

11-15-2000



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10-17-00

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

Submission Type

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

Conveyance Type

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

Conveying Party

- ☐ Mark if additional names of conveying parties attached
- Name Execution Date
Month Day Year

Formerly

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

Receiving Party

- ☐ Mark if additional names of receiving parties attached

Name

DBA/AKA/TA

Composed of

Address (line 1)

Address (line 2)

Address (line 3)

State/Country

Zip Code

- ☐ Individual ☐ General Partnership ☐ Limited Partnership ☐ Corporation ☐ Association
- ☒ Other

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

- ☐ Citizenship/State of Incorporation/Organization

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Mail documents to be recorded with required cover sheet(s) information to:
Commissioner of Patents and Trademarks, Box Assignments, Washington, D.C. 20503

REEL: 002174 FRAME: 0453

Domestic Representative Name and Address

Enter for the first Receiving Party only.

Name Patricia Guarino

Address (line 1) Barclays Bank PLC New York

Address (line 2) Legal Department

Address (line 3) 222 Broadway

Address (line 4) New York, NY 10038

Correspondent Name and Address

Area Code and Telephone Number (212) 728-8776

Name Kim A. Walker

Address (line 1) Willkie Farr & Gallagher

Address (line 2) 787 Seventh Avenue

Address (line 3) New York, New York 10019-6099

Address (line 4)

Pages

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

40

Trademark Application Number(s) or Registration Number(s)

☒ Mark if additional numbers attached

Enter either the Trademark Application Number or the Registration Number (DO NOT ENTER BOTH numbers for the same property).

Trademark Application Number(s)

Registration Number(s)

Number of Properties

Enter the total number of properties involved.

21

Fee Amount

Fee Amount for Properties Listed (37 CFR 3.41):

\$ 540.00

Method of Payment:

Enclosed ☐

Deposit Account ☒

Deposit Account

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

Deposit Account Number:

23-2405

Authorization to charge additional fees:

Yes ☒

No ☐

Statement and Signature

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

Kim A. Walker

Name of Person Signing

Kim A. Walker
Signature

10/16/00
Date Signed

TRADEMARK

REEL: 002174 FRAME: 0454

ATTACHED SCHEDULE

Trademark Registrations

<u>Mark</u>	<u>Reg. No.</u>	<u>Reg. Date</u>
ORATOR	2,354,563	6/6/2000
AUTO-MATRIX	2,271,968	8/24/99
A and Design	2,353,165	5/30/2000
AUTO-FLOW	1,995,921	8/20/96
SPECTRA	1,821,973	2/15/94
SAGE	1,767,242	4/27/93
FIBERDROP	1,695,906	6/23/92
AI2100	1,308,741	12/11/84
THE BUILDING BRAIN	1,312,114	1/1/85
AMERICAN AUTO-MATRIX	1,342,122	6/18/85

Trademark Applications

<u>Mark</u>	<u>Serial No.</u>	<u>Filing Date</u>
AUTO ASSIST	75-516,892	7/10/98
AUTO-ALLIANCE	75-516,889	7/10/98
SOLUTION INTEGRATOR	75-516,618	7/10/98
AUTO-PILOT	75-516,153	7/9/98
SMART BUILDING TECHNOLOGY/SBT	75-508,982	6/26/98
SBT	75-508,981	6/26/98

AMERICAN AUTO-MATRIX	75-492,293	5/28/98
SMART BUILDING TECHNOLOGY	75-491,969	5/28/98
Miscellaneous Design	75-491,860	5/28/98
SMART BUILDING SOLUTIONS	75-491,858	5/28/98
AMERICAN AUTO-MATRIX	75-491,845	5/28/98

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

Receiving Party: Barclays Bank PLC
a United Kingdom Public Limited Company

To: Commissioner of Patents and Trademarks
Box Assignments
Washington, DC 20231

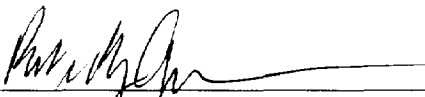
DESIGNATION OF DOMESTIC REPRESENTATIVE

Sir:

Barclays Bank PLC through its New York Branch, whose postal address is 222 Broadway New York, N.Y. 10038, is hereby appointed the receiving party's representative upon whom notice or process in any proceedings affecting the subject marks may be served, and to whom notification of the recordation of the attached assignment may be mailed.

BARCLAYS BANK PLC

Dated: October 4, 2000

By: 
Patricia Guarino
Associate Director

AMERICAN AUTO-MATRIX, INC.

