein created and provided for stand as direct and primary security for the obligations of each Borrower arising under or otherwise relating to the Credit Agreement as well as for any of the other Obligations secured hereby. No application of any sums received by the Secured Creditors in respect of the Collateral or any disposition thereof to the reduction of the Obligations or any part thereof shall in any manner entitle any Debtor to any right, title or interest in or to the Obligations or any collateral or security therefor, whether by subrogation or otherwise, unless and until all Obligations have been fully paid and satisfied and all agreements of the Secured Creditors to extend credit to or for the account of each Borrower under the Credit Agreement have expired or otherwise terminated. Each Debtor acknowledges that the lien and security interest hereby created and provided are absolute and unconditional and shall not in any manner be affected or impaired by any acts of omissions whatsoever of any Secured Creditor or any other holder of any Obligations, and without limiting the generality of the foregoing, the lien and security interest hereof shall not be impaired by any acceptance by the Secured Creditors or any other holder of any Obligations of any other security for or guarantors upon any of the Obligations or by any failure, neglect or omission on the part of any Secured Creditor or any other holder of any Obligations to realize upon or protect any of the


Obligations or any collateral or security therefor (including, without limitation, impairment of collateral or failure to perfect security interest in collateral). The lien and security interest hereof shall not in any manner be impaired or affected by (and the Secured Creditors, without notice to anyone, are hereby authorized to make from time to time) any sale, pledge, surrender, compromise, settlement, release, renewal, extension, indulgence, alteration, substitution, exchange, change in, modification or disposition of any of the Obligations or of any collateral or security therefor, or of any guaranty thereof, or of any instrument or agreement setting forth the terms and conditions pertaining to any of the foregoing. The Secured Creditors may at their discretion at any time grant credit to any Borrower without notice to the other Debtors in such amounts and on such terms as the Secured Creditors may elect (all of such to constitute additional Obligations hereby secured) without in any manner impairing the lien and security interest created and provided for herein. In order to realize hereon and to exercise the rights granted the Secured Creditors hereunder and under applicable law, there shall be no obligation on the part of any Secured Creditor or any other holder of any Obligations at any time to first resort for payment to any Borrower or to any other Debtor or to any guaranty of the Obligations or any portion thereof or to resort to any other collateral, security, property, liens or any other rights or remedies whatsoever, and the Secured Creditors shall have the right to enforce this Agreement against any Debtor or any of its Collateral irrespective of whether or not other proceedings or steps seeking resort to or realization upon or from any of the foregoing are pending.

(i) After an Event of Default occurs, the Agent, or a conservator appointed by the Agent, shall have the right to establish such reasonable additional product quality controls as the Agent or such conservator, in its sole and absolute judgment, may deem necessary to assure maintenance of the quality of products sold by the Debtors under the Trademarks and the Trademark Licenses or in connection with which such Trademarks and Trademark Licenses are used, except to the extent that the imposition of such additional product quality controls upon a third party violates the provisions of any License. The Debtors shall not change the quality of such products in any material respect with the Agent's prior written consent.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, each Debtor has caused this Agreement to be duly executed as of the date first above written.

GENERAL BINDING CORPORATION

By 

Name Steve Rubin

Title Vice President, Secretary, General Counsel

GBC INTERNATIONAL, INC.

By 

Name Steve Rubin

Title Vice President, Secretary

GBC INDIA HOLDINGS INC.

By 

Name Steve Rubin

Title Vice President, Secretary

VELOBIND, INCORPORATED

By 

Name Steve Rubin

Title Vice President, Secretary

Accepted and agreed to in Chicago, Illinois as of the date first above written.

HARRIS TRUST AND SAVINGS BANK,
as Agent as aforesaid for the Secured
Creditors

By _____

Name _____

Title _____

IN WITNESS WHEREOF, each Debtor has caused this Agreement to be duly executed as of the date first above written.

GENERAL BINDING CORPORATION

By _____
Name _____
Title _____

GBC INTERNATIONAL, INC.

By _____
Name _____
Title _____

GBC INDIA HOLDINGS INC.

By _____
Name _____
Title _____

VELOBIND, INCORPORATED

By _____
Name _____
Title _____

Accepted and agreed to in Chicago, Illinois as of the date first above written.

