

07-06-2000

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To the Honorable Commissioner of Patents and Trademarks: Please record the attached original document(s) or copy thereof:

1. Name of conveying party: Marc Talon, Inc. 140 Calle Iglesia San Clemente, California 92673 <input checked="" type="checkbox"/> Corporation of California	2. Name and address of receiving party: IBJ Whitehall Bank & Trust Company as Administrative Agent One State Street New York, New York 10004 <input checked="" type="checkbox"/> Corporation of New York
3. Nature of conveyance: Security Agreement Execution Date: <u>April 11, 2000</u>	4. Trademark Registration No.: 812,942
5. Name and address of party to whom correspondence concerning document should be mailed: James D. Kole, Esq. Nixon Peabody LLP Clinton Square Post Office Box 1051 Rochester, New York 14603	6. Total number of Registrations involved: 1
7. Total fee (37 CFR 3.41) \$40.00 <input type="checkbox"/> [\$40.00] Check is enclosed.	8. Deposit Account Number: 14-1138 <input checked="" type="checkbox"/> 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 the attached copy is a true and correct copy of the original document(s).

Kristen E. Mollnow
Kristen E. Mollnow

June 9, 2000
Date

[Total number of pages including cover sheet and Security Agreement: 81]

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40.00 DP

CERTIFICATE OF EXPRESS MAILING

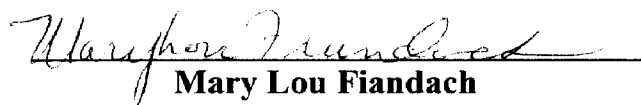
Express Mailing Label No.:

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Date of Deposit:

June 9, 2000

I hereby certify that this paper is being deposited in the United States Postal Service "Express Mail Post Office to Addressee" Service under 37 C.F.R. 1.10 on the date indicated above and is addressed to: BOX ASSIGNMENT, Commissioner of Patents and Trademarks, Washington, D.C. 20231.


Mary Lou Fiandach

**Re: Marc Talon, Inc. to IBJ Whitehall Bank & Trust Company as
Administrative Agent**

Attachments:

Recordation Form Cover Sheet

Security Agreement

Check for \$40.00

Post Card

SECURITY AGREEMENT

THIS SECURITY AGREEMENT, dated as of April 11, 2000 (the "Agreement" or the "Security Agreement"), is between CDI Finance Co., a Delaware corporation (the "Company"), Communication Dynamics, Inc., a Delaware corporation ("Holdings"), each of the Subsidiaries of the Company identified under the caption "SUBSIDIARY GUARANTORS" on the signature pages hereof (collectively, the "Subsidiary Guarantors" and together with the Company and Holdings, the "Obligors") and IBJ Whitehall Bank & Trust Company, a New York banking corporation, as administrative and collateral agent (hereinafter, in such capacity, together with its successors in such capacity, the "Collateral Agent") for the lenders or other financial institutions or entities party, as lenders (collectively, the "Lenders"), to the Credit Agreement referred to below.

Concurrently herewith, the Company, the Subsidiary Guarantors, Holdings, the Lenders and the Collateral Agent are entering into a Credit Agreement (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 Company in an aggregate principal amount not exceeding \$155,000,000 (which amount may be increased to \$180,000,000 as provided in the Credit Agreement) (the "Loans"). The Loans made or to be made by the Lenders to the Company 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 attached to the Credit Agreement.

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

As used herein, "UCC" shall mean the Uniform Commercial Code of the State of New York 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 Obligations, together with interest and costs of enforcement and collection thereof and of this Security Agreement, including all reasonable attorneys' fees and disbursements incurred by the Lenders and the Collateral Agent (collectively, the "Secured Obligations"), subject to Section 1(e) hereof, the Obligors hereby grant to the Collateral Agent, for its benefit and the ratable benefit of the Lenders and affiliates of the Lenders with whom the Company 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 Obligors hereby assign and pledge to the Collateral Agent, for the benefit of the Credit Parties, all of the Obligors' rights, titles and interests in and to the following property, in each case whether now owned by any Obligor or hereafter coming into existence, and wherever located (all such property, together with any proceeds and products thereof, being collectively referred to herein as the "Collateral"):

- (i) the property described on Schedule A-1 attached hereto;
- (ii) all shares of capital stock, membership interests or other equity interests of the Company and each Subsidiary (each as "Issuer" and collectively the "Issuers") owned by the respective Obligor, all of which are listed in Schedule C hereto, and any shares of capital stock, membership interests or other equity interests obtained in the future by such Obligor and the certificates representing such shares, membership interest or other equity interests, in each case subject to a maximum pledged interest of 65% of such shares, membership interests or other equity interests with respect to any Foreign Subsidiary (collectively, the "Pledged Stock");
- (iii) all shares, membership interest and other equity interests, securities, moneys or property representing a dividend on any of the Pledged Stock, or representing a distribution or return of capital upon or in respect of the Pledged Stock, or resulting from a split-up, revision, reclassification or other like change of the Pledged Stock or otherwise received in exchange therefor, and any subscription warrants, rights or options issued to the holders of, or otherwise in respect of, the Pledged Stock, in each case subject to a maximum pledge of 65% of any class of such shares, membership interests and other equity interests with respect to any Foreign Subsidiary; and
- (iv) without affecting the obligations of such Obligor under any provision prohibiting such action hereunder or under the Credit Agreement, in the event of any consolidation or merger in which an Issuer is not the surviving corporation, all shares of each class of the capital stock, membership interests and other equity interests of the successor corporation (unless such successor corporation is such Obligor itself) formed by or resulting from such consolidation or merger, in each case subject to a maximum pledge of 65% of any class of such shares, membership interests and other equity interests with respect to any Foreign Subsidiary (the Pledged Stock, together with all other certificates, shares, securities, properties or moneys as may from time to time be pledged hereunder pursuant to clause (ii) or (iii) above and this clause (iv) being herein collectively called the "Stock Collateral").

1(b) The Obligor irrevocably appoint the Collateral Agent as their 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 Obligor's behalf, and on their 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 Collateral Agent and/or any of the other Credit Parties under any other security agreement, pledge or leasehold assignment, mortgage or guarantee granted by any Obligor or any third party to the Collateral Agent for the benefit of the Credit Parties or directly to any of the Credit Parties.

1(d) The Collateral Agent can enforce its rights in the Collateral against any one or more of the Guarantors immediately upon the occurrence of an Event of Default that is continuing without having first to attempt any collection from the Company.

1(e) Notwithstanding anything to the contrary contained herein (including the schedules hereto), in any of the other Loan Documents and in any UCC financing statement heretofore or hereafter filed, the term "Collateral" shall at all times exclude any right, title and interest of Holdings in and to the properties described in clauses (d) and (j) on Schedule A-1 hereto (and any Liens existing on the date hereof against such properties are hereby released).

SECTION 2. Collection.

Upon the occurrence and continuation of an Event of Default pursuant to Section 10(a) hereof, the Collateral Agent shall have the following rights and powers in addition to those specified in Section 10(b) hereof, and the Obligors shall have the following additional Obligations:

2(a) The Collateral Agent shall have the right to notify the parties obligated on any or all of the Obligors' Receivables, Related Contracts (as such term is defined in Schedule A-1 hereto), chattel paper, instruments, insurance, documents or General Intangibles to make payment thereof directly to the Collateral Agent, and the Collateral Agent may take control of all proceeds of any of the Receivables, Related 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 by the Obligors, whether the same are incurred by the Collateral Agent or any Obligor. The Obligors will not thereafter without the Collateral Agent's written consent make any adjustment, extend or renew, compromise, compound or settle any of the Receivables, Related Contracts, chattel paper, instruments, insurance or General Intangibles, or release, wholly or partly, any person liable for payment thereof, other than any discount permitted for prompt payment.

2(b) Each Obligor hereby irrevocably appoints the Collateral Agent to be such Obligor's true and lawful attorney, with full power of substitution, in the Collateral Agent's name or such Obligor's name or otherwise for the Collateral Agent's sole use and benefit, but at such Obligor'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 Collateral Agent in connection therewith;
- (iii) to receive, open and dispose of all mail addressed to such Obligor and to notify the post office authorities to change the address for delivery of mail addressed to such Obligor to such address as the Collateral Agent may designate;
- (iv) to sign the name of such Obligor on any document, on invoices relating to any Receivable or Related Contract, drafts against and notices to account debtors or obligors

of any Obligor, 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 fully and effectually as if the Collateral Agent were the absolute owner thereof;

(viii) to apply any or all amounts then in, or thereafter deposited in, the Bank Accounts (as defined in schedule A-1 hereto) in the manner provided in Section 10(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 reasonable discretion of the Collateral Agent to carry out and enforce this Security Agreement or the Secured Obligations.

All acts done under the foregoing authorization are hereby ratified and approved by the Obligors and neither the Collateral Agent nor any designee or agent of the Collateral 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 Secured Obligations shall remain unpaid. The foregoing authorization shall not be construed in limitation of any other similar authorization to the Collateral Agent under the Credit Agreement or otherwise.

2(c) The Obligors will immediately deliver to the Collateral Agent all proceeds of the Collateral and all original evidence of Receivables, Related Contracts, chattel paper, instruments, insurance, documents, Patents, Trademarks, Copyrights, Copyright Licenses, General Intangibles or records relating thereto, including without limitation all notes or other instruments or contracts for the payment of money, appropriately endorsed to the Collateral Agent's order and, regardless of the form of such endorsement, the Obligors hereby waive presentment, demand, notice of dishonor, protest and notice of protest and all other notices with respect thereto; and the Obligors hereby appoint the Collateral Agent as the Obligors' agent and attorney-in-fact to make such endorsement on behalf of and in the name of any Obligor.

2(d) The exercise by the Collateral Agent of or failure to so exercise any authority granted hereinabove shall in no manner affect any of the Obligors' liabilities to the Collateral Agent or the Lenders, and the Collateral 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 unless such liability was caused by the gross negligence or willful misconduct of the Collateral Agent.

SECTION 3. General Representations and Warranties.

In addition to the Obligors' representations made in the other Loan documents, each Obligor represents and warrants to the Collateral Agent and the other Credit Parties, which representations and warranties shall survive execution and delivery of this Agreement, as follows:

3(a) All filings, registrations and recordings necessary or appropriate to create, preserve, protect and perfect the security interest granted by such Obligor to the Collateral Agent hereby in respect to the Collateral have been accomplished and the security interest granted to the Collateral Agent pursuant to this Agreement in and to the Collateral constitutes a perfected security interest therein superior and prior to the rights of all other Persons therein (except for Permitted Liens under the Credit Agreement) and subject to no other Liens (except for Permitted Liens 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.

3(b) Such Obligor is, and as to Collateral acquired by it from time to time after the date hereof the Obligor 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 Permitted Liens under the Credit Agreement), and such Obligor 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 Collateral 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 Collateral Agent, for the benefit of the Credit Parties, created or provided for herein, and so long as any of the Secured Obligations remain unpaid such Obligor 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 Obligors, and (ii) financing statements to be filed in connection with the creation of Permitted Liens.

3(d) The office location(s) of such Obligor set forth on Schedule B attached hereto as such Obligor's principal place of business and chief executive office and all other places of business are true and correct.

3(e) Schedule B attached hereto contains a true and complete listing of all of the locations of all 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 any of the Obligors and the Permitted Inventory Location (as defined herein) at which such Inventory is so held. In the case of such Inventory, such Obligor further represents

and warrants that none of the Inventory is subject to a negotiable warehouse receipt (as defined in the Uniform Commercial Code as in effect in the state in which such Inventory is located).

3(f) Each Obligor 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) a warehouse or other storage facility owned or leased by an Obligor, or (ii) a warehouse or other storage facility owned, leased or operated by a Warehouseman from whom the Collateral Agent has received a warehouse bailment agreement in form and substance satisfactory to the Collateral Agent with respect to Inventory there held, and, in either case, in jurisdictions where appropriate UCC financing statements shall have liens filed against the Company for the benefit of the Collateral Agent and the other Credit Parties.

3(g) Each Obligor warrants that upon delivery to the Collateral Agent of the certificates evidencing the shares of Pledged Stock from such Obligor (and assuming the control by the Collateral Agent over such certificates in accordance with the requirements of applicable law), the Lien granted pursuant to this Security Agreement will constitute a valid, perfected first priority Lien on the Collateral, enforceable as such against all creditors of such Obligor any persons purporting to purchase any Collateral from such Pledgor.

3(h) The Pledged Stock evidenced by the certificates identified under the name of such Obligor in Schedule C hereto is, and all other Pledged Stock in which such Obligor shall hereafter grant a security interest pursuant to Section 1 hereof will be, duly authorized, validly issued, fully paid and non-assessable and none of such Pledged Stock is or will be subject to any contractual restriction, or any restriction under the charter or by-laws of the respective Issuer of such Pledged Stock, upon the transfer of such Pledged Stock (except for any such restriction contained herein or in the Credit Agreement).