GENERAL SECURITY AGREEMENT

DATED JULY 27, 2000

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GENERAL SECURITY AGREEMENT

GENERAL SECURITY AGREEMENT (as the same may be amended from time to time, this "**Security Agreement**"), dated July 27, 2000, is by **AMERICAN AUTO-MATRIX, INC.** (the "**Debtor**"), a Pennsylvania corporation, in favor of **BARCLAYS BANK PLC** (the "**Secured Party**").

RECITALS:

WHEREAS, by a revolving credit facility (as the same may be amended or modified from time to time, the "**Credit Agreement**") dated June 27, 2000 and made between Vislink plc, a company incorporated under the laws of Ireland with registered number 12548 (the "**Parent**"), and the Secured Party, certain facilities were made available to the Parent on the terms thereof;

WHEREAS, as an inducement to the Secured Party, to extend and maintain the availability of the credit facilities pursuant to the Credit Agreement, the Debtor has agreed to (i) unconditionally guarantee all of the obligations of the Group under and in respect of the Credit Agreement pursuant to the terms and provisions of that certain Guarantee Agreement (as the same may be amended, restated or modified from time to time, the "**Guarantee Agreement**"), of even date herewith, executed and delivered by the Debtor in favor of the Secured Party, and (ii) grant to the Secured Party a security interest in, and Lien on, all of the right, title and interest of the Debtor in all of its presently-owned or hereafter acquired tangible and intangible assets, including but not limited to, accounts receivable, inventory, equipment, cash, trademarks and tradenames and other intellectual property, and other collateral as more particularly set forth in this Security Agreement;

WHEREAS, all acts and proceedings required by law and by the certificate or articles of incorporation and by-laws of the Debtor, necessary to constitute this Security Agreement a valid and binding agreement for the uses and purposes set forth herein, in accordance with its terms, have been done and taken, and the execution and delivery hereof has been in all respects duly authorized;

WHEREAS, the Debtor will receive a direct economic and financial benefit from the credit facilities granted under the Credit Agreement and from the other Secured Documents, and such credit facilities and this Security Agreement are in the best interests of the Debtor; and

WHEREAS, by agreeing to enter into this Security Agreement, the Debtor will gain substantial financial and other benefits, both direct and indirect;

NOW THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt of which is hereby acknowledged, the Debtor does hereby covenant and agree, for the benefit of the Secured Party, as follows:

AGREEMENT:

1. INTERPRETATION, ETC

1.1. Terms Defined.

As used in this Security Agreement, the following terms have the respective meanings set forth below or provided for in the section or other part of this Security Agreement referred to immediately following such term (such definitions to be equally applicable to both the singular and plural forms of the terms defined). All other terms not defined herein but defined in, or by the provisions of, the Credit Agreement, unless the context specifically requires otherwise, shall have the respective meanings assigned to them in, or pursuant to, the Credit Agreement.

Account Debtor -- means the Person obligated to the Debtor pursuant to an Account.

Accounts -- means (a) all of the present and future accounts, contract rights, instruments, documents, chattel paper, general intangibles, and other forms of obligations of, or owing to, the Debtor by any Person, which, in each case, arise out of or in connection with the sale or lease of Inventory by the Debtor or in respect of the rendering of services by the Debtor, as the case may be, (b) all present and future guarantees, credit insurance, letters of credit and other security for such accounts, contract rights, instruments, documents, chattel paper, general intangibles, and other forms of obligations and (c) all other "accounts" (as such term is defined in the Code).

Books and Records -- Section 2.1.

Business Day -- means any day other than a Saturday, a Sunday or a day on which commercial banks in New York, New York or London, England are required or authorized to be closed.

Chattel Paper -- means, with respect to the Debtor, all of the Debtor's chattel paper, as such term is defined in the Code, including, without limitation, all of the Debtor's writings which evidence both a monetary obligation and a security interest in or a lease of specific goods.

Code -- means the Uniform Commercial Code as in effect in the State of New York, as it may be amended from time to time.

Collateral -- Section 2.1.

Credit Agreement -- the first recital hereof.

Debtor -- the introductory sentence.

Default -- shall have the meaning assigned to such term in clause 1.1 of the Credit Agreement.

Default Rate -- means the rate of interest per annum as specified in clause 18.1 of the Credit Agreement and calculated as provided therein.