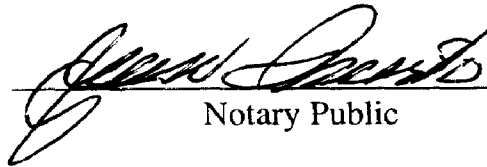
HARRIS TRUST AND SAVINGS BANK,
as Agent as aforesaid for the Secured
Creditors

By [Signature]
Name Raymond Whitehouse
Title Managing Director

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

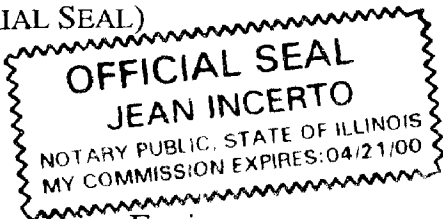
I, Jean Incerto, a Notary Public in and for said County, in the State aforesaid, do hereby certify that Steve Rubin, _____ of General Binding Corporation, a Delaware corporation, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument as such Vice President, appeared before me this day in person and acknowledged that he signed and delivered the said instrument as his own free and voluntary act and as the free and voluntary act and deed of said corporation for the uses and purposes therein set forth.

Given under my hand and notarial seal, this 12th day of November, 1999.



Notary Public

(NOTARIAL SEAL)



My Commission Expires:

APRIL 21, 2000

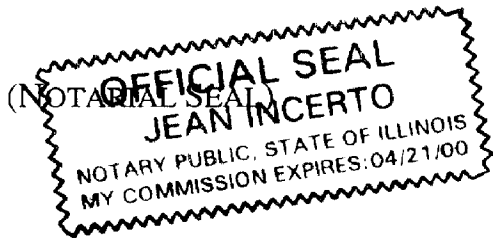
Jean Incerto

(Type or Print Name)

STATE OF ILLINOIS)
) SS
COUNTY OF Cook)

I, Jean Incerto, a Notary Public in and for said County, in the State aforesaid, do hereby certify that Steve Rubin, of GBC International, Inc., a Nevada corporation, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument as such Vice President, appeared before me this day in person and acknowledged that he signed and delivered the said instrument as his own free and voluntary act and as the free and voluntary act and deed of said corporation for the uses and purposes therein set forth.

Given under my hand and notarial seal, this 12th day of November, 1999.



[Signature]
Notary Public

Jean Incerto
(Type or Print Name)

My Commission Expires:

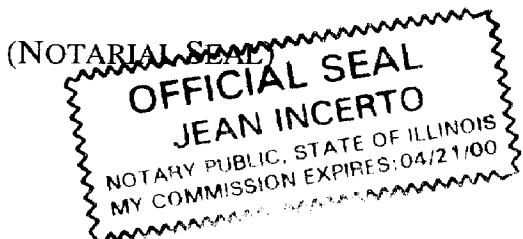
April 21, 2000

STATE OF ILLINOIS)
) SS
COUNTY OF Cook)

I, Jean Incerto, a Notary Public in and for said County, in the State aforesaid, do hereby certify that Steve Rubin, of GBC India Holdings Inc., a Nevada corporation, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument as such Vice President, appeared before me this day in person and acknowledged that he signed and delivered the said instrument as his own free and voluntary act and as the free and voluntary act and deed of said corporation for the uses and purposes therein set forth.

Given under my hand and notarial seal, this 12th day of November, 1999.

Jean Incerto
Notary Public



Jean Incerto
(Type or Print Name)

My Commission Expires:

April 21, 2000

STATE OF ILLINOIS)
) SS
COUNTY OF Cook)

I, Jean Incerto, a Notary Public in and for said County, in the State aforesaid, do hereby certify that Steve Rubin, of VeloBind, Incorporated, a Delaware corporation, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument as such Vice President, appeared before me this day in person and acknowledged that he signed and delivered the said instrument as his own free and voluntary act and as the free and voluntary act and deed of said corporation for the uses and purposes therein set forth.

Given under my hand and notarial seal, this 12th day of November, 1999.