3(i) The Pledged Stock evidenced by the certificates identified under the name of such Obligor in Schedule C hereto constitutes (unless otherwise specified) all of the issued and outstanding shares of any class of capital stock, membership interests and any other equity interests of the Issuers beneficially owned by such Obligor on the date hereof (whether or not registered in the name of such Obligor) and said Schedule C correctly identifies, as at the date hereof, the respective Issuers of such Pledged Stock, the respective class and, if applicable, par value of the shares comprising such Pledged Stock and the respective number of shares (and registered owners thereof) represented by each such certificate.

SECTION 4. Special Provisions Concerning Receivables.

4(a) As of the time when each of its Receivables arises, each Obligor shall be deemed to have represented and warranted that such Receivables and all records, papers and documents relating thereto (if any) are genuine and in all respects what they purport to be, and that all papers and documents (if any) relating thereto will be the only original writings evidencing and embodying such obligation of the account debtor named therein (other than copies created for purposes other than general accounting purposes).

4(b) Each Obligor will keep and maintain at its own cost and expense satisfactory and complete records of its Receivables, including, but not limited to, records of all payments

received, credits granted thereon, all merchandise returned and all other dealings therewith, and each Obligor will make the same available to the Collateral Agent for inspection, at such Obligor's own cost and expense, during normal business hours upon reasonable notice to such Obligor.

4(c) Each Obligor shall endeavor to cause to be collected from the account debtor named in each of its Receivables, as and when due (including, without limitation, Receivables which are delinquent, such Receivables to be collected in accordance with generally accepted lawful collection procedures), any and all amounts owing under or on account of such Receivables, and apply forthwith upon receipt thereof all such amounts as are so collected to the outstanding balance of such Receivables, except that, so long as no Event of Default exists and is continuing, such Obligor may allow in the ordinary course of business as adjustments to amounts owing under its Receivables an extension or renewal of the time or times of payment, or settlement for less than the total unpaid balance, which such Obligor finds appropriate in accordance with sound business judgment. The costs and expenses (including, without limitation, reasonable actual attorneys' fees and expenses) of collection, whether incurred by such Obligor or the Collateral Agent, shall be borne by such Obligor.

4(d) If any of the Receivables (other than those of American Technology Exporter, Inc.) becomes evidenced by an instrument, the Company will within ten (10) days notify the Collateral Agent thereof, and upon request by the Collateral Agent promptly deliver such instrument to the Collateral Agent appropriately endorsed to the order of the Collateral Agent as further security hereunder.

4(e) Each Obligor will, at its own expense, make, execute, endorse, acknowledge, file and/or deliver to the Collateral 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 Receivables and other property or rights covered by the security interest hereby granted, as the Collateral Agent may reasonably require which are consistent with the terms hereunder.

SECTION 5. Special Provisions Concerning Related Contracts and Bank Accounts.

5(a) Each Obligor represents and warrants that no consent of any party (other than any Obligor) to any Related Contract is required, or purports to be required, in connection with the execution, delivery and performance of this Security Agreement. Each Related Contract is in full force and effect. Each Obligor 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 Collateral Agent, its successors or assigns so long as this Security Agreement shall remain in effect. No amount payable to any Obligor under or in connection with any Related Contract (other than those of American Technology Exporter, Inc.) is evidenced by any Instrument or chattel paper which has not been delivered to the Collateral Agent.

5(b) In furtherance of the security interest granted pursuant to Section 1 hereof, with respect to Bank Accounts, each applicable Obligor shall, and upon establishment of any and all

new Bank Accounts will, deliver copies of all existing Account Documents to the Collateral Agent. Each such Obligor hereby irrevocably authorizes and empowers the Collateral Agent at its option, at any time following the occurrence and during the continuance of an Event of Default, either in its own name or in the name of such Obligor: (i) to invest any and all moneys, investments or proceeds representing the Bank Accounts, to renew the Bank Accounts on such terms and for such period(s) as the Collateral Agent may deem appropriate; (ii) to demand, collect and receive payment of any and all moneys or proceeds due or to become due under the Bank Accounts or any part thereof; (iii) to execute any and all instruments required for the withdrawal or repayment of same, or any part thereof; and (iv) to complete in any respect any instrument for the withdrawal or repayment of funds. Each such Obligor waives any presentation, demand of payments, protest and notice of non-payment or protest.

No such Obligor shall open or maintain any bank accounts except for Bank Accounts established and maintained with a bank to which a notice of the Collateral Agent's and on such Bank Account has been delivered and acknowledged by such bank.

SECTION 6. Rights and Obligations Concerning Receivables and Related Contracts.

6(a) Anything herein to the contrary notwithstanding, each Obligor shall remain liable under each of the Receivables and Related 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 Receivable and in accordance with and pursuant to the terms and provisions of each such Related Contract. None of the Collateral Agent, nor any of the other Credit Parties, shall have any obligation or liability under any Receivable (or any agreement giving rise thereto) or under any Related Contract by reason of or arising out of this Security Agreement or the receipt by the Collateral Agent or any such other Credit Party of any payment relating to such Receivable or Related Contract pursuant hereto, nor shall the Collateral Agent, nor any other Credit Party be obligated in any manner to perform any of the obligations of the Obligors under or pursuant to any Receivable (or any agreement giving rise thereto) or under or pursuant to any Related 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 Receivable (or any agreement giving rise thereto) or under any Related 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) Each Obligor hereby agrees that no liability shall be asserted or enforced against the Collateral Agent in the exercise of the rights and powers granted to the Collateral Agent hereunder, all such liability being hereby expressly waived and released by such Obligor. Without limiting the application of Section 14(a) hereof, each Obligor hereby agrees to indemnify and hold the Collateral Agent harmless for and against any and all liability, expense, cost, loss or damage which the Collateral Agent may incur by reason of any act or omission of any Obligor under any of the Related Contracts ("Losses"), except to such extent such Losses arise by reason of the gross negligence or willful misconduct of the Collateral Agent. Should the Collateral Agent incur any liability, expense, cost, loss, or damage, (i) under the Related

Contracts for which it is to be indemnified by each Obligor as aforesaid, or (ii) by reason of the exercise of the Collateral Agent's rights hereunder, the amount thereof, including costs, expenses and reasonable actual attorney's fees and expenses, shall be secured hereby and shall be immediately due and payable by the Company to the Collateral Agent.

6(c) The Collateral Agent has the right to make test verifications of the Receivables in any manner and through any medium that it reasonably considers advisable, and the Obligors shall furnish all such assistance and information as the Collateral Agent may require in connection therewith. At any time and from time to time, upon the Collateral Agent's request and at the expense of the Company, the Company shall cause independent public accountants or others satisfactory to the Collateral Agent to furnish to the Collateral Agent reports showing reconciliations, aging and test verifications of, and trial balances, for, the Receivables. The Collateral Agent may in its own name or in the name of others communicate with account debtors on the Receivables and parties to the Related Contracts to verify with them to its satisfaction the existence, amount and terms of any Receivables or Related Contracts, provided that, so long as no Event of Default has occurred and is continuing, the Collateral Agent agrees to provide the Company notice prior to initiating such verification.

6(d) Each Obligor shall promptly notify the Collateral Agent of, and provide to the Collateral Agent copies of, any default notices under any of the Related Contracts that are material to the Company Business.

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

7(a) Each Obligor represents and warrants that to the best of its knowledge, it is the true and lawful exclusive owner of the entire and unencumbered right, title and interest in and to each of the Trademarks and Trademark applications listed on Schedule A-2, the Patents and Patent applications listed on Schedule A-3 and the Copyrights listed on Schedule A-4 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 Schedules A-2, A-3 and A-4 hereto are subsisting, valid, enforceable, 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 Obligors now own or use in connection with its business.

7(b) Each Obligor represents and warrants that it has made all necessary filings and recordations to protect its interest in the Trademarks, Patents, Copyrights and its other intellectual property; that it has and will continue to pay all required taxes, fees, and costs to maintain all of its rights in the Trademarks, Patents, Copyrights and other intellectual property; and that it has received no notice or claim that its use of any of the Trademarks, Patents, Copyrights or other intellectual property infringes the rights of any third party.

7(c) Unless any Obligor shall reasonably determine that any Trademark, Patents, Copyrights or other intellectual property is not of material economic value to such Obligor, the Obligor further shall 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 such, Obligor shall deem appropriate under the circumstances to protect such Trademarks, Patents, Copyrights or other intellectual property..

7(d) If any trademark or service mark registration, patent registration or copyright registration is issued hereafter to any Obligor as a result of any application or registration now or hereafter pending before the United States Patent and Trademark Office, the United States Copyright Office or foreign equivalent thereof, such Obligor shall forthwith execute and deliver a copy of the certificate of registration within thirty (30) days of receipt of such certificate and a grant of security in such trademark, service mark, patent or copyright to the Collateral Agent confirming the grant thereof hereunder, the form of such confirmatory grant to be substantially the same as the form hereof.

7(e) Each Obligor 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, the United States Copyright Office, other governmental office and any foreign equivalent thereof, as reasonably requested by the Collateral Agent at any time to evidence, perfect, maintain, record and enforce the Collateral Agent's interest, for the benefit of the Credit Parties, in the Trademarks, Patents, Copyrights and the Obligor'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 Obligors shall, and hereby do, constitute the Collateral Agent as the Obligors' attorney-in-fact to transfer, in any Obligor's name, the Trademarks (including all goodwill associated with the Trademarks), the Patents, the Copyrights and any Obligor's other intellectual property to a third party capable, in the Collateral Agent's judgment, of using and maintaining the nature and quality of the Trademarks, the Patents, the Copyrights and such Obligor'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 Collateral 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 Secured Obligations are paid in full.

7(f) Except to the extent that the Collateral Agent shall consent in writing, each Obligor will, unless such Obligor shall reasonably determine that a Trademark is not of material economic value to such Obligor, (i) continue to use each Trademark in order to maintain each Trademark in full force free from any claim of abandonment for non-use, (ii) employ each Trademark with the appropriate notice of application or registration, (iii) not adopt or use any mark which is confusingly similar or a colorable imitation of any Trademark, (iv) not use any Trademark except for the uses for which registration or application for registration of such Trademark has been made, and (v) not (and not permit any licensee or sublicensee thereof, if any, to) do any act or knowingly omit to do any act whereby any Trademark may be subject to dilution, misappropriation, or invalidation.

7(g) In the event that any Obligor, either itself or through any agent, employee, licensee or designee, files an application for the registration of any Trademark, Patent, Copyright or other intellectual property with the United States Patent and Trademark Office, the United States Copyright Office, other governmental office, or any similar office or agency in any other country or any political subdivision thereof, it shall promptly inform the Collateral Agent thereof, and, upon request of the Collateral Agent, shall execute and deliver any and all

agreements, instruments, documents and papers as the Collateral Agent may reasonably request to evidence the Collateral Agent's security interest in such Trademark, Patent, Copyright or other intellectual property and the goodwill and general intangibles of such Obligor relating thereto or represented thereby, and the Obligors hereby constitutes the Collateral Agent their attorney-in-fact to execute and file all such writings for the foregoing purposes, including without limitation to modify this Agreement by amending Schedule A-2, Schedule A-3 and/or Schedule A-4 (as the case may be) to include any future Trademarks, Patents, Copyrights and other intellectual property, all acts of such attorney being hereby ratified and confirmed; such power being coupled with an interest which is irrevocable until the Secured Obligations are paid in full.

7(h) Each Obligor will take all commercially reasonable steps, which may include no action at all, including, without limitation, in any proceeding before the United States Patent and Trademark Office, the United States Copyright Office, any other governmental office, or any other office or agency in any other country or any political subdivision thereof, to maintain and pursue each application (and to obtain the relevant registration) and to maintain each registration of the Trademarks, Patents and Copyrights except to the extent permitted under Section 7(f), 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 Collateral Agent may, by written notice to such Obligor, take any or all of the following actions: (i) declare the entire right, title and interest of such Obligor in and to each of the Trademarks, Patents, Copyrights and other intellectual property, together with all related rights and rights of protection to the same, vested, in which event such rights, title and interest shall immediately vest, in the Collateral Agent, in which case such Obligor agrees to execute assignments in form and substance satisfactory to the Collateral Agent, of all its rights, title and interest in and to the Trademarks, Patents, Copyrights and other intellectual property to the Collateral Agent; (ii) take and use or sell the Trademarks, Patents, Copyrights and other intellectual property and the goodwill of such Obligor's business symbolized by the Trademarks and the right to carry on the business of such Obligor in connection with which the Trademarks have been used; and (iii) direct such Obligor to refrain, in which event such Obligor 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 Collateral Agent, change such Obligor's corporate name to eliminate therefrom any use of any Trademarks and execute such other and further documents that the Collateral Agent may request to further confirm this and to transfer 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, the United States Copyright Office, any other governmental office, and in any similar foreign office to the Collateral Agent. After and during the continuance of any Event of Default, such Obligor shall cooperate and use its best efforts to obtain any consents, waivers, or agreements necessary to enable the Collateral Agent to exercise its rights and remedies with respect to any Trademark, Patent, Copyright and other intellectual property of such Obligor.