Equipment -- means, with respect to the Debtor, all of the Debtor's equipment in all of its forms, wherever located, whether presently owned or hereafter acquired, and all parts thereof and all accessions thereto, including, without limitation, all machinery, furniture, furnishings, fixtures, motor vehicles, tools, motors, parts, Spare Parts, accessories, supplies and all other "equipment" (as such term is defined in the Code) of the Debtor.

Event of Default -- Section 4.1.

Finance Documents -- shall have the meaning assigned to such term in clause 1.1. of the Credit Agreement.

General Intangibles -- means, with respect to the Debtor, all of the Debtor's general intangibles (as such term is defined in the Code), including, but not limited to, any equipment formulations, manufacturing procedures, quality control procedures, product specifications, any other obligations of any kind, now or hereafter existing, including, without limitation, any notes, drafts, stocks, securities or other obligations received in settlement of or in connection with the payment of any of the foregoing items, and any rights, remedies or benefits under any contract, agreement, or instrument or any other relationship.

Governmental Authority -- shall have the meaning assigned to such term in the Guarantee Agreement.

Guarantee Agreement -- the second recital hereof.

Guaranteed Obligations -- shall have the meaning assigned to such term in the Guarantee Agreement.

Intellectual Property -- means all right, title and interest in and to trademark applications and trademarks, patents, patent applications, trade names, copyrights, copyright applications (including, without limitation, all trademarks, trade names, patents and copyrights listed on Annex 4 hereto), whether now owned or hereafter existing or acquired, including, without limitation, all renewals thereof, the right to sue for past, present and future infringements and all rights corresponding thereto throughout the world, and all goodwill relating to any of the foregoing.

Inventory -- means, with respect to the Debtor, all of the Debtor's present and future inventory (including, without limitation, all present and future goods, merchandise and other personal Property of the Debtor held for sale or lease), in all its forms, including, but not limited to (a) work-in-process, raw materials and other goods and materials used and consumed in the production thereof, (b) goods in which the Debtor has an interest in mass or a joint or other interest or right of any kind, including, without limitation, goods in which the Debtor has an interest or right as consignee, (c) packaging materials, wherever located, and goods and materials relating thereto of any kind, nature or description which are or might be used or consumed in the business of the Debtor, or used in selling of such inventory, (d) any inventory which is returned to or repossessed by the Debtor, (e) all documents of title or other similar documents representing the same and (f) all other "inventory" (as such term is defined in the Code); the aforesaid inventory and other Property shall be included in this definition whether in the actual, constructive or exclusive possession of the Debtor or in transit to the Debtor or in the possession

of carriers, forwarding agents, bailees, truckers, warehousemen, vendors, selling agents, finishers, converters or any other third parties.

Lien -- means any interest in Property securing an obligation owed to, or a claim by, a Person other than the owner of the Property, whether such interest is based on the common law, statute or contract, and including, but not limited to, the security interest lien arising from a mortgage, encumbrance, pledge, conditional sale, sale with recourse or a trust receipt, or a lease, consignment or bailment for security purposes. The term "Lien" includes, without limitation, reservations, exceptions, encroachments, easements, rights-of-way, covenants, conditions, restrictions, leases and other title exceptions and encumbrances affecting real Property and includes, without limitation, with respect to stock, stockholder agreements, voting trust agreements, buy-back agreements and all similar arrangements. For the purposes hereof, the Debtor shall be deemed to be the owner of any Property that it shall have acquired or holds subject to a conditional sale agreement, capital or finance lease or other arrangement pursuant to which title to the Property has been retained by or vested in some other Person for security purposes, and such retention or vesting is deemed a Lien. The term "Lien" does not include negative pledge clauses in agreements relating to the borrowing of money.

Material Adverse Effect -- shall have the meaning assigned to such term in clause 1.2 of the Credit Agreement.

Parent -- the first recital hereof.

Permits and Warranties -- means all permits, licenses, manufacturer's warranties, performance guarantees, service contracts, maintenance contracts, and other similar general intangibles which are necessary for, or used or useful in connection with, the operation or use of any of the Collateral.

Permitted Disposals -- means such Disposals which are permitted under clause 16.3.2 of the Credit Agreement.

Permitted Liens -- means Liens constituting permitted encumbrances under clause 16.3.1 of the Credit Agreement.

Person -- means an individual, sole proprietorship, partnership, corporation, trust, joint venture, unincorporated organization, association, limited liability company or a government or agency or political subdivision thereof.