Jean Incerto
Notary Public



Jean Incerto
(Type or Print Name)

My Commission Expires:

APRIL 21, 2000

STATE OF Illinois)
) SS
COUNTY OF Cook)

I, Maureen M Ferrara, a Notary Public in and for said County, in the State aforesaid, do hereby certify that Raymond Whitacre, Managing Director of Harris Trust and Savings Bank, as Agent, an Illinois banking corporation, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument as such Managing Director, appeared before me this day in person and acknowledged that she/he signed and delivered the said instrument as her/his own free and voluntary act and as the free and voluntary act and deed of said banking corporation for the uses and purposes therein set forth.

Given under my hand and notarial seal, this 12th day of November, 1999.



(NOTARIAL SEAL)

Maureen M Ferrara
Notary Public

Maureen M. Ferrara
(Type or Print Name)

My Commission Expires:

10-15-03

SCHEDULE A-1**TO SECURITY AGREEMENT
RE: INTELLECTUAL PROPERTY****U.S. PATENT NUMBERS
AND PENDING U.S. PATENT APPLICATION NUMBERS**

OWNER	U.S. PATENT NUMBER	TITLE OF PATENT	DATE ISSUED
General Binding Corporation	5,626,969	Method for manufacturing film for lamination	05/06/97
General Binding Corporation	5,316,609	Encapsulating laminator	05/31/94
General Binding Corporation	5301477 Utility	Panel System	04/12/94
General Binding Corporation	D352398 Design	Easel Design	11/15/94
General Binding Corporation	5478040 Utility	Portable Easel	12/26/95
General Binding Corporation	D377368 Design	Rotary Paper Trimmer	01/14/97
General Binding Corporation	5,913,615 Utility	Open-Close Sign Structure	06/22/99
General Binding Corporation	5,704,147 Utility	Magnetic Letter Boards and Letters	01/06/98
General Binding Corporation	D405119 Design	Slidable Open-close Sign	02/02/99
General Binding Corporation	5,662,303 Utility	Portable Easel Having	09/02/97
General Binding Corporation	5,478,040 Utility	Portable Easel	12/26/95
General Binding Corporation	5,301,477 Utility	Panel System	04/12/94
General Binding Corporation	D414991 Design	Stapler	09/21/99

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OWNER	U.S. PATENT NUMBER	TITLE OF PATENT	DATE ISSUED
General Binding Corporation	D408179 Design	Board Holder or Support	02/20/99
General Binding Corporation	D404208 Design	Reversible Easel	01/19/99
General Binding Corporation	D352398 Design	Easel Design	11/15/94
General Binding Corporation	D409651 Design	Paper Cutter	05/22/99
General Binding Corporation	5,971,689	Binding machine with pivotal comb member	10/26/99
General Binding Corporation	5,951,008	Offsetting paper stackers	09/14/99
General Binding Corporation	5,934,340	Automated spiral binding machine	08/10/99
General Binding Corporation	D410,946	Shredder	06/15/99
General Binding Corporation	D410,246	Paper shredder	05/25/99
General Binding Corporation	D404,756	Shredder	01/26/99
General Binding Corporation	5,839,675	Shredder support assembly and housing	11/24/98
General Binding Corporation	5,785,479	Automated spiral binding machines	07/28/98
General Binding Corporation	5,669,747	Coded coil element cartridge	09/23/97
General Binding Corporation	5,626,969	Method of manufacturing film for lamination	05/06/97
General Binding Corporation	5,584,633	Binder element conveying mechanism	12/17/96
General Binding Corporation	D375,973	Paper shredder	11/26/96

OWNER	U.S. PATENT NUMBER	TITLE OF PATENT	DATE ISSUED
General Binding Corporation	D374,385	Stapler	10/08/96
General Binding Corporation	D373,793	Electric paper punch	09/17/96
General Binding Corporation	D373,058	Stapler	08/27/96
General Binding Corporation	D372,737	Combined electric paper punch and stapler	08/13/96
General Binding Corporation	D371,496	Stapler	07/09/96
General Binding Corporation	D371,495	Stapler	07/09/96
General Binding Corporation	D370,607	Stapler	06/11/96
General Binding Corporation	D369,730	Stapler	05/14/96
General Binding Corporation	D369,729	Stapler	05/14/96
General Binding Corporation	5,487,634	Punch selectable punch press	01/30/96
General Binding Corporation	D365,367	Rotary card file	12/19/95
General Binding Corporation	5,464,312	Automatic binder	11/07/95
General Binding Corporation	5,440,089	Foot/table switch lockout for electric punches	08/08/95
General Binding Corporation	5,419,668	Adjustable binder stop	05/30/95
General Binding Corporation	5,404,088	Circuit for increasing motor output to compensate for increased load	04/04/95