SECTION 8. Special Provisions Relating to Stock Collateral.

8(a) Except with respect to a Foreign Subsidiary, the Obligors will cause the Stock Collateral to constitute at all times 100% of the total number of shares of each class of capital stock of each issuer then outstanding. With respect to any issuer that is a Foreign Subsidiary, the Obligors will cause the Stock Collateral to consist of the capital stock of such Foreign Subsidiary, subject to a maximum of 65% of the shares of any class of capital stock of such Foreign Subsidiary then outstanding.

8(b) So long as no Event of Default shall have occurred and be continuing, the Obligors shall have the right (as provided by the Issuer's organizational documents) to exercise all voting, consensual and other powers of ownership pertaining to the Stock Collateral for all purposes not inconsistent with the terms of this Agreement, the Credit Agreement or any other Loan Document referred to herein or therein; and the Collateral Agent shall execute and deliver to the Obligors or cause to be executed and delivered to the Obligors all such proxies, powers of attorney, dividend and other orders, and all such instruments, without recourse, as the Obligors may reasonably request for the purpose of enabling the Obligors to exercise the rights and powers that they are entitled to exercise pursuant to this Section 8(b).

8(c) Unless and until an Event of Default has occurred and is continuing, and subject to any restrictions in the Credit Agreement, the Obligors shall be entitled to receive and retain any dividends on the Stock Collateral paid in cash.

8(d) If any Event of Default shall have occurred, then so long as such Event of Default shall continue, and whether or not the Collateral Agent or any Lender exercises any available right to declare any Secured Obligation due and payable or seeks or pursues any other relief or remedy available to it under applicable law or under this Agreement, the Credit Agreement or any other agreement relating to such Secured Obligation, all dividends and other distributions on the Stock Collateral shall be paid directly to the Collateral Agent and retained by it in the Company Account as part of the Stock Collateral, subject to the terms of this Agreement, and, if the Collateral Agent shall so request in writing, the Obligors jointly and severally agree to execute and deliver to the Collateral Agent appropriate additional dividend, distribution and other orders and documents to that end, provided that if such Event of Default is cured, any such dividend or distribution theretofore paid to the Collateral Agent shall, upon request of the Obligors (except to the extent theretofore applied to the Secured Obligations and to the extent permitted by the Credit Agreement), be returned by the Collateral Agent to the Obligors.

8(e) If, while this Agreement is in effect, any Obligor shall become entitled to receive or shall receive any stock certificate (including, without limitation, any certificate representing a stock dividend or a distribution in connection with any reclassification, increase or reduction of capital, or issued in connection with any reorganization, merger or consolidation, or resulting from a split-up, revision or other like change of the Pledged Stock or otherwise received in exchange therefor), option or rights, whether by purchase or other acquisition or as an addition to, in substitution of, or in exchange for any shares of any Pledged Stock, such Obligor agrees to accept the same as agent of the Collateral Agent and to hold the same in trust on behalf of and for the benefit of the Collateral Agent, and to deliver the same forthwith to the Collateral Agent in the exact form received, with the endorsement of such Obligor when necessary and/or

appropriate undated stock powers duly executed in blank, to be held by the Collateral Agent, subject to the terms hereof, as additional collateral security for the Secured Obligations, subject to the limitation that the Stock Collateral shall not include more than 65% of the shares of any class of stock of a Foreign Subsidiary. Any sums paid upon or in respect of the Pledged Stock upon the liquidation or dissolution of the issuer thereof shall be paid over to the Collateral Agent to be held by it in trust as additional collateral security for the Secured Obligations; and in case any distributions of capital shall be made on or in respect of the Pledged Stock or any property shall be distributed upon or with respect to the Pledged Stock pursuant to the recapitalization or reclassification of the capital of the Issuer thereof or pursuant to the reorganization thereof, the property so distributed shall be delivered to the Collateral Agent to be held by it as additional collateral security for the Secured Obligations, subject to the limitation that the Stock Collateral shall not include more than 65% of the shares of any class of stock of a Foreign Subsidiary. All sums of money and property so paid or distributed in respect of the Pledged Stock which are received by any Obligor shall, until paid or delivered to the Collateral Agent, be held by the Pledgor in trust as additional collateral security for the Secured Obligations.

SECTION 9. Additional Representations and Covenants of the Obligors.

In addition to the Company's representations and covenants contained in the Credit Agreement and herein, each Obligor represents and covenants that:

9(a) Subject to Section 3(e) and Section 3(f) hereof and other than certificates in respect of the Pledged Stock, the Collateral is and will be located at such Obligor's chief executive office and such other places of business and Permitted Inventory Locations as indicated on Schedule B attached hereto. Each Obligor's records of the Collateral will be located at such Obligor's chief executive office. The chief executive office of each Obligor is located at such address shown on Schedule B attached hereto. Each Obligor 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 such Obligor may establish in accordance with the last sentence of this Section 9(a) and, with respect to Inventory, to Permitted Inventory Locations. The originals of all documents and all electronically stored data and information evidencing all Receivables and Related Contracts of each Obligor and the only original books of account and records of each Obligor 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 such Obligor may establish in accordance with the last sentence of this Section 9(a). All Receivables, Related Contracts and records of each Obligor 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 such Obligor may establish in accordance with the last sentence of this Section 9(a). Each Obligor 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 Collateral 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 Collateral Agent may reasonably request, and (ii) with respect to such new location, it shall have taken all action, satisfactory to the Collateral Agent, to maintain the security interest of the Collateral Agent in the Collateral intended to be granted hereby at all times fully perfected and in full force and effect.

9(b) The Collateral used or useful in its business, in whomsoever's possession they may be, shall be kept in good repair, working order and condition, and that from time to time there will be made to such 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. Each Obligor will not encumber, sell, erase, transfer, assign, abandon or otherwise dispose of the Collateral except for: (i) collection, discharge, discount, compromise or expiration of the Receivables, chattel paper, instruments or General Intangibles in the ordinary course of such Obligor's business, (ii) sale or transfer of Inventory in the ordinary course of business, (iii) dispositions of items of Equipment no longer needed by such Obligor in the ordinary course of business, (iv) Permitted Liens and (v) 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 such Obligor'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 Collateral Agent to any sale or other disposition of the Collateral except as expressly permitted herein or in the Credit Agreement.

9(c) Each Obligor will have and maintain insurance at its expense as required pursuant to Section 6.04 of the Credit Agreement. The Collateral Agent is authorized by the Obligors to act as their attorney in collecting, adjusting, settling or cancelling such insurance and endorsing any drafts drawn by insurers. The Collateral Agent may apply any insurance proceeds received by it to the Secured Obligations, whether due or not; provided, however, that, at the request of the Obligors, the Collateral Agent will hold such proceeds (but only to the extent of any proceeds of up to \$1,000,000) in a special collateral account under the sole dominion and control of the Collateral Agent which shall be pledged to the Collateral Agent hereunder, for use by any Obligor in replacing any damaged Equipment which gave rise to such proceeds, so long as such Obligor is taking steps to replace such Equipment with due diligence and in good faith and so long as no Event of Default has occurred and is continuing hereunder. Each Obligor will immediately notify the Collateral Agent of any damage to or loss of the Collateral in excess of \$250,000. Not later than the expiration date of each insurance policy then in effect, such Obligor shall deliver to the Collateral Agent a certificate of insurance 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 Collateral 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 Collateral Agent). Each Obligor shall be required forthwith to notify the Collateral Agent if such Obligor shall determine at any time not to, or at any time be unable to, extend or renew any such insurance policy then in effect. In such event, the Collateral Agent may pay the costs and expenses to extend or renew any such policy, and such Obligor shall reimburse the Collateral Agent, on demand for any expense incurred in connection with such extension or renewal, together with interest thereon, from the date paid by the Collateral Agent until payment in full by such Obligor, at a per annum rate equal to the Default Rate. The Obligor's obligation to reimburse such amount shall constitute a Secured Obligation. Nothing in this Section 9(c) shall be construed as obligating the Collateral Agent to extend or renew any insurance policy.

9(d) Each Obligor 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.

9(e) Each Obligor will pay promptly when due all taxes, contributions, charges or levies and assessments upon the Collateral owned by such Obligor 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 such Obligor in accordance with GAAP).

9(f) Each Obligor 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 Collateral Agent, or any of its agents, shall have the right (in addition to the rights granted to the Collateral Agent pursuant to Section 6(c) hereof) to call at such Obligor's place or places of business during normal business hours, at intervals to be determined by the Collateral 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.

9(g) Each Obligor agrees to stamp its books and records pertaining to Receivables, Related Contracts, chattel paper, instruments, documents, Trademarks and General Intangibles to evidence the Collateral Agent's security interest therein in form satisfactory to the Collateral Agent immediately upon the Collateral Agent's written demand.

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

9(i) Each Obligor 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).

9(j) Each Obligor will, at its own expense, make, execute, endorse, acknowledge, file and/or deliver to the Collateral 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 Collateral Agent deems appropriate or advisable to perfect, preserve or protect its security interest in the Collateral consistent with the terms hereunder, and such Obligor hereby authorizes the Collateral 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 Collateral Agent.

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

9(l) If any of the shares, securities, moneys or property required to be pledged by such Obligor under Section 1 hereof are received by such Obligor, forthwith the Obligor shall either (x) transfer and deliver to the Collateral Agent such shares or securities so received by such Obligor (together with the certificates for any such shares and securities duly endorsed in blank or accompanied by undated stock powers duly executed in blank), all of which thereafter shall be held by the Collateral Agent, pursuant to the terms of this Agreement, as part of the Collateral or (y) take such other action as the Collateral Agent shall deem necessary or appropriate to duly record the Lien created hereunder in such shares, securities, moneys or property referred to in said Section 1.

SECTION 10. Events of Default.

10(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.

10(b) Upon the occurrence and during the existence of an Event of Default, the Collateral 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 Secured Obligations secured hereby, together with the rights and remedies of a secured party under the UCC of the jurisdictions where the Collateral is located, and, without limiting the foregoing, the Collateral Agent may:

(i) personally, or by agents or attorneys, immediately retake possession of the Collateral or any part thereof, from the Company 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 any Person'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 such Person; and

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

(iii) withdraw all moneys, securities and instruments in the Bank Accounts or any other account for application to the Secured Obligations; and

(iv) sell or otherwise liquidate, or direct any Obligor 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 any Obligor in writing to deliver the same to the Collateral Agent at any place or places designated by the Collateral Agent, in which event such Obligor shall at its own expense

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

(B) store and keep any Collateral so delivered to the Collateral Agent at such place or places pending further action by the Collateral 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 each Obligor'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 Collateral Agent shall be entitled to a decree requiring specific performance by each such Obligor of said obligation.

10(c) Any Collateral repossessed by the Collateral Agent under or pursuant to Section 7(i) or 10(b) and any other Collateral whether or not so repossessed by the Collateral Agent, 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 in compliance with any mandatory requirements of applicable law, as are 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 Collateral Agent or after any overhaul or repair which the Collateral 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 Collateral Agent deems advisable, and for that purpose the Collateral Agent may enter peaceably any premises on which the Collateral or any part thereof may be situated and remove the same therefrom and each such Obligor will not resist or interfere with such action. If an Event of Default shall have occurred and be continuing, the Collateral Agent may require each such Obligor to assemble and/or remove the Collateral and make it available to the Collateral Agent at a place to be designated by the Collateral Agent which is reasonably convenient to both parties. 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 Collateral Agent will send to such Obligor 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. Each Obligor agrees that the requirement of sending reasonable notice shall be met if such notice is mailed via a recognized overnight carrier, postage prepaid, to such Obligor 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 Collateral 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 Secured Obligations. To the extent permitted by any law, the Collateral 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 10(g)).

10(d) Each Obligor 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 Collateral Agent to use such means as it may determine necessary or advisable to realize upon the Collateral from time to time, each Obligor consents that the Collateral 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 Collateral 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.

10(e) The Obligors recognize that, by reason of certain prohibitions contained in the Securities Act of 1933, as amended, and applicable state securities laws, the Collateral Agent may be compelled, with respect to any sale of all or any part of the Stock Collateral, to limit purchasers to those who will agree, among other things, to acquire the Stock Collateral for their own account, for investment and not with a view to the distribution or resale thereof. The Obligors acknowledge that any such private sales may be at prices and on terms less favorable to the Collateral Agent than those obtainable through a public sale without such restrictions, and, notwithstanding such circumstances, agree that any such private sale shall be deemed to have been made in a commercially reasonable manner and that the Collateral Agent shall have no obligation to engage in public sales and no obligation to delay the sale of any Stock Collateral for the period of time necessary to permit the respective Issuer or Issuers thereof to register it for public sale.