Property -- means any interest in any kind of property or asset, whether real, personal or mixed, and whether tangible or intangible.

Revised Article 9 -- Section 5.12.

Secured Documents -- means all and each of the Credit Agreement, each of the Security Documents, including, without limitation, this Security Agreement, and each of the other Finance Documents.

Secured Obligations -- means the actual, contingent, present and/or future obligations and liabilities (including, without limitation, the Guaranteed Obligations) of the Debtor to the Secured Party under or pursuant to any of the Secured Documents (whether for the payment of principal, interest, fees, costs or other moneys or the performance of covenants and undertakings, or otherwise).

Secured Party -- the first paragraph hereof.

Security Agreement -- the first paragraph hereof.

Security Documents -- shall have the meaning assigned to such term in clause 1.1 of the Credit Agreement.

Spare Parts -- means and includes all parts and accessories, and replacements and substitutions therefor, owned or held by the Debtor for repair of machinery or other equipment owned by the Debtor.

1.2. Headings, etc.

The titles of the Sections appear as a matter of convenience only, do not constitute a part hereof and shall not affect the construction hereof. Each covenant contained herein shall be construed (absent an express contrary provision herein) as being independent of each other covenant contained herein, and compliance with any one covenant shall not (absent such an express contrary provision) be deemed to excuse compliance with one or more other covenants.

1.3. Governing Law; Submission to Jurisdiction; Waiver of Trial by Jury.

THIS SECURITY AGREEMENT SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, AND THE RIGHTS OF THE PARTIES SHALL BE GOVERNED BY, THE LAW OF THE STATE OF NEW YORK (EXCLUDING CHOICE-OF-LAW PRINCIPLES OF THE LAW OF SUCH STATE THAT WOULD REQUIRE THE APPLICATION OF THE LAWS OF A JURISDICTION OTHER THAN SUCH STATE) EXCEPT TO THE EXTENT THAT THE VALIDITY OR PERFECTION OF THE SECURITY INTEREST HEREUNDER, OR REMEDIES HEREUNDER, IN RESPECT OF ANY PARTICULAR COLLATERAL ARE GOVERNED BY THE LAWS OF A JURISDICTION OTHER THAN THE STATE OF NEW YORK. THE DEBTOR IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF ANY UNITED STATES FEDERAL OR STATE COURT SITTING IN NEW YORK IN ANY ACTION OR PROCEEDINGS ARISING OUT OF OR RELATING TO THIS SECURITY AGREEMENT AND THE DEBTOR HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURT. THE DEBTOR SHALL NOT SEEK A JURY TRIAL IN ANY LAWSUIT, PROCEEDING, COUNTERCLAIM OR OTHER LITIGATION PROCEDURE BASED UPON OR ARISING OUT OF OR OTHERWISE RELATED TO THIS SECURITY AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY AND THE DEBTOR HEREBY WAIVES ANY AND ALL RIGHT TO ANY SUCH JURY TRIAL AND ANY RIGHT IT MAY HAVE TO ASSERT THE DOCTRINE OF *FORUM NON CONVENIENS*

OR TO OBJECT TO VENUE TO THE EXTENT ANY PROCEEDING IS BROUGHT IN ACCORDANCE WITH THIS SECTION 1.3.

1.4. Directly or Indirectly.

Where any provision in this Security Agreement refers to action to be taken by any Person, or that such Person is prohibited from taking, such provision shall be applicable whether such action is taken directly or indirectly by such Person, including actions taken by or on behalf of any partnership in which such Person is a general partner.

2. COLLATERAL

2.1. Grant of Security Interest.

As security for the payment by the Debtor of the Secured Obligations and the performance by the Debtor of its other respective obligations and undertakings under this Security Agreement, the Guarantee Agreement and the other Secured Documents, the Debtor does hereby grant, bargain, convey, assign, transfer, mortgage, hypothecate, pledge, confirm and grant a continuing security interest to the Secured Party in and to all of its presently owned or hereafter acquired tangible and intangible Property, including the Property described on Schedule I hereto, (all of such Property being referred to as the "**Collateral**"), including with respect to the Debtor, without limitation, the following:

- (a) all Accounts;
- (b) all Inventory;
- (c) all Equipment;
- (d) all General Intangibles;
- (e) all Chattel Paper;
- (f) all Intellectual Property;
- (g) all Permits and Warranties;