OWNER	U.S. PATENT NUMBER	TITLE OF PATENT	DATE ISSUED
General Binding Corporation	5,387,078	Disk lift separator	02/07/95
General Binding Corporation	D353,604	Pouch laminator	12/20/94
General Binding Corporation	5,369,246	Temperature control for laminator	11/29/94
General Binding Corporation	D341,845	Thermal binding unit	11/30/93
General Binding Corporation	5,256,859	Power supply for binding apparatus	10/26/93
General Binding Corporation	5,252,904	Auto reverse circuit	10/12/93
General Binding Corporation	5,090,859	Automatic binding machine using insertion tools	02/25/92
General Binding Corporation	5,087,077	Staple based binding system	02/11/92
General Binding Corporation	5,051,050	Cartridge system for tool insertion type binding machine	09/24/91
General Binding Corporation	D311,549	Binding apparatus	10/23/90
General Binding Corporation	4,960,484	Single-side laminator	10/02/90
General Binding Corporation	4,902,183	Method and apparatus for binding materials with a curled-finger ring type binder	02/20/90
General Binding Corporation	4,900,211	Apparatus for binding materials using a curled-finger type binder	02/13/90
General Binding Corporation	4,855,573	Electrically heated binder apparatus	08/08/89

OWNER	U.S. PATENT NUMBER	TITLE OF PATENT	DATE ISSUED
General Binding Corporation	4,848,797	Binder cover and binding system	07/18/89
General Binding Corporation	4,820,099	Binder slide failure prevention system	04/11/89
General Binding Corporation	4,818,168	Document support apparatus for thermal binding	04/04/89
General Binding Corporation	D296,115	Combined punch and binding machine	06/07/88
General Binding Corporation	4,652,013	Book hanger hardware	03/24/87
General Binding Corporation	4,645,399	Combined punch and binding machine having an improved pressure bar assembly	02/24/87
General Binding Corporation	D287,511	Combined punch and binder	12/30/86
General Binding Corporation	4,613,266	Guide apparatus for use with punching and binding machines	09/23/86
General Binding Corporation	4,607,993	Combined punch and binding machines with thickness gauge and back gauge plate adjustment	08/26/86
General Binding Corporation	4,574,669	Automatic punch	03/11/86
General Binding Corporation	4,495,456	Automatic reversing system for shredder	01/22/85
General Binding Corporation	4,489,897	Apparatus for shredding documents	12/25/84
General Binding Corporation	4,484,971	Method and apparatus for making improved laminating film	11/27/84

OWNER	U.S. PATENT NUMBER	TITLE OF PATENT	DATE ISSUED
General Binding Corporation	RE31,729	Power actuated laminating machine	11/13/84
General Binding Corporation	4,477,506	Method and apparatus for making improved laminating film and improved film	10/16/84
General Binding Corporation	4,371,195	Cover with adhesive bridges in scored areas	02/01/83
General Binding Corporation	4,371,194	Universal binding for making variable sized books and reports	02/01/83
General Binding Corporation	4,353,776	Laminating machine with wrinkle prevention system	10/12/82
General Binding Corporation	4,335,659	Restorable gang apparatus for telephone book binders	06/22/82
General Binding Corporation	4,311,549	Laminator with heating control system	01/19/82
General Binding Corporation	D261,530	Combined electric punch and binding machine	10/27/81
General Binding Corporation	D261,529	Combined punch and binding machine	10/27/81
General Binding Corporation	4,289,330	Bookbinding system	09/15/81
General Binding Corporation	4,268,345	Continuous laminating system	05/19/81
General Binding Corporation	4,266,812	Heat reactivatable adhesive book binding	05/12/81
General Binding Corporation	4,264,228	Composite looseleaf mechanism	04/28/81
General Binding Corporation	4,259,143	Laminating machine	03/31/81
General Binding Corporation	4,243,458	Method of making prefabricated laminating packet with tab	01/06/81