10(f) The Collateral Agent may appropriate, set off and apply to the payment of the Secured Obligations, any Collateral in or coming into the possession of the Collateral Agent or its agents, without notice to any Obligor and in such manner as the Collateral Agent may in its reasonable discretion determine.

10(g) The proceeds of any Collateral obtained pursuant to Section 2(a), 7(i) or 10(b) or disposed of pursuant to Section 10(c) shall be applied as follows:

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

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

(iii) after payment in full of all amounts due under subparagraphs 10(g)(i) and 10(g)(ii) above, any surplus then remaining, if any, shall be paid to the Company, subject, however, to the rights of the holder of any then existing Lien of which the Collateral Agent has actual notice (without investigation).

10(h) Each and every right, power and remedy hereby specifically given to the Collateral 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 Collateral 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 Collateral 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 Secured Obligations. No delay or omission of the Collateral Agent in the exercise of any such right, power or remedy and no renewal or extension of any of the Secured Obligations 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 Collateral Agent shall bring any suit to enforce any of its rights hereunder and shall be entitled to judgment, then in such suit the Collateral Agent may recover reasonable expenses, including reasonable actual attorneys' fees, and the amounts thereof shall be included in such judgment. Notwithstanding anything else herein, the Collateral Agent shall not be entitled to any fees, expenses or costs, if such charges result from the Collateral Agent's gross negligence or willful misconduct.

10(i) In case the Collateral 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 Collateral Agent, then and in every such case the Company, the Collateral 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 Collateral Agent shall continue as if no such proceeding had been instituted.

SECTION 11. Deficiency. If the proceeds of sale, collection or other realization of or upon the Collateral pursuant to Section 10 hereof are insufficient to cover the costs and expenses of such realization and the payment in full of the Secured Obligations, the Obligors shall remain liable for any deficiency.

SECTION 12. Private Sale. The Collateral Agent and the Lenders shall incur no liability as a result of the sale of the Collateral, or any part thereof, at any private sale pursuant to Section 10 hereof conducted in a commercially reasonable manner. Subject to the Collateral Agent and the Lenders exercising any rights or remedies in a commercially reasonable manner, each Obligor hereby waives any claims against the Collateral Agent or any Lender arising by reason of the fact that the price at which the Collateral may have been sold at such a private sale was less than the price that might have been obtained at a public sale or was less than the aggregate amount of the Secured Obligations, even if the Collateral Agent accepts the first offer received and does not offer the Collateral to more than one offeree.

SECTION 13. Waivers.

13(a) Except as otherwise provided in this Agreement, **EACH OBLIGOR HEREBY WAIVES, TO THE EXTENT PERMITTED BY APPLICABLE LAW, NOTICE OR JUDICIAL HEARING IN CONNECTION WITH THE COLLATERAL AGENT'S TAKING POSSESSION OR THE COLLATERAL 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 OBLIGOR WOULD OTHERWISE HAVE UNDER THE CONSTITUTION OR ANY STATUTE OF THE UNITED STATES OR OF ANY STATE,** and each Obligor hereby further waives:

- (i) all damages occasioned by such taking of possession except any damages which are the result of the Collateral 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 Collateral Agent's rights hereunder unless otherwise required pursuant to the terms hereof; and
- (iii) all rights of redemption, appraisement, 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 each Obligor, 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 each Obligor therein and thereto, and shall be a perpetual bar both at law and in equity against

each Obligor 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 such Obligor.

13(b) Each Obligor 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 Secured Obligations and Collateral, each Obligor 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 Collateral Agent may deem advisable in its reasonable discretion. Each Obligor waives all rules of suretyship law and any other law whatsoever which is legally permitted to be waived and which would, if not waived, impair the Collateral Agent's enforcement of its security interests hereunder. By way of example, but not in limitation of the Collateral Agent's rights under this Security Agreement, subject to the terms and conditions of this Security Agreement and the Credit Agreement, the Collateral Agent may, do any of the following without notice to such Obligor (unless such notice or other action is otherwise required pursuant to any of the Loan documents to which such Obligor is a party):

- (i) change, renew or extend the time for payment of all or any part of the Secured Obligations;
- (ii) change any provision with respect to all or any part of the Secured Obligations;
- (iii) release, surrender, sell or otherwise dispose of any money or property which is in the Collateral Agent's possession as collateral security for the Secured Obligations;
- (iv) fail to perfect a security interest in any property which is pledged or mortgaged as security for payment of the Secured Obligations;
- (v) release or discharge any party liable to the Collateral Agent in whole or in part for the Secured Obligations, or accept any additional parties or guarantors;
- (vi) delay or refrain from exercising any of the Collateral Agent's rights;
- (vii) settle or compromise any and all claims pertaining to the Secured Obligations and the Collateral; and
- (viii) apply any money or property of such Obligor or that of any other party liable to the Collateral Agent for any part of the Secured Obligations in any order such Obligor chooses.

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

- (i) exercise any rights under the Collateral or act upon any request made by any Obligor;
- (ii) collect any sums due on the Collateral;
- (iii) notify any Obligor of any maturities or other similar matters concerning the Collateral; or
- (iv) preserve or protect any Obligor'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 14. Indemnity and Costs and Expenses.

14(a) Each Obligor agrees to pay, or reimburse the Collateral 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 Collateral Agent's rights under this Security Agreement, and (ii) the creation, preservation or protection of the Collateral 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 Collateral 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. The Obligors will not indemnify the Collateral Agent for fees, expenses or costs incurred as a result of the Collateral Agent's gross negligence or willful misconduct

14(b) Without limiting the application of Section 14(a) hereof, each Obligor agrees to pay, indemnify and hold the Collateral 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 any Obligor 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 any Obligor of this Agreement or any of the other Loan Documents.

14(c) If and to the extent that the obligations of any Obligor under this Section 14 are unenforceable for any reason, each Obligor hereby agrees to make the maximum contribution to the payment and satisfaction of such obligations which is permissible under applicable law.

14(d) Any amounts paid by any Indemnitee as to which such Indemnitee has the right to reimbursement shall constitute Secured Obligations secured by the Collateral. The indemnity obligations of the Obligors contained in this Section 14 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 Secured Obligations and notwithstanding the discharge thereof.

SECTION 15. The Collateral Agent. Without limiting any provision hereof, the Collateral 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 Collateral Agent.

SECTION 16. Successors and Assigns. The covenants, representations, warranties and agreements herein set forth shall be binding upon each Obligor, its successors and assigns, and shall inure to the benefit of the Collateral Agent, the Lenders and their respective successors and assigns. The successor of the Collateral Agent hereunder shall forthwith become vested with and shall be entitled to exercise all the powers and rights given by this Agreement to the Collateral Agent, as if said successor were originally named as secured party herein.

SECTION 17. Collateral Agent May Perform. If any Obligor fails to perform any agreement contained herein, the Collateral Agent may itself perform, or cause performance of, such agreement, and the expenses of the Collateral Agent incurred in connection therewith shall be payable by such Obligor on demand.

SECTION 18. No Waiver; Remedies. No failure on the part of the Collateral 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 19. 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 20. 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 21. 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 Collateral Agent and the Obligors (but, as to the Collateral Agent, only with the consent of the Required Lenders as provided in the Credit Agreement).

SECTION 22. Additional Subsidiary Guarantors. As contemplated in and in accordance with Section 6.09 of the Credit Agreement, certain new Subsidiaries of the Company (other than Inactive Subsidiaries and Foreign Subsidiaries) acquired or formed by the Company after the date hereof must become a "Subsidiary Guarantor" under the Credit Agreement and this Agreement, by executing and delivering to the Collateral Agent a Guarantee Assumption Agreement in the form of Exhibit C-2 to the Credit Agreement. Accordingly, upon the execution and delivery of any such Guarantee Assumption Agreement by any such Subsidiary, such new Subsidiary shall automatically and immediately, and without any further action on the part of any Person, become an "Obligor" for all purposes of this Agreement, and each of the Annexes hereto shall be supplemented in the manner specified in such Guarantee Assumption Agreement.

SECTION 23. 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 24. 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.

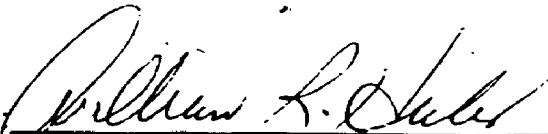
SECTION 25. Continuation of Liens. With respect to any Obligor party to the Omnibus Security Agreement and/or the Omnibus Pledge Agreement, each dated as of August 3, 1998 (collectively, the "Existing Security Agreements"), in favor of the Collateral Agent, this Security Agreement shall continue the Liens created thereunder on the properties of such Obligor, and nothing therein shall be construed as a release or termination of any such Lien; provided that the terms of this Security Agreement shall supersede and replace in its entirety the terms of the Existing Security Agreements.

SECTION 26. Termination. When all Secured Obligations shall have been paid in full and the Commitments under the Credit Agreement have expired or been terminated, this Agreement shall terminate, and the Collateral 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 Company. The Collateral Agent shall also execute and deliver to the Obligors upon such termination such UCC termination statements and such other documentation as shall be reasonably requested as necessary by the Obligors to effect the termination and release of the Liens on the Collateral, all at the expense of the Obligors.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered in New York, New York by their proper and duly authorized officers as of the day and year first above written.

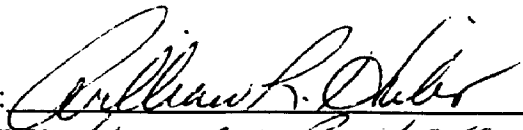
COMPANY:

CDI FINANCE CO.

By: 
Name: *WILLIAM R. HICKS*
Title: *PRESIDENT*

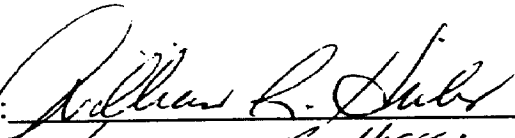
HOLDINGS:

COMMUNICATION DYNAMICS, INC.

By: 
Name: *WILLIAM R. HICKS*
Title: *CHIEF FINANCIAL OFFICER*

SUBSIDIARY GUARANTORS:

**TVC, INC.
WHITE SANDS ENGINEERING, INC.
PACIFIC COAST CABLE SUPPLY, INC.
MARC TALON, INC.
U.S. ELECTRONICS COMPONENTS CORP.
ICX INTERNATIONAL, INC.
TVC COMMUNICATIONS, INC.
AMERICAN TECHNOLOGY EXPORTER, INC.**

By: 
Name: *WILLIAM R. HICKS*
Title: *CHIEF FINANCIAL OFFICER*

FIRSTAR BANK, N.A.

By: Gerald S. Kirk
Name: Gerald S. Kirk
Title: Vice President

**NATIONAL CITY BANK, as
Lender**

By: _____
Name: _____
Title: _____

**EUROPEAN AMERICAN BANK, as
Lender**

By: _____
Name: _____
Title: _____

HOWARD BANK, N.A., as Lender

By: _____
Name: _____
Title: _____

**BANK POLSKA KASA OPIEKI S.A., as
Lender**

By: _____
Name: _____
Title: _____

FIRSTAR BANK, N.A.

By:
Name:
Title:

**NATIONAL CITY BANK, as
Lender**

By: 
Name: **JOSHUA R. SOSLAND**
Title: **ASSISTANT VICE PRESIDENT**

**EUROPEAN AMERICAN BANK, as
Lender**

By:
Name:
Title:

HOWARD BANK, N.A., as Lender

By:
Name:
Title:

**BANK POLSKA KASA OPIEKI S.A., as
Lender**

By:
Name:
Title:

FIRSTAR BANK, N.A.

By: _____
Name:
Title:

**NATIONAL CITY BANK, as
Lender**

By: _____
Name:
Title:

**EUROPEAN AMERICAN BANK, as
Lender**

By: _____
Name: Mark Saeger
Title: Vice President

HOWARD BANK, N.A., as Lender

By: _____
Name:
Title:

**BANK POLSKA KASA OPIEKI S.A., as
Lender**

By: _____
Name:
Title:

FIRSTAR BANK, N.A.

By:
Name:
Title:


**NATIONAL CITY BANK, as
Lender**

By:
Name:
Title:

**EUROPEAN AMERICAN BANK, as
Lender**

By:
Name:
Title:

HOWARD BANK, N.A., as Lender

By: 
Name: MICHAEL W. QUINN
Title: SENIOR VICE PRESIDENT

**BANK POLSKA KASA OPIEKI S.A., as
Lender**

By:
Name:
Title:

FIRSTAR BANK, N.A.