(h) all moneys, securities and other Property and the proceeds thereof in respect of the Accounts, now or hereafter held or received by, the Secured Party or the Debtor, or in transit to the Secured Party from or for the Debtor, whether for safekeeping, pledging, custody, transmission, collection or otherwise, and all of the interests of the Debtor in and to any deposit accounts of the Debtor to the extent of the amount of such moneys, securities and other Property and proceeds deposited therein;

(i) all of the rights, remedies, security interests and Liens of the Debtor, in, to and in respect of the Accounts (including, without limitation, rights of stoppage in transit, rights of replevin, rights of repossession and reclamation and other rights and remedies of

an unpaid vendor, lien or, consignor or secured party) and all guarantees, letters of credit, insurance policies or other contracts of suretyship with respect to the Accounts;

(j) all of the right, title and interest of the Debtor in, to and in respect of, all goods (and any warranties in respect thereof) relating to, or which by sale or lease have resulted in, Accounts, including, without limitation, all goods described in invoices or other documents or instruments with respect to, or otherwise representing or evidencing, any Account, and all returned, reclaimed or repossessed goods, which returned, reclaimed or repossessed goods would qualify as Inventory;

(k) all books, records, operator's manuals, ledger cards, computer programs, computer disks and tapes and other similar Property and general intangibles at any time evidencing or relating to the Accounts, the Inventory or any of the other Collateral referred to in clause (a) through clause (j), inclusive, above (the "**Books and Records**");

(l) to the extent not covered by any of the foregoing clauses (a) through (k), inclusive, all "securities" (as defined in the Code or in the Securities Act of 1933, as amended) owned or held by the Debtor, all "instruments" (as such term is defined in the Code) owned or held by the Debtor, all "documents" and "documents of title" (as defined in the Code), all interests of the Debtor under any lease, all "contract rights" (as now or formerly defined in the Code) and all "goods" (as defined in the Code); and

(m) all proceeds and products of the Collateral referred to in clause (a) through clause (l), inclusive, above in whatever form, including, but not limited to: cash, deposit accounts (whether or not comprised solely of proceeds), certificates of deposit, insurance proceeds, tax refund claims, tort claims, negotiable instruments and other instruments for the payment of money, chattel paper, security agreements or documents (including, without limitation, any claims by the Debtor against third parties for loss or compensation with respect to damage, destruction or condemnation of any of the aforesaid Collateral or in respect of a breach of warranty of any of the aforesaid Collateral).

2.2. Collateral-Related Rights and Undertakings.

(a) **Chief Executive Office; Notice of Changes of Address or Name.** The Debtor hereby represents, warrants and covenants to the Secured Party that (i) the chief executive office of the Debtor (and the office where all of the Books and Records of the Debtor are maintained) is located at the address set forth on Annex 1 hereto and (ii) the Inventory and Equipment currently owned by the Debtor is physically located at the address or addresses set forth on Annex 3 hereto. The Debtor shall not (A) change the address of such chief executive office to an address outside the State or county of such address, or merge or consolidate with any Person or change its name or (B) change the specified locations of such Inventory and Equipment unless the Debtor shall have given thirty (30) days prior written notice thereof to the Secured Party.

(b) **Ownership of Collateral; Lien of the Secured Party.** The Debtor hereby represents, warrants and covenants to the Secured Party that the Collateral granted by the Debtor hereunder is now, and at all times shall be, solely owned by the Debtor free

and clear of all Liens, security interests, claims and encumbrances, except Permitted Liens. The Debtor hereby represents, warrants and covenants to the Secured Party that the security interests of the Secured Party in the Collateral are now, and shall at all times be, valid, perfected, first priority security interests in the Collateral (subject only to Permitted Liens). The Debtor shall defend the Collateral from all claims and demands of all other Persons, except the holders of Permitted Liens. The Debtor shall comply with the requirements of all state and federal laws, rules and regulations in order to grant the security interests herein granted in and to the Collateral, to maintain the perfection and priority of such security interests and to permit the Secured Party to realize promptly and directly on such Collateral, as provided herein.

(c) Perfection; Further Assurances.

(i) The Debtor hereby agrees to execute such financing statements as the Secured Party may from time to time request, and take such other action (including, without limitation, the preparation and filing, at its own expense, of all continuation statements) as may be required to perfect and to keep continuously perfected the Secured Party's security interest and Lien in the Collateral. The Secured Party is hereby authorized by the Debtor to execute and file any such financing statements and continuation statements on the Debtor's behalf, unless prohibited by law, and, if the Debtor fails to make such filings within five (5) days of any request therefor by the Secured Party, the Secured Party shall make such filings subject to the provisions hereof.