OWNER	U.S. PATENT NUMBER	TITLE OF PATENT	DATE ISSUED
General Binding Corporation	4,241,006	Method for producing a transversely curved finger binding	12/23/80
General Binding Corporation	4,225,128	Folding machine	09/30/80
General Binding Corporation	4,204,704	Heat reactivatable adhesive book binding	05/27/80
General Binding Corporation	4,185,405	Prefabricated laminating packet with tab	01/29/80
General Binding Corporation	4,183,554	Semi-laminated security pouch	01/15/80
General Binding Corporation	4,179,325	Apparatus for manufacturing adhesive covers	12/18/79
General Binding Corporation	4,172,750	Small manual laminating system	10/30/79
General Binding Corporation	4,158,587	Method of producing laminated sheets using laminated pouch support	06/19/79
General Binding Corporation	4,152,013	Rainshed binder	05/01/79
General Binding Corporation	4,137,289	Method of making a spiral binder	01/30/79
General Binding Corporation	4,135,300	Lamination trimming device	01/23/79
General Binding Corporation	4,120,517	Removable plastic binding	10/17/78
General Binding Corporation	4,112,603	Luggage tag	09/12/78
General Binding Corporation	D249,209	Axially pivoting support for telephone directories or the like	09/05/78
General Binding Corporation	4,108,713	Low mass electric heater	08/22/78

OWNER	U.S. PATENT NUMBER	TITLE OF PATENT	DATE ISSUED
General Binding Corporation	4,102,730	Two stage oven laminator	07/25/78
General Binding Corporation	D248,146	Book support bracket	06/13/78
General Binding Corporation	4,070,774	Identification card pouch	01/31/78
General Binding Corporation	4,056,422	Two stage oven laminator method	11/01/77
General Binding Corporation	4,023,829	Hot melt adhesive dot binding	05/17/77
General Binding Corporation	4,009,498	Bookbinding system	03/01/77
General Binding Corporation	4,008,305	Method of manufacturing a book binding element	02/15/77
General Binding Corporation	3,995,886	Heat reactivatable adhesive book binding	12/07/76
General Binding Corporation	3,992,741	Fold bind machine	11/23/76
General Binding Corporation	3,973,787	Bookbinding system	08/10/76
General Binding Corporation	3,956,053	Apparatus and method for binding with adhesive covers	05/11/76
General Binding Corporation	5,007,782	Combined paper punch and binding apparatus	04/16/91
General Binding Corporation	5,163,350	Paper sheets punching apparatus	11/17/92
General Binding Corporation	5,273,387	Punched paper sheets binding apparatus	12/28/93
General Binding Corporation	D320,407	Paper punch and binding machine	10/01/91
General Binding Corporation	D330,049	Loose leaf paper punch	10/06/92

OWNER	U.S. PATENT NUMBER	TITLE OF PATENT	DATE ISSUED
General Binding Corporation	4449436	2-Hole punch	05/22/84
General Binding Corporation	D292962	180 stapler	12/01/87
General Binding Corporation	D324076	Combined adhesive note dispenser and desk caddy	02/18/92
General Binding Corporation	D304,735	Swivel rotary file	11/21/89
General Binding Corporation	D405,744	Covered swivel rotary file	11/21/89
General Binding Corporation	304,903	9000 Stapler Design	12/05/89
General Binding Corporation	4927067	9000 Stapler	05/22/90
VeloBind, Inc.	5,044,857	Casing-in machine	09/03/91
VeloBind, Inc.	5,017,071	Machine for automatically binding books with flexible stud binding strips	05/21/91
VeloBind, Inc.	5,015,138	Machine for bookbinding using flexible strips	05/14/91
VeloBind, Inc.	4,927,310	Method for automatically justifying, assembling and binding books	05/22/90
VeloBind, Inc.	4,656,716	Hand tool for bending and straightening studs of bookbinding strips	04/14/87
VeloBind, Inc.	4,625,996	Bookbinding strips and method of binding books employing serrated studs	12/02/86
VeloBind, Inc.	4,442,743	Punching machine	04/17/84
VeloBind, Inc.	4,369,013	Bookbinding strips	01/18/83
VeloBind, Inc.	D267,018	Machine for binding books	11/23/82