By: _____
Name:
Title:

**NATIONAL CITY BANK, as
Lender**

By: _____
Name:
Title:

**EUROPEAN AMERICAN BANK, as
Lender**

By: _____
Name:
Title:

HOWARD BANK, N.A., as Lender

By: _____
Name:
Title:

**BANK POLSKA KASA OPIEKI S.A., as
Lender**

By: _____
Name: *Harvey White*
Title: *1st President*

LENDERS, ISSUING LENDER AND
ADMINISTRATIVE AGENT:

IBJ WHITEHALL BANK & TRUST COMPANY,
as Lender, Issuing Lender, Swingline Lender and
Administrative Agent

By: 

Name: *Michael Graham*

Title: *Director*

WELLS FARGO BANK, N.A., as Lender

By: _____

Name:

Title:

**DRESDNER BANK AG, NEW YORK AND
GRAND CAYMAN BRANCHES, as Lender**

By: _____

Name:

Title:

By: _____

Name:

Title:

HELLER FINANCIAL, INC., as Lender

By: _____

Name:

Title:

KEY CORPORATE CAPITAL, INC., as Lender

By: _____

Name:

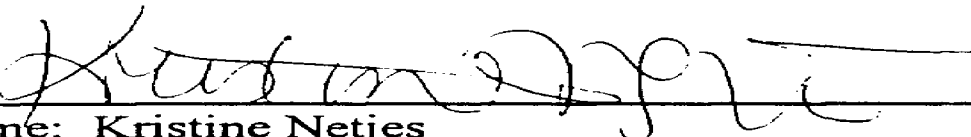
Title:

LENDERS, ISSUING LENDER AND
ADMINISTRATIVE AGENT:

IBJ WHITEHALL BANK & TRUST COMPANY,
as Lender, Issuing Lender, Swingline Lender and
Administrative Agent

By: _____
Name:
Title:

WELLS FARGO BANK, N.A., as Lender

By:  _____
Name: Kristine Netjes
Title: Assistant Vice President

**DRESDNER BANK AG, NEW YORK AND
GRAND CAYMAN BRANCHES, as Lender**

By: _____
Name:
Title:

By: _____
Name:
Title:

HELLER FINANCIAL, INC., as Lender

By: _____
Name:
Title:

KEY CORPORATE CAPITAL, INC., as Lender

By: _____
Name:
Title:

LENDERS, ISSUING LENDER AND
ADMINISTRATIVE AGENT:

IBJ WHITEHALL BANK & TRUST COMPANY,
as Lender, Issuing Lender, Swingline Lender and
Administrative Agent

By: _____
Name:
Title:

WELLS FARGO BANK, N.A., as Lender

By: _____
Name:
Title:

**DRESDNER BANK AG, NEW YORK AND
GRAND CAYMAN BRANCHES,** as Lender

By: _____
Name: Irv Roa
Title: Assistant Vice President

By: _____
Name: Christian Giordano
Title: Assistant Vice President

HELLER FINANCIAL, INC., as Lender

By: _____
Name:
Title:

KEY CORPORATE CAPITAL, INC., as Lender

By: _____
Name:
Title:

LENDERS, ISSUING LENDER AND
ADMINISTRATIVE AGENT:

IBJ WHITEHALL BANK & TRUST COMPANY,
as Lender, Issuing Lender, Swingline Lender and
Administrative Agent

By: _____
Name:
Title:

WELLS FARGO BANK, N.A., as Lender

By: _____
Name:
Title:

**DRESDNER BANK AG, NEW YORK AND
GRAND CAYMAN BRANCHES,** as Lender

By: _____
Name:
Title:

By: _____
Name:
Title:

HELLER FINANCIAL, INC., as Lender

By: _____
Name:
Title: **Robert M. Reeg**
Assistant Vice President

KEY CORPORATE CAPITAL, INC., as Lender

By: _____
Name:
Title:

LENDERS, ISSUING LENDER AND
ADMINISTRATIVE AGENT:

IBJ WHITEHALL BANK & TRUST COMPANY,
as Lender, Issuing Lender, Swingline Lender and
Administrative Agent

By: _____
Name:
Title:

WELLS FARGO BANK, N.A., as Lender

By: _____
Name:
Title:

**DRESDNER BANK AG, NEW YORK AND
GRAND CAYMAN BRANCHES, as Lender**

By: _____
Name:
Title:

By: _____
Name:
Title:

HELLER FINANCIAL, INC., as Lender

By: _____
Name:
Title:

KEY CORPORATE CAPITAL INC., as Lender

By: Mark R. Hursty
Name: Mark R. Hursty
Title: Vice President

SCHEDULE A-1

to

Security Agreement and UCC-1 Financing Statement

in favor of

IBJ Whitehall Bank & Trust Company

as the Collateral Agent for the Lenders and the other Credit Parties*
granted by CDI FINANCE CO., COMMUNICATION DYNAMICS, INC.
and SUBSIDIARY GUARANTORS
as Obligors

This financing statement covers all of the following now owned or hereafter acquired items of each Obligor:

- 3) All equipment in all of its forms, wherever located, including, without limitation, all machinery and other goods, furniture, furnishings, fixtures, office supplies and all other similar types of tangible personal property and all parts thereof and all accessions thereto, together with all parts, fittings, special tools, alterations, substitutions, replacements and accessions thereto (any and all such equipment, parts and accessions being the "Equipment");
- 4) All inventory in all of its forms, wherever located, including, but not limited to, (i) all raw materials and work in process, finished goods, and materials used or consumed in manufacture or production, (ii) goods in which such Obligor has an interest in mass or a joint or other interest or right of any kind (including, without limitation, goods in which such Obligor has an interest or right as consignee), and (iii) goods which are returned to or repossessed by such Obligor, and all accessions thereto and products thereof and all documents and documents of title relating to or covering any of the foregoing or any other assets ("Documents") (any and all such inventory, accessions, products and Documents being the "Inventory");
- 5) All accounts, accounts receivable, contract rights, chattel paper, instruments, acceptances, drafts, and other obligations of any kind, whether or not arising out of or in connection with the sale or lease of goods or the rendering of services, together with all ledger sheets, files, records and documents relating to any of the foregoing, including all computer records, programs, storage media and computer software useful or required in connection therewith (the "Receivables"), and all rights now or hereafter existing in and to all security agreements, leases, and other contracts securing or otherwise relating to any such Receivables, and any and all such leases, security agreements and other contracts (the "Related Contracts");
- 6) All rights under all contracts or agreements to which such Obligor is a party (other than contracts or agreements which by their terms expressly prohibit the granting of a Lien thereon), including, but not limited to, the Agreement and Plan of Merger;

- 7) All trademarks, trade names, trade styles, service marks, prints and labels on which said trademarks, trade names, trade styles and service marks have appeared or appear, designs and general intangibles of like nature, now existing or hereafter adopted, all right, title and interest therein and thereto, and all registrations and recordings thereof, including, without limitation, applications, registrations and recordings in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof, or any other country or any political subdivision thereof, together with the goodwill associated therewith, and all reissues, amendments, extensions or renewals thereof and all licenses thereof (the "Trademarks");
- 8) All copyrights, copyrighted works or any item which embodies such copyrighted work of the United States or any other country, all applications therefor, all right, title and interest therein and thereto, and all registrations and recordings thereof, including, without limitation, applications, registrations and recordings in the United States Copyright Office or in any similar office or agency of the United States, any State thereof or any other country or any political subdivision thereof, and all derivative works, extensions or renewals thereof and all licenses thereof (the "Copyrights");
- 9) All letters patent of the United States or any other country, and all applications therefor, all right, title and interest therein and thereto, and all registrations and recordings thereof, including, without limitation, applications, registrations and recordings in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or any other country or any political subdivision thereof, and all reissues, continuations, divisionals, continuations-in-part or extensions thereof and all licenses thereof (the "Patents");
- 10) Any and all trade secrets and other confidential information (including, without limitation, ideas, formulas, compositions, inventions [whether patentable or unpatentable and whether or not reduced to practice], know-how, manufacturing and production processes and techniques, research and development information, drawings, specifications, design, plans, proposals, technical data, copyrightable works, customer and supplier lists and information, which are owned, developed, licensed, or otherwise obtained from any source and any and all source codes used in connection with remote controls, together with all ledger sheets, files, records and documents relating to any of the foregoing, including all computer records, programs, storage media and computer software useful or required in connection therewith (the "Trade Secrets");
- 11) all bank accounts now or hereafter maintained by such Obligor and all funds in such accounts together with all monies, proceeds or sums due or to become due thereon or therefrom (all such bank accounts, the "Bank Accounts"), and all documents or instruments (including, but not limited to, passbooks,

certificates of deposit and receipts) necessary to be presented to withdraw funds or investments held in the Bank Accounts (the "Account Documents");

- 12) All general intangibles, including, but not limited to, good will and tax refunds, (the "General Intangibles"); and
- 13) All proceeds of any and all of the foregoing Collateral (including, without limitation, proceeds which constitute property of the types described in clauses (a) through (k) and, to the extent not otherwise included, all payments under insurance (whether or not the Collateral Agent or any Lender is the loss payee thereof), or any indemnity, warranty or guaranty, payable by reason of loss or damage to or otherwise with respect to any of the foregoing items.

* As used in this Schedule A-1, "Lenders" means IBJ Whitehall Bank & Trust Company, its successors and assigns (including each "Lender" which shall become party to the Credit Agreement between the Company, the Subsidiary Guarantors, Holdings, IBJ Whitehall Bank & Trust Company, as Administrative Agent for the Lenders or other financial institutions or entities party, as Lenders, thereunder). All other capitalized terms shall have the meanings ascribed thereto in the Security Agreement.

SCHEDULE A-2
 to
Security Agreement and UCC-1 Financing Statement
 in favor of
IBJ Whitehall Bank & Trust Company
 as the Collateral Agent for the Lenders
 and the other Credit Parties*
 granted by **CDI FINANCE CO., COMMUNICATION DYNAMICS, INC.**
 and **SUBSIDIARY GUARANTORS**
 as Obligors

Trademarks

I. Trademarks owned by U.S. Electronics Components Corp.

Mark	Owner.	Serial No.	Filing Date	Reg. No.	Reg. Date	Status
CENTAURUS	U.S. Electronics Components Corp.	75/776,876	8/16/99			Pending: Non-Final Office Action Mailed 2/15/00
E-MOTE	U.S. Electronics Components Corp.	75/318,024	7/1/97			Allowed: First Extension Granted 12/22/99
EXPEDITION	U.S. Electronics Components Corp.	75/776,877	8/16/99			Pending: Non-Final Office Action Mailed 2/15/00
INTEGRATOR	U.S. Electronics Components Corp.	75/341,953	8/15/97			Allowed: Notice of Allowance Issued 2/29/00

Mark	Owner.	Serial No.	Filing Date	Reg. No.	Reg. Date	Status
MR. REMOTE	U.S. Electronics Components Corp.	74/649,167	3/20/95	2,267,455	8/3/99	Section 8&15 due 8/3/05 *Security Interest granted to IBJ Schroder Bank & Trust Company, dated 10/29/96, recorded 12/4/96 at Reel Frame 1535/0193
MS. REMOTE	U.S. Electronics Components Corp.	75/488,423	5/20/98			Allowed: Notice of Allowance Issued 8/24/99
NEMESIS	U.S. Electronics Components Corp.	75/767,093	8/3/99			Pending: New Application Assigned to Examiner 12/23/99
PASSPORT	U.S. Electronics Components Corp.	75/421,001	1/21/98			Pending: Suspended 2/15/00
PREDICTIVE TECHNOLOGY	U.S. Electronics Components Corp.	75/424,969	1/28/98			Pending: Non-Final Office Action mailed 8/17/99
QUIK-ELINKS	U.S. Electronics Components Corp.	75/940,313	2/21/00			New Application – Not Assigned to Examiner
QUICK-LINKS	U.S. Electronics Components Corp.	75/940,309	2/21/00			New Application – Not Assigned to Examiner
SMARTLINKS	U.S. Electronics Components Corp.	75/845,434	12/1/99			New Application – Not Assigned to Examiner
SURF MATE	U.S. Electronics Components Corp.	75/282,026	4/25/97	2,186,871	9/1/98	Section 8&15 Affidavit due 9/1/04

III. Trademarks owned by Vikimatic Sales, Inc.*

Mark	Owner	Serial No.	Filing Date	Reg. No.	Reg. Date	Status
MAXCELL	Vikimatic Sales, Inc.	75/837,125	10/29/99			Pending
MAXICELL	Vikimatic Sales, Inc.	75/831,169	10/25/99			Pending: Non Final Office Action mailed on 2/29/00

IV. Trademarks owned by Marc Talon, Inc.

Mark	Owner	Serial No.	Filing Date	Reg. No.	Reg. Date	Status
TVC	Marc Talon, Inc. *The chain of title for this registration is not clear. We believe Marc Talon, Inc. is the current assignee.	72/226,100	8/19/65	812,942	8/16/66	Renewed *Security Interest granted to IBJ Schroder Bank, recorded 5/15/96 at Reel/Frame 1469/0944; *Second Security Interest granted to IBJ Schroder Bank, recorded 12/4/96 at Reel/Frame 1539/0041

V. Foreign Trademarks Owned by U.S. Electronics Components Corp.

Mark	Owner	Country	Serial No.	Filing Date	Reg. No.	Reg. Date	Status
E-MOTE	U.S. Electronics Components Corp.	Benelux	909669	2/5/98	629294	2/5/98	Registered
E-MOTE	U.S. Electronics Components Corp.	United Kingdom	2156321	1/24/98	2156321	6/11/99	Registered
EXPEDITION	U.S. Electronics Components Corp.	European Community	1152370	4/26/99			Pending: Published

* Vikimatic Sales, Inc. merged into TVC Communications, Inc. as of March 6, 2000. The merger agreement in connection with this merger will be filed with the United States Patent and Trademark Office.