(ii) The Debtor hereby agrees to endorse, assign and deliver to the Secured Party all negotiable or non-negotiable instruments, certificated securities and chattel paper pledged by it hereunder, together with instruments of transfer or assignment duly executed in blank as the Secured Party may specify. In the event that the Debtor shall, after the date of this Security Agreement, acquire any other negotiable or non-negotiable instruments, certificated securities or chattel paper to be pledged by it hereunder, the Debtor shall forthwith endorse, assign and deliver the same to the Secured Party, accompanied by such instruments of transfer or assignment duly executed in blank as the Secured Party may from time to time specify.

(iii) To the extent that any securities now or hereafter acquired by the Debtor are uncertificated and are issued to the Debtor or its nominee directly by the issuer thereof, the Debtor shall cause the issuer to note on its books the security interest of the Secured Party in such securities and shall cause the issuer, pursuant to an agreement in form and substance satisfactory to the Secured Party, to agree to comply with instructions from the Secured Party as to such securities, without further consent of the Debtor or such nominee. To the extent that any securities, whether certificated or uncertificated, or other investment property now or hereafter acquired by the Debtor are held by the Debtor or its nominee through a securities intermediary or commodity intermediary, the Debtor shall, at the request of the Secured Party, cause such securities intermediary or (as the case may be) commodity intermediary, pursuant to an agreement in form and

substance satisfactory to the Secured Party, to agree to comply with entitlement orders or other instructions from the Secured Party to such securities intermediary as to such securities or other investment property, or (as the case may be) to apply any value distributed on account of any commodity contract as directed by the Secured Party to such commodity intermediary, without further consent of the Debtor or such nominee. The Secured Party agrees with the Debtor that the Secured Party shall not give any such entitlement orders or instructions or directions to any such issuer, securities intermediary or commodity intermediary unless an Event of Default has occurred and is continuing and the Secured Party has elected to exercise its rights and remedies as contemplated this Security Agreement.

(iv) The Debtor shall, at its sole cost and expense, perform all acts and execute all documents reasonably requested by the Secured Party from time to time to evidence, perfect, preserve the priority of, maintain or enforce the Secured Party's security interests granted herein or otherwise in furtherance of the provisions of this Security Agreement. At any time and from time to time, the Debtor shall, at its sole cost and expense, execute and deliver to the Secured Party such financing statements pursuant to the Uniform Commercial Code of any applicable jurisdiction, and shall execute, acknowledge, deliver and record, or will cause to be executed, acknowledged, delivered or recorded, all such further instruments, deeds, conveyances, mortgages, supplemental indentures, transfers, continuation statements and assurances as are necessary or reasonably appropriate to preserve, protect, continue and maintain the perfection and priority of the Lien of the Secured Party in and to the Collateral or, as the Secured Party may reasonably require, for the better granting, bargaining, selling, devising, releasing, confirming, conveying, warranting, assigning, transferring, mortgaging, pledging, delivering and setting over to the Secured Party every part of such security. The Debtor hereby authorizes the Secured Party 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 (and any continuation statements in respect thereof) with respect to the Collateral signed only by the Secured Party.

(d) **Sale of Collateral.** The Debtor shall not assign, sell, transfer, or otherwise dispose of, nor shall the Debtor suffer or permit any of the same to occur with respect to, any Collateral other than as specifically permitted by the Credit Agreement. The foregoing notwithstanding and notwithstanding anything to the contrary in the Credit Agreement or the other Secured Documents, the Secured Party may, in its sole discretion, withdraw the aforesaid permission to assign, sell, transfer or otherwise dispose of Inventory upon the occurrence and continuance of any Event of Default.

(e) **Access to Collateral; Maintenance of Books and Records.** The Secured Party shall, upon reasonable prior notice, at all times have free access to and right of inspection of the Collateral and any records pertaining thereto (and the right to make extracts from and to receive from the Debtor originals or true copies of such records and any papers and instruments relating to any Collateral upon request therefor at reasonable times and as reasonably requested). The Debtor shall maintain the Books and Records

and such other records as will enable it and the Secured Party to accurately determine the status of the Collateral in a prompt manner. All of the Books and Records and such other records shall be maintained at the address set forth on Annex 1 hereto until such time as the Debtor shall be permitted to change such location in accordance with Section 2.2(a) hereof.