OWNER	U.S. PATENT NUMBER	TITLE OF PATENT	DATE ISSUED
VeloBind, Inc.	4,354,405	Punch edge guide indicator and method	10/19/82
VeloBind, Inc.	4,324,013	Punching and binding machine	04/13/82
VeloBind, Inc.	4,079,647	Sheet punching apparatus	03/21/78
VeloBind, Inc.	D246,204	Book binding machine	10/25/77
VeloBind, Inc.	3,994,035	Book binding machine	11/30/75
VeloBind, Inc.	3,964,770	Case for book with pressure sensitive resilient spine pad	06/22/76
VeloBind, Inc.	4,068,997	Cutting means for bookbinding machine	01/17/78
VeloBind, Inc.	4,072,326	Wrap-around cover for books	02/07/78
VeloBind, Inc.	4,270,970	Punching and binding machine	06/02/81
VeloBind, Inc.	4,354,783	Punching and binding machine	10/19/82
VeloBind, Inc.	4,570,351	Book core gauge and positioning guide for casing book cores	02/18/86
VeloBind, Inc.	4,620,724	Binding strips for rectangular hole punched paper	11/04/86
VeloBind, Inc.	4,656,907	Paper punch	10/14/98
VeloBind, Inc.	4,674,906	Bookbinding strips and method of binding books	06/23/87
VeloBind, Inc.	4,685,700	Bookbinding strips and method of binding books	08/11/87
VeloBind, Inc.	4,700,601	Punch pin head structure	10/20/87
VeloBind, Inc.	4,708,560	Bookbinding method using strips	11/24/87

OWNER	U.S. PATENT NUMBER	TITLE OF PATENT	DATE ISSUED
VeloBind, Inc.	4,833,958	Paper punching machine	05/30/89
VeloBind, Inc.	4,844,674	Cassette for bookbinding strips	07/04/89
VeloBind, Inc.	4,846,616	Apparatus and method for automatically, justifying, assembling and binding sheets into books	07/11/89
VeloBind, Inc.	4,906,157	Bending apparatus for flexible studs of bookbinding strips	03/06/90
VeloBind, Inc.	4,949,952	Sheet justifier for automatic bookbinding machine	02/21/98
VeloBind, Inc.	5,078,425	Case with pressure sensitive adhesive covered spine strip	01/07/92
VeloBind, Inc.	5,118,238	Debinder for stripbound books and documents	06/02/92
VeloBind, Inc.	5,308,209	Binding machine with debinder	05/03/94
VeloBind, Inc.	5,366,333	Motorized binding machine	11/22/94
VeloBind, Inc.	5,383,756	Cassette for binding strips	01/24/95
VeloBind, Inc.	5,462,196	Hopper and feeder for plastic bookbinding strips	10/31/95
VeloBind, Inc.	5,542,801	Manual binding apparatus for flexible bookbind strips	08/06/96
VeloBind, Inc.	5,044,857	Casing-in machine	09/03/91

OWNER	PENDING U.S. PATENT APPLICATION NOS.	TITLE OF APPLICATION	FILING DATE
General Binding Corporation	29/108415 Design	Trimmer	07/28/99
General Binding Corporation	09/050136 Utility	Portable Easel with Adjustable Board Support	03/30/98
General Binding Corporation	29/100226 Design	Display Boards (Dry Erase 7"x 12")	02/08/99
General Binding Corporation	29/100227 Design	Display Boards (Photo 7"x 12")	02/08/99
General Binding Corporation	29/100228 Design	Display Boards (Dry Erase-Cork)	02/08/99
General Binding Corporation	29/100229 Design	Display Boards (Photo-Dry Erase)	02/08/99
General Binding Corporation	29/100230 Design	Display Boards (Dry Erase)	02/08/99
General Binding Corporation	29/100231 Design	Display Boards (Cork)	02/08/99
General Binding Corporation	29/100232 Design	Display Boards (Combo)	02/08/99
General Binding Corporation	29/100233 Design	Display Boards (Organizer)	02/08/99
General Binding Corporation	29/100328 Design	Display and Storage Rack	02/09/99
General Binding Corporation	29/094,021 Design	Display Boards	09/24/98

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SCHEDULE B-2

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RE: INTELLECTUAL PROPERTY**

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SCHEDULE C-1

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RE: INTELLECTUAL PROPERTY**

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