Mark	Owner	Country	Serial No.	Filing Date	Reg. No.	Reg. Date	Status
INTEGRATOR	U.S. Electronics Components Corp.	Benelux	909980	2/10/98	631227	2/10/98	Registered
INTEGRATOR	U.S. Electronics Components Corp.	European Community	1273846	8/11/99			Pending: Published
INTEGRATOR	U.S. Electronics Components Corp.	France	98 717221	2/10/98	98 717221	2/10/98	Registered
INTEGRATOR	U.S. Electronics Components Corp.	Germany	3980634 3	2/6/98	39806343	6/10/98	Registered
INTEGRATOR	U.S. Electronics Components Corp.	United Kingdom	2157541	2/7/98	2157541	11/12/99	Registered
MEMORY LOCK	U.S. Electronics Components Corp.	Benelux	877602	8/28/96	600542	8/28/96	Registered
MEMORY LOCK	U.S. Electronics Components Corp.	France	96 639874	8/29/96	96 639874	8/29/96	Registered
NEMESIS	U.S. Electronics Components Corp.	European Community	1273846	8/11/99			Pending: Published
PREDICTIVE TECHNOLOGY	U.S. Electronics Components Corp.	Benelux	920357	7/28/98	637520	7/28/98	Registered
PREDICTIVE TECHNOLOGY	U.S. Electronics Components Corp.	France	98 743758	7/28/98	98 743758	7/28/98	Registered
PREDICTIVE TECHNOLOGY	U.S. Electronics Components Corp.	Germany	3984273 9	7/29/98			Pending: Unpublished

Mark	Owner	Country	Serial No.	Filing Date	Reg. No.	Reg. Date	Status
SURF MATE	U.S. Electronics Components Corp.	Benelux	903592	10/27/97	622043	10/27/97	Registered
SURF MATE	U.S. Electronics Components Corp.	France	97 701414	10/27/97	97 701414	10/27/97	Registered
SURF MATE	U.S. Electronics Components Corp.	Germany	3975115 0	10/27/97	39751150	6/18/98	Registered
SURF MATE	U.S. Electronics Components Corp.	United Kingdom	2149108	10/27/97	2149108	12/3/98	Registered
US ELECTRONICS	U.S. Electronics Components Corp.	European Community	11536	4/1/96			Pending: Unpublished
WIRELESS REMOTES FOR A WIRED WORLD and Design	U.S. Electronics Components Corp.	Benelux	920359	7/28/98	642172	7/28/98	Registered
WIRELESS REMOTES FOR A WIRED WORLD	U.S. Electronics Components Corp.	Benelux	920358	7/28/98	637521	7/28/98	Registered
WIRELESS REMOTES FOR A WIRED WORLD	U.S. Electronics Components Corp.	France	98 743759	7/28/98	98 743759	7/28/98	Registered
WIRELESS REMOTES FOR A WIRED WORLD and Design	U.S. Electronics Components Corp.	France	98 743760	7/28/98	98 743760	7/28/98	Registered
WIRELESS REMOTES FOR A WIRED WORLD	U.S. Electronics Components Corp.	Germany	3984274 0	7/29/98			Pending: Unpublished
WIRELESS REMOTES FOR A WIRED WORLD and Design	U.S. Electronics Components Corp.	Germany	3984274 1	7/29/98	39842741	1/21/99	Registered

Mark	Owner	Country	Serial No.	Filing Date	Reg. No.	Reg. Date	Status
WIRELESS REMOTES FOR A WIRED WORLD and Design	U.S. Electronics Components Corp.	United Kingdom	2174314	7/28/98	2174314	6/11/99	Registered

License Agreements

1. License Agreement, dated October 1, 1994, between Marc Talon, Inc. and BLD Co., Inc.
2. License Agreement, dated October 1, 1994, between Marc Talon, Inc. and TVC Holding, Inc.
3. License Agreement, dated October 1, 1994, between Marc Talon, Inc. and TV Cable Supply Co., Inc.

“Interstate Cable Enterprises, Inc.” which is not registered with the state of Florida; 1090 of Interstate is not registered or copyrighted
4. License Agreement, dated October 1, 1994, between Marc Talon, Inc. and Cable West Inc.
5. Pursuant to the License Agreement, dated July 22, 1996, as amended, between ICX International, Inc. and Houston Tracker Systems, Inc. a license to utilize the database described therein for the purposes set forth therein.

Devices for which U.S. Electronics Components Corp. has procured Code Data:

A. Televisions

A-Mark	Admiral
Adyson	Aiko
Akai	Akura
Alba	Amstrad
Anam	Anam National
AOC	Arcam Delta
Archer	Audio-Technica
Audiosonic	Audiovox
Basic Line	Bauer
Bell & Howell	Britannia
Bush	Candle
Capehart	Capetronic
Carver	Cimline
Citizen	Concerto
Contac	Craig
Crown	Curtis Mathes
CXC	Daewoo
Dansai	Daytron

Decca
Dixi
Elta
Envision
Fidelity
Fisher
Formanti
Fujitsu
Futuretech
GEC
Genexxa
Goodmans
GPM
Grandin
Harman/Kardon
Hisawa
Hypson
Interfunk
JBL
JVC
Kawasho
Kloss
KTV
Loewe
Logik
LXI
Marantz
Matsui
MGA
Mivar
Multitech
NEC
NEI
NiKKai
Onwa
Orion
Osume
Panama
Pausa
Philco
Phonola
Portland
Proscan
Pulsar
Quelle
Radio Shack
RCA

Decca Nicam
Dynatech
Emerson
Etron
Finlux
Fortress
Funai
GE
Geloso
Goldstar
Goodmans/Tashiko
Granada
Hallmark
Hinari
Hitachi
Infinity
Isukai
Jensen
Kaisui
Kenwood
KMC
Lloytron
Loewe Opta
Luxman
Magnavox
Mark
Memorex
Mitsubishi
MTC
NAD
Neckermann
Nicamagic
NIKKO
Optonica
Osaki
Otto Versand
Panasonic
J.C. Penney
Philips
Pioneer
Protech
Proton
Quasar
R-Line
Radiola
Realistic
Roadstar

Rhapsody
Runco
Sampo
Sanyo
Schneider
Sears
Siemens
Solavox
Sony
Soundwave
SSS
Supra
Sylvania
Tandy
Technics
Teknika
Tensai
Thorn
Tomashi
Tosonic
Triumph
Universum
Victor
Vidikron
Viking
White Westinghouse
Yoko

Saisho
Samsung
SBR
Scott
Sharp
Signature
Sonoko
Soundesign
Spectricon
Standard
Supre-Macy
Symphonic
Tatung
Techwood
Teletech
Tera
TMK
Toshiba
Totevision
Universal
Vector Research
Video Concepts
Vidtech
M.Ward
Yamaha
Zenith
Zona

B. VCR's

Admiral
Akai
Alba
ASA
Bell & Howell
Broksonic
Canon
Carver
Condor
Cartis Mathes
Daytron
Decca
Dumont
Emerson
Finlandia
Fisher
Funai
GEC

Aiwa
Akura
Amstrad
Baird
Blaupunkt
Bush
Capehart
Catron
Craig
Daewoo
De Graff
Dual
Dynatech
Ferguson
Finlux
Frontech
GE
Go Video

Goldstar
Graetz
Grundig
Hinari
Interfunk
JCL
JVC
Kenwood
Loewe Opta
Luxor
Magnavox
Marta
MEI
MGA
Mitsubishi
Multitech
NEC
Nokia
Optonika
Osaki
Panasonic
Pentax
Philco
Phonola
Pioneer
Pulsar
Quartz
Quelle
RCA
Rex
Runco
Saisho
Samsung
Sanyo
Schaub Lorenz
Scott
SEI
Sharp
Siemens
Solovex
STS
Sylvania
Tandy
Tatung
Technics
Telefunken
Thorn

Goodmans
Granada
Harman/Kardon
Hitachi
ITT
Jensen
Kendo
Lloyd
Logik
LXI
Marantz
Matsui
Memorex
Minolta
MTC
NAD
Neckermann
Nordmende
Orion
Otto Versand
J.C. Penney
Perdio
Philips
Pilot
Portland
Pye
Quasar
Radiola
Realistic
Ricoh
Saba
Salora
Sansui
SBR
Schneider
Sears
Sentra
Shintom
Sinudyne
Sony
Sunpak
Symphonic
Tashiko
Teac
Teknika
Thomson
TMK

Toshiba
Triumph
Vector Research
Video Concepts
M. Ward
Yamaha

Totevision
Unitech
Universum
Victor
Videosonic
Zenith

C. CD Players

ADS
Akai
Audio-Technica
BSR
California Audio Lab
Carver
Crown
Denon
Emerson
Fisher
Genexxa
Goodmans
HK
Inkel
Kenwood
Linn
LXI
Marantz
MCS
Meridian
Mission
NAD
Nakamichi
NIKKO
Onkyo
Panasonic
Philips
Proton
RCA
Revox
Rotel
Samsung
Sanyo
Sears
Sherwood
Siemens
Sony
Sylvania
Tandy

Adcom
Aiwa
Arcam
Braun
Bush
Carrera
Casio
Curtis Mathes
Dynamic Bass
Eroica
Garrard
Goldstar
Grundig
Harman/Kardon
JVC
Kyocera
Luxman
Magnavox
McIntosh
Memorex
MGA
Mitsubishi
Niam
NEC
NSM
Optimus
Penny
Pioneer
Quasar
Realistic
Roadstar
SAE
Sansui
Scott
Sharp
Shure
Signature
STS
Symphonic

Technics
Vector Research
Wards
Yamaha

Teac
Toshiba
Victor

D. USECC Products

<u>USEC Product #</u>	<u>Model #</u>
USE13922	CP-550
USE17146	EY320
USE17147	EY322
USE17144	EY386
USE17148	EY420
USE17151	EY422
USE17150	EY486
USE17149	EY486X
USE16982	HOTEL 2000 REMOTE
USE15037	K170-A
USE15039	K170-D
USE15040	K170-X
USE15041	K2000-A
USE17003	K2000-A2
USE15042	K2000-D
USE15043	K2000-X
USE15020	K475-A
USE17004	K475-A2
USE15021	K475-D
USE15045	K457-X
USE15024	K700-A
USE17005	K700-A2
USE14731	K700-D
USE15025	K700-X
USE15053	K82-A
USE17006	K82-A2
USE14775	K85-D
USE15046	K82-X
USE15022	K86-A
USE17040	K86-A W/COX LOGO
USE17007	K86-A2
USE14598	K86-D
USE15023	K86-X
USE15047	KH9-A
USE15048	KH9-D
USE15049	KH9-X
USE14637	KJ-A
USE16407	KJ-A W/BLISTER PACK
USE17008	KJ-A2
USE14729	KJ-D

USE14728	KJ-X
USE15254	KNO
USE15380	KNO-RBLT
USE15050	KZ-A
USE17002	KZ-A2
USE15051	KZ-D
USE15052	KZ-X
USE16065	LM-1000
USE15158	MODEL 777
USE15003	RC711 W/BLISTER PACK
USE15038	RC711-BULK
USE11338	RD-03Z
USE13558	RDTV03
USE08932	U075L
USE14127	U2000
USE05588	U4000L
USE14849	U4000-L
USE05589	U450L
USE14848	U450L-K
USE11303	U475L
USE14492	U700
USE13598	U82
USE07466	U85L
USE11460	U85L-K
USE13596	U86L
USE16973	U86L W/COMCAST LOGO
USE14129	UDMR
USE13599	UH5
USE13600	UH6
USE13601	UH8
USE13602	UH9
USE16711	UM-400
USE12285	UM-450
USE09402	UM-550
USE11408	UM-550G
USE15996	UM-550S
USE15298	UM31A W/BLISTER PACK
USE15062	UM31A-BULK
USE14091	UMTV170
USE14092	UMTV170-D
USE14490	UMTV2000
USE15033	UMTV2000-D
USE15034	UMTV2000-X
USE13972	UMTV475
USE13930	UMTV475-D
USE14539	UMTV475-X
USE14128	UMTV700