(f) **Use of Equipment; Notices Regarding Changes in Equipment.** The Debtor hereby represents, warrants and covenants to the Secured Party that all of the Equipment is used in the business of the Debtor (and not for personal, family, household or farming use) for lawful purposes only and in compliance with all laws, rules and governmental regulations relating thereto. The Debtor will, at its sole expense, keep each item of Equipment material to the conduct of its business in good condition and repair, ordinary wear and tear excepted. The Debtor shall promptly (and in any event within ten (10) Business Days) advise the Secured Party in sufficient detail of any substantial change relating to the type, quantity or quality of the Equipment or any event which would have a material adverse effect on the value of the Equipment.

(g) **Notices Regarding Changes in Inventory.** The Debtor shall promptly (and in any event within ten (10) Business Days) advise the Secured Party in sufficient detail of any substantial change relating to the type, quantity or quality of the Inventory or any event which would have a material adverse effect on the value of the Inventory.

(h) **Insurance.**

(i) Anything contained in the Credit Agreement notwithstanding, the Debtor agrees to maintain insurance, with financially sound and reputable insurers, with respect to the Inventory and any returned, repossessed or reclaimed tangible personal Property included in the Collateral against casualties, contingencies, hazards and such other risks (including, without limitation, (a) fire, hurricane, tornado, wind damage, and such other risks insured against by a standard all-risk property and fire insurance policy and endorsement for extended coverage and (b) flood, earthquake and public disturbance insurance) and in such amounts (and with such reasonable deductibles) as shall be customary in the case of corporations of established reputations engaged in the same or a similar business and similarly situated (it being understood that the deductibles in respect of such insurance on the date hereof shall be deemed to be reasonable for the purposes hereof). The Debtor shall deliver copies of the policies of such insurance to the Secured Party, with satisfactory lender's loss payable endorsements naming the Secured Party as loss payee to the extent of its interest and as such interest may appear. Each such policy of insurance or endorsement shall contain a clause requiring the insurer to give not less than thirty (30) days prior written notice to the Secured Party in the event of cancellation of the policy for any reason whatsoever and a clause that the interest of the Secured Party shall not be impaired or invalidated by any act or neglect of the Debtor. If the Debtor shall fail to provide and pay for such insurance, or have the same provided and paid for, the Secured Party may, at the sole expense of the Debtor, procure the same, but may not be required by the Debtor to do so. The Debtor agrees to

deliver to the Secured Party, promptly as rendered, true copies of all material reports made in any reporting form to insurance companies.

(ii) Anything contained in the Credit Agreement or the other Secured Documents notwithstanding, the Debtor shall maintain or caused to be maintained insurance, with financially sound and reputable insurers, with respect to its Property (including, without limitation, the Collateral) and business covering any public and/or product liability of the Debtor, or its officers, agents or employees, and in such amounts as shall be customary in the case of corporations of established reputations engaged in the same or a similar business and similarly situated. The Secured Party shall be named as an additional insured on such policies. The Debtor shall deliver to the Secured Party on the date hereof evidence of insurance of the type and in the amounts provided for in this Section 2.2(h) being in full force and effect and payment of all premiums in respect thereof.

(i) **Collection of Accounts, etc.** Anything herein to the contrary notwithstanding:

(i) the Debtor shall remain responsible and liable to perform all of its duties and obligations under or in respect of each of the Accounts;

(ii) until such time as the Secured Party shall have informed the Debtor to the contrary, the Debtor shall remain obligated to collect, and account for all proceeds in respect of, the Accounts and shall do so consistent with its past practices and shall be entitled to retain and use such proceeds, and, if an Event of Default shall exist and if so instructed by the Secured Party, the Debtor shall deliver all such proceeds to the Secured Party, or as directed by the Secured Party, for application to the Secured Obligations; and

(iii) the execution and delivery of this Security Agreement, and the granting of the security interests in and to the Collateral, shall not subject the Secured Party to, or transfer or pass to such Persons, or in any way affect or modify, the liability of the Debtor under any or all of their respective Accounts or any obligations of the Debtor in connection therewith, it being understood and agreed that notwithstanding this Security Agreement, and the granting of the security interests in and to the Collateral, all of the obligations of the Debtor to each and every other party under each and every one of the Accounts shall be and remain enforceable by such other party, its successors and assigns, only against the Debtor, and the Secured Party has not assumed any of the obligations or duties of the Debtor thereunder or in connection therewith.