USE14769	UMTV700-D
USE15036	UMTV700-X
USE13982	UMTV82
USE13983	UMTV82-D
USE14482	UMTV82-X
USE13856	UMTV86
USE14090	UMTV86-D
USE14565	UMTV86-X
USE13973	UMTVH9
USE14093	UMTVH9-D
USE14540	UMTVH9-X
USE12451	UMTVJ
USE14770	UMTVJ-9
USE15701	UMTVJ-9 RTF
USE13595	UMTVJ-9D
USE15754	UMTVJ-CB
USE13560	UMTVJ-D
USE14541	UMTVJ-X
USE14613	UMTVJ-X W/LOGO TCI
USE13923	UMTVRD3
USE14089	UMTVRD3-D
USE15035	UMTVRD3-X
USE10374	URC-400
USE13057	URC-450
USE08972	URC-550
USE13104	URC-550-K
USE11409	URC-550G
USE10529	USP-120
USE15976	USP-120 PC BOARD STUF
USE1137	USP-140
USE15977	USP-140 PC BOARD STUF
USE13405	USP-150
USE13551	USP-170
USE05619	USRCII
USE12512	USRC II-K
USE17046	USV020
USE16984	USV2000
USE17113	USV400
USE16986	USV450
USE17044	USV475
USE17123	USV550
USE17162	USV550 W/AAA ZINC INSTAL
USE17057	USV700
USE16981	USV82
USE17045	USV85
USE17043	USV86
USE17047	USVH7

Obligor

4. TVC, INC.

<u>Issuer</u>	<u>Certificate Nos.</u>	<u>Registered Owner</u>	<u>Description, Number of Shares Membership Interests and Other Equity Interests</u>
1. PACIFIC COAST CABLE SUPPLY, INC.	4,5	TVC Holding, Inc.	49
2. TVC COMMUNICATIONS, INC.	1	TVC, Inc.	102
3. AMERICAN TECHNOLOGY EXPORTER, INC	5	HTVC Holding, Inc.	500
4. TVC COMMUNICATIONS CANADA, INC.*	2	TVC, Inc.	250,000
5. TVC (EUROPE) LIMITED*	19	TVC, Inc.	20,868
6. CLIFFORD OF VERMONT, INC.	1	TVC, Inc.	1,000

* 65% of the company's stock will be pledged as it is a foreign subsidiary.

Obligor

5. CLIFFORD OF VERMONT, INC.

Issuer	Certificate Nos.	Registered Owner	Description, Number of Shares Membership Interests and Other Equity Interests
1. CLIFFORD OF PENNSYLVANIA, INC.	1	Clifford of Vemont, Inc.	100
2. CV HOLDING COMPANY, INC.	1	Clifford of Vermont, Inc.	200

Obligor

6. TVC COMMUNICATIONS, INC.

Issuer	Certificate Nos.	Registered Owner	Description, Number of Shares Membership Interests and Other Equity Interests
1. MARC TALON, INC.	2,3	TVC Communications, Inc.	100

USE17100	USVP1
USE17101	USVP2
USE16985	USVRCII
USE16975	USVRD3
USE14453	UTV2000
USE13576	UTV475
USE17104	UV475-E
USE12452	UTV82
USE16709	UTV86
USE17105	UTV86-E
USE17070	UTV86X
USE17071	UTV86X-E
USE15032	UTVH6
USE13597	UTVH9
USE16708	UTVX2000
USE17155	UTVX2000 MAGINET
USE17108	UTVX2000 W/AAA ALK INSTAL
USE17062	UTVX2000-E
USE16940	UX-450
USE16754	UX-550
USE17017	UX-550 W/AAA ZINC INSTAL
USE16972	UX-550 W/COMCAST LOGO
USE17037	UX31A-BULK
USE16775	UTVX2000
USE16770	UXTV2000-D
USE16974	UXTV2000-D W/COMCAST LOGO
USE17067	UXTV2000-E
USE16776	UXTV2000-X

* As used in this Schedule A-2, "Lenders" means IBJ Whitehall Bank & Trust Company, its successors and assigns (including each "Lender" which shall become party to the Credit Agreement between the Company, the Subsidiary Guarantors, Holdings, IBJ Whitehall Bank & Trust Company, as Administrative Agent for the Lenders or other financial institutions or entities party, as Lenders, thereunder). All other capitalized terms shall have the meanings ascribed thereto in the Security Agreement.

SCHEDULE A-3

to

Security Agreement and UCC-1 Financing Statement

in favor of

IBJ Whitehall Bank & Trust Company

as the Collateral Agent for the Lenders

and the other Credit Parties*

granted by CDI FINANCE CO., COMMUNICATION DYNAMICS, INC.

and SUBSIDIARY GUARANTORS

as Obligors

Patents

I. U.S. Patents owned by Vikimatic Sales, Inc.*

Patent No. & Issue Date	Serial No. & Filing Date	Assignee	Title	Status
6,019,351 2/1/00	9007347 1/15/98	Vikimatic Sales, Inc.	Method and apparatus for introducing a cable into a conduit	Maintenance fees not yet due
5,922,995 7/13/99	8482443 6/7/95	Vikimatic Sales, Inc.	Partitioning device for a tubular conduit and method of installation thereof	Maintenance fees not yet due
5,587,115 12/24/96	8446563 5/19/95	Vikimatic Sales, Inc.	Method of manufacturing a conduit assembly with a floating divider	Maintenance fees not yet due
5,442,136 9/15/95	8136167 10/15/93	Vikimatic Sales, Inc.	Method of installation of partitioning device for a tubular conduit	Maintenance fee for 4th year paid 2/9/99
D 398,310 9/15/98	64,561 1/6/97	U.S. Electronics Components Corp.	Remote Control	Maintenance fees are not required for design patents

Intellectual Property Licenses

Perpetual Licenses from Universal Electronics Inc. and General Instrument Corporation as part of a settlement agreement dated November 1, 1994 to use certain of their proprietary software codes embodied in copyright regulation numbers TX-3,619,427 and TX-3,384,354 in U.S. Electronics Inc. remote control products.

* Vikimatic Sales, Inc. merged into TVC Communications, Inc. as of March 6, 2000. The merger agreement in connection with this merger will be filed with the United States Patent and Trademark Office.

Proprietary Rights Granted To Third Party

Verbal agreement between USE and Philips for USE to provide certain proprietary software under various technology leasing arrangements. According to the terms of the licensing arrangement, Philips Consumer Electronics will reimburse USE for non-recurring engineering (NRE) charges associated with each project and will make royalty payments on the basis of the number of units produced incorporating USE's technology, according to the following schedule:

- I. 0.25¢ for the first 1 million units
- II. 0.20¢ up to the next 1 million units
- III. 0.15¢ thereafter

The payment schedule is calculated on a cumulative basis on the total number of units produced, as there is no specific quantity threshold assigned to any individual project.

Release letter dated June 24, 1996 and July 16, 1996 granted to Philips Consumer Electronics Corp. to purchase chips on behalf of USE to be used exclusively for USE's Products.

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

SCHEDULE A-4
to
Security Agreement and UCC-1 Financing Statement
in favor of
IBJ Whitehall Bank & Trust Company
as the Collateral Agent for the Lenders
and the other Credit Parties*
granted by CDI FINANCE CO., COMMUNICATION DYNAMICS, INC.
and SUBSIDIARY GUARANTORS
as Obligors

Copyrights

None.

- * As used in this Schedule A-4, "Lenders" means IBJ Whitehall Bank & Trust Company, its successors and assigns (including each "Lender" which shall become party to the Credit Agreement between the Company, the Subsidiary Guarantors, Holdings, IBJ Whitehall Bank & Trust Company, as Administrative Agent for the Lenders or other financial institutions or entities party, as Lenders, thereunder). All other capitalized terms shall have the meanings ascribed thereto in the Security Agreement.

Schedule B
to
Security Agreement
in favor of
IBJ Whitehall Bank & Trust Company
as the Collateral Agent for the Lender
and the other Credit Parties* .
granted by CDI FINANCE CO., COMMUNICATIONS DYNAMICS, INC.
and SUBSIDIARY GUARANTORS
as Obligors

1. COMMUNICATION DYNAMICS, INC.

Principal Place of Business of the Obligor:	<u>County</u>
325 Laudermilch Road	Dauphin
Hershey, Pennsylvania 17033	

Chief Executive Office of Obligor (if different from the Principal Place of Business):

All Other Places of Business of Obligor:

All Locations of Collateral (including Permitted Inventory Locations):

Locations of Equipment:
325 Laudermilch Road
Hershey, Pennsylvania 17033
Warehouseman (if applicable): NONE

Locations of Inventory: NONE

Location of Records Evidencing Receivables:
325 Laudermilch Road
Hershey, Pennsylvania 17033
Warehouseman (if applicable): NONE

Ports of Entry: NONE

Tradenames: None

Taxpayer Identification Number: 13-3911323

2. CDI FINANCE CO.

County

Principal Place of Business of the Obligor:
300 Delaware Ave, Suite 553
Wilmington, Delaware 19801

New Castle

Chief Executive Office of Obligor (if different
from the Principal Place of Business):

All Other Places of Business of Obligor:

All Locations of Collateral (including Permitted Inventory Locations):

Locations of Equipment:
300 Delaware Ave, Suite 553
Wilmington, Delaware 19801
Warehouseman (if applicable):

Locations of Inventory: NONE

Location of Records Evidencing Receivables:
300 Delaware Ave, Suite 553
Wilmington, Delaware 19801
Warehouseman (if applicable):

Ports of Entry:

Tradenames: NONE

Taxpayer Identification Number: 51-0386150

3. TVC, INC.

County

Principal Place of Business of the Obligor:

800 Airport Road
Annville, Pennsylvania 17003

Lebanon

Chief Executive Office of Obligor (if different from
the Principal Place of Business):

All Other Places of Business of Obligor:

All Locations of Collateral (including Permitted Inventory Locations):

Locations of Equipment:

800 Airport Road
Annville, Pennsylvania 17003
Warehouseman (if applicable):

Locations of Inventory: NONE

Location of Records Evidencing Receivables:

800 Airport Road
Annville, Pennsylvania 17003
Warehouseman (if applicable):

Ports of Entry:

Tradenames: NONE

Taxpayer Identification Number: 13-3882727

4. PACIFIC COAST CABLE SUPPLY, INC.

Principal Place of Business of the Obligor:

140 Calle Iglesia
San Clemente, California 92673

County

Orange

Chief Executive Office of Obligor (if different from the Principal Place of Business):

All Other Places of Business of Obligor:

All Locations of Collateral (including Permitted Inventory Locations):

Locations of Equipment:

140 Calle Iglesia
San Clemente, California 92673
Warehouseman (if applicable):

Locations of Inventory:

140 Calle Iglesia
San Clemente, California 92673
Warehouseman (if applicable):

Location of Records Evidencing Receivables:

140 Calle Iglesia
San Clemente, California 92673
Warehouseman (if applicable):

Ports of Entry: Los Angeles, Long Beach, Houston, Tampa, Philadelphia, Baltimore and Newark.

Tradenames: NONE

Taxpayer Identification Number: 33-0345062

5. TVC COMMUNICATIONS, INC.

Principal Place of Business of the Obligor:

800 Airport Road
Annville, Pennsylvania 17003
Warehouseman (if applicable): None

County

Lebanon

Chief Executive Office of Obligor (if different from the Principal Place of Business):

All Other Places of Business of Obligor:

(No warehouseman at these locations)

- 1) 130 Industrial Dr.
Chambersburg, PA 17201
Franklin
- 2) 5021 Trade Court
Sarasota, FL 34240
Sarasota
- 3) 12100 12th Ave, South
Burnsville, MN 55337
(Wikimatic)
Dakota
- 4) 206 Carlton Dr
O'Fallon, MO 63366
(Wikimatic)
St Charles
- 5) 600 Plum Creek Dr
Wadsworth, OH 44282
(Wikimatic)
Medina
- 6) 7203 Pine Mont
Houston, TX 77040
Harris
- 7) 550 W. Valley Ridge Blvd
Lewisville, TX 75057
(Wikimatic)
Denton
- 8) 10311 South Progress Way, #3
Parker, CO 80134
(Wikimatic)
Douglas
- 9) 948 West 1st Ave
Mesa, AZ 85210
(Wikimatic)
Maricopa
- 10) 15085 La Palma Dr
Chino, CA 91710
(Wikimatic)
San Bernardino
- 11) 2085 Theatre Dr., Suite A
Paso Robles, CA 93446
(Wikimatic)
San Luis Obispo
- 12) 140 Calle Iglesia
San Clemente, CA 92673
Orange
- 13) 11290 Point East Dr., Suite 230
Rancho Cordova, CA 95742
(Wikimatic)
Sacramento
- 14) 19 Claremont Park,, Suite 2
Suffolk

Boston, MA 02118
(Vikimatic)

15) 5345 Bells Ferry Rd.