(j) **Indemnification.** The Debtor hereby agrees to indemnify the Secured Party, and hold the Secured Party harmless, from any and all liability, loss or damage which the Secured Party may or might incur by reason of any and all claims and demands whatsoever which may be asserted against the Secured Party arising out of, as a result of, or otherwise connected with, the security interests hereby granted to the Secured Party by

the Debtor under or in respect of any of the Collateral by reason of (i) the failure by the Debtor to perform any alleged obligations or undertakings required to be performed by the Debtor, as the case may be, under or in connection with the Collateral (including, without limitation, the failure of any warranty or representation (express or implied) in respect of the sale of any Inventory), (ii) any failure by the Debtor, in connection with any of the Collateral, to comply with any applicable federal, state or local law and the rules and regulations promulgated thereunder and (iii) any bodily injury, death or property damage occurring in connection with the sale, lease or use of the Collateral. The Debtor shall so indemnify the Secured Party on demand, and shall pay interest on the sum demanded, at the Default Rate calculated on a day to day basis from the date that the Secured Party incurs such costs, charges or expenses, to the date of payment thereof. The Debtor shall not be liable to the Secured Party pursuant to this paragraph in respect of any liability, loss, damage, claim or demand that arises from the Secured Party's gross negligence or willful misconduct. The obligations of the Debtor under this paragraph shall survive the repayment of principal and interest due under the Credit Agreement.

(k) Certain Rights of the Secured Party.

(i) The Secured Party shall not be obligated to, or be responsible for, the payment of any of the amounts or sums referred to in this Section 2.2 or the other performance of any of the undertakings of the Debtor hereunder. The Debtor hereby agrees and acknowledges that neither the acceptance of this Security Agreement by the Secured Party nor the exercise of, or failure to exercise, any right, power or remedy in this Security Agreement conferred upon the Secured Party shall be deemed or construed to obligate the Secured Party to pay any sum of money, take any other action or incur any liability in connection with, or collect or realize upon, any of the Collateral. It is further agreed and understood by the Debtor that the Secured Party shall not be liable in any way for any cost, expense or liability connected with, or any charge or liability arising from, any of the Collateral. All insurance expenses, all expenses of protecting, storing, warehousing, insuring, handling, maintaining and shipping the Collateral, and any and all excise, property, sales, use and other taxes imposed by any state, federal or local authority on any of the Collateral or in respect of the sale or other disposal thereof shall be borne and paid by the Debtor.

(ii) If the Debtor shall fail to pay any of the aforesaid expenses and taxes, the Secured Party may, at the Debtor's expense, pay the same, and any such payment shall be deemed an advance by the Secured Party to the Debtor payable on demand together with interest thereon at the Default Rate calculated on a day to day basis from demand. If the Debtor shall fail to perform any of its other undertakings or agreements or obligations under this Security Agreement, the Secured Party may (but shall not be required to) itself perform, or cause performance of, such undertaking, agreement or obligation, and the expenses of the Secured Party incurred in connection therewith shall be payable by the Debtor on demand together with interest thereon at the Default Rate calculated on a day to day basis from demand, and shall otherwise be treated as a Secured Obligation hereunder.

(iii) If, by reason of any suit or proceeding of any kind, nature or description against the Debtor, or by the Debtor or any other party against any other Person, which in the Secured Party's sole discretion makes it advisable for the Secured Party to seek counsel for the protection and preservation of the Collateral, or to defend its own interest, such out-of-pocket expenses and reasonable counsel fees shall be allowed to the Secured Party and borne and paid by the Debtor.

(l) **No Liability for Safekeeping.** Except to the extent specifically limited by applicable law, the Secured Party shall not be liable or responsible in any way for the safekeeping of the Collateral or for any loss or damage thereto or for any diminution in the value thereof, or any act or default of any warehouseman, carrier, forwarding agency or other Person, but the same shall be at the sole risk of the Debtor owning such Collateral.

(m) **No Violation of Law.** The Debtor shall not in any material respect violate any material law, ordinance or governmental rule or regulation to which it or the Collateral is subject nor shall the Debtor fail to obtain any license, permit, franchise or other governmental authorization necessary to the ownership of the Collateral, the sale or lease of the Inventory, the collection of the Accounts, or the operation of the Equipment.

(n) **Further Assignments; Marking of Collateral.** The Debtor shall deliver to the Secured Party, at such times and in such form as may be reasonably designated by the Secured Party from time to time, assignments, reports and schedules