Cherokee

16) 26325 N.E. 54th Place
Redmond, WA 98053

King

All Locations of Collateral (including Permitted Inventory Locations):

Locations of Equipment:

See listings under principal & other places of business

Locations of Inventory:

Dauphin
181 Fulling Mill Rd
Suite 2
Middletown, PA 17057

Franklin
2294 Molly Pitcher Hwy, South
Chambersburg, PA 17201
Warehouseman: Franklin Storage

Marc Industries
816 Leffingwell Ave.
Ellenton, FL 34222

Exhibits Graphics & Interiors
612 East Main St.
Palmyra, PA 17078

Adams Cable
18882 Hinton St.
Hesperia, CA 92345

Plus all listings under principal & other places of business

Location of Records Evidencing Receivables:

800 Airport Road
Annville, Pennsylvania 17003
Warehouseman (if applicable):
None

Ports of Entry: Los Angeles, Long Beach, Houston, Tampa, Philadelphia, Baltimore and Newark.

Tradenames: NONE

Taxpayer Identification Number: 25-1199912

6. MARC TALON, INC.

County

Principal Place of Business of the Obligor:

300 Delaware Ave, Suite 553
Wilmington, DE 19801

New Castle

Chief Executive Office of Obligor (if different
from the Principal Place of Business):

All Other Places of Business of Obligor:

140 Calle Iglesia
San Clemente, California 92673
Warehouseman (if applicable): None

All Locations of Collateral (including Permitted Inventory Locations):

Locations of Equipment:

300 Delaware Ave, Suite 553
Wilmington, DE 19801
Warehouseman (if applicable): None

140 Calle Iglesia
San Clemente, California 92673
Warehouseman (if applicable): None

Locations of Inventory:

140 Calle Iglesia
San Clemente, California 92673
Warehouseman (if applicable): None

Location of Records Evidencing Receivables:

140 Calle Iglesia
San Clemente, California 92673
Warehouseman (if applicable): None

Ports of Entry: Los Angeles, Long Beach, Houston, Tampa, Philadelphia, Baltimore and Newark

Tradenames: NONE

Taxpayer Identification Number: 33-0658918

7. AMERICAN TECHNOLOGY EXPORTER, INC.

County

Principal Place of Business of the Obligor:
9750 N.W. 17th St
Miami, FL 33172

Dade

Chief Executive Office of Obligor (if different
from the Principal Place of Business):

All Other Places of Business of Obligor:

All Locations of Collateral (including Permitted Inventory Locations):

Locations of Equipment:
9750 N.W. 17th St.
Miami, FL 33172
Warehouseman (if applicable): None

Locations of Inventory:
9750 N.W. 17th St
Miami, FL 33172
Warehouseman (if applicable): None

Location of Records Evidencing Receivables:
9750 N.W. 17th St
Miami, FL 33172
Warehouseman (if applicable): None

Ports of Entry: Miami, FL

Tradenames: NONE

Taxpayer Identification Number: 59-2491245

8. CLIFFORD OF VERMONT, INC.

County

Principal Place of Business of the Obligor:

Route 7 - PO Box 51
Bethel, VT 05032

Windsor, VT

Chief Executive Office of Obligor (if different from the Principal Place of Business):

All Other Places of Business of Obligor:

- 1) RR 3, Box 20
Randolph, VT 05060
Orange, VT
- 2) Windsor, VT - Leased facility that is not being used therefore a sublease has been Constructed until lease expires.
- 3) West Pike St, Suite 216
Lawrenceville, GA 30045
Gwinnett, GA
- 4) PO Box 51
Bethel, VT 05032
Fulton, GA
- 5) PO Box 51
Bethel, VT 05032
Norwich, VT
- 6) PO Box 51
Bethel, VT 05032
Bethel, VT
- 7) PO Box 51
Bethel, VT 05032
Lackawanna, PA

All Locations of Collateral (including Permitted Inventory Locations):

Locations of Equipment:

Route 7 - PO Box 51
Bethel, VT 05032
Warehouseman (if applicable): None

RR 3, Box 20
Randolph, VT 05060
Warehouseman (if applicable): None

West Pike St, Suite 216
Lawrenceville, GA 30045
Warehouseman (if applicable): None

Locations of Inventory:

RR 3, Box 20
Randolph, VT 05060

Warehouseman (if applicable): None

West Pike St, Suite 216

Lawrenceville, GA 30045

Warehouseman (if applicable): None

Location of Records Evidencing Receivables:

Route 7 – PO Box 51

Bethel, VT 05032

Warehouseman (if applicable): None

Ports of Entry: NONE

Tradenames: NONE

Taxpayer Identification Number: 03-0240080

9. CLIFFORD OF PENNSYLVANIA, INC.

County

Principal Place of Business of the Obligor:

Whites Crossing
Carbondale, PA 18407

Lackawanna

Chief Executive Office of Obligor (if different
from the Principal Place of Business):

All Other Places of Business of Obligor: None

All Locations of Collateral (including Permitted Inventory Locations):

Locations of Equipment:

Whites Crossing
Carbondale, PA 18407
Warehouseman (if applicable): None

Locations of Inventory:

Whites Crossing
Carbondale, PA 18407
Warehouseman (if applicable): None

Location of Records Evidencing Receivables:

Whites Crossing
Carbondale, PA 18407
Warehouseman (if applicable): None

Ports of Entry: NONE

Tradenames: NONE

Taxpayer Identification Number: 23-2031201

10. CV HOLDING COMPANY, INC.

Principal Place of Business of the Obligor:
Route 7 – PO Box 51
Bethel, VT 05032

County
Windsor

Chief Executive Office of Obligor (if different
from the Principal Place of Business):

All Other Places of Business of Obligor:

- 1) PO Box 51
Bethel, VT 05032
Lackawanna, PA
- 2) PO Box 51
Bethel, VT 05032
Fulton, GA
- 3) PO Box 51
Bethel, VT 05032
Windsor, VT
- 4) PO Box 51
Bethel, VT 05032
Orange, VT
- 5) PO Box 51
Bethel, VT 05032
Norwich, VT
- 6) PO Box 51
Bethel, VT 05032
Bethel, VT

All Locations of Collateral (including Permitted Inventory Locations):

Locations of Equipment:
Route 7 – PO Box 51
Bethel, VT 05032

Locations of Inventory: None

Location of Records Evidencing Receivables:
Route 7 – PO Box 51
Bethel, VT 05032

Ports of Entry: None

Tradenames: None

Taxpayer Identification Number: 03-0335695

11. WHITE SANDS ENGINEERING, INC.

County

Principal Place of Business of the Obligor:

21615 N. 27th Ave
Phoenix, AZ 85027-2495

Maricopa

Chief Executive Office of Obligor (if
different from the Principal Place of Business):

All Other Places of Business of Obligor:

All Locations of Collateral (including Permitted Inventory Locations):

Locations of Equipment:

21615 N. 27th Ave
Phoenix, AZ 85027-2495
Warehouseman (if applicable): None

Locations of Inventory:

21615 N. 27th Ave
Phoenix, AZ 85027-2495
Warehouseman (if applicable): None

Location of Records Evidencing Receivables:

21615 N. 27th Ave
Phoenix, AZ 85027-2495
Warehouseman (if applicable): None

Ports of Entry: NONE

Tradenames: NONE

Taxpayer Identification Number: 86-0659498

12. ICX INTERNATIONAL, INC.

Principal Place of Business of the Obligor:

8250 E. Park Meadows Dr, Suite 150
Littleton, CO 80124

County

Douglas

Chief Executive Office of Obligor (if
different from the Principal Place of Business):

All Other Places of Business of Obligor:

1021 South Boulder Rd., Suite P
Louisville, CO 80027

Boulder

All Locations of Collateral (including Permitted Inventory Locations):

Locations of Equipment:

8250 E. Park Meadows Dr, Suite 150
Littleton, CO 80124

Warehouseman (if applicable): None

1021 South Boulder Rd

Suite P

Louisville, CO 80027

Warehouseman (if applicable): None

Woojin Korea Co., Ltd.

653-5, Yaksam-Dong

Kangnam-Ku,,

Seoul, Korea

Warehouseman (if applicable): None

Sepung Industry (Phil.), Inc.

Lot 1 - Block 3 Phase 2

Cavite Export Processing Zone

Rosario, Cavite, Philippines

Warehouseman (if applicable): None

Samjin

199-6, Anyang-Dong, Manan-Gu, Anyang-Si, Kyungki-Do, Korea

Postal code #: 430-017

Warehouseman (if applicable): None

Locations of Inventory:

8250 East Park Meadows Drive, Suite 150

Littleton, Colorado 80124

Warehouseman (if applicable):

Woojin Korea Co., Ltd.
653-5, Yaksam-Dong
Kangnam-Ku,
Seoul, Korea
Warehouseman (if applicable): None

Sepung Industry (Phil.), Inc.
Lot 1 - Block 3 Phase 2
Cavite Export Processing Zone
Rosario, Cavite, Philippines
Warehouseman (if applicable): None

Samjin
199-6, Anyang-Dong, Manan-Gu, Anyang-Si, Kyungki-Do, Korea
Postal code #: 430-017
Warehouseman (if applicable): None

Location of Records Evidencing Receivables:
8250 East Park Meadows Drive, Suite 150
Littleton, Colorado 80124
Warehouseman (if applicable):

Ports of Entry:
Primary – Los Angeles, California
Secondary – Long Beach,
California Seattle, Washington

Tradenames: ABC Cable Products, Inc.

Taxpayer Identification Number: 84-1171113

13. U.S. ELECTRONICS COMPONENTS CORP.

County

Principal Place of Business of the Obligor:

585 North Bicycle Path, Suite 52

Suffolk

Port Jefferson Station, New York 11776

Chief Executive Office of Obligor (if
different from the Principal Place of Business):

All Other Places of Business of Obligor:

3960 Harlem Rd, Suite 6

Erie

Amherst, NY 14226

All Locations of Collateral (including Permitted Inventory Locations):

Locations of Equipment:

585 North Bicycle Path, Suite 52

Port Jefferson Station, New York 11776

3960 Harlem Road, Suite 6

Amherst, New York 14226

8250 East Park Meadows Drive

Suite 150

Douglas

Littleton, Colorado 80124

Locations of Inventory:

585 North Bicycle Path, Suite 52

Port Jefferson Station, New York 11776

Warehouseman (if applicable): None

3960 Harlem Road, Suite 6

Amherst, New York 14226

Warehouseman (if applicable): None

8250 East Park Meadows Drive

Suite 150

Littleton, Colorado 80124

Warehouseman (if applicable): None

Location of Records Evidencing Receivables:

585 North Bicycle Path, Suite 52

Port Jefferson Station, New York 11776

Ports of Entry: El Paso, Texas; Long Beach, California; Seattle, Washington

Tradenames: NONE

Taxpayer Identification Number: 22-3343397

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

Schedule C
to
Security Agreement
in favor of
IBJ Whitehall Bank & Trust Company
as the Collateral Agent for the Lender
and the other Credit Parties*
granted by CDI FINANCE CO., COMMUNICATIONS DYNAMICS, INC.
and SUBSIDIARY GUARANTORS
as Obligors

Pledged Stock

Obligor

1. COMMUNICATION DYNAMICS, INC.

<u>Issuer</u>	<u>Certificate Nos.</u>	<u>Registered Owner</u>	<u>Description, Number of Shares Membership Interests and Other Equity Interests</u>
CDI FINANCE CO.	1	Communication Dynamics, Inc.	100

Obligor

2. CDI FINANCE CO.

<u>Issuer</u>	<u>Certificate Nos.</u>	<u>Registered Owner</u>	<u>Description, Number of Shares Membership Interests and Other Equity Interests</u>
1. TVC, INC.	22	CDI Finance Co.	100
2. WHITE SANDS ENGINEERING, INC.	19	CDI Finance Co.	6,449
3. ICX INTERNATIONAL, INC.	016	CDI Finance Co.	7,550
4. U.S. ELECTRONICS COMPONENTS CORP.	146	CDI Finance Co.	100

Obligor

3. U.S. ELECTRONICS COMPONENTS CORP.

Issuer	Certificate Nos.	Registered Owner	Description, Number of Shares Membership Interests and Other Equity Interests
1. U.S. ELECTRONICS LIMITED (UK) (DON'T HAVE)		U.S. ELECTRONICS COMPONENTS CORP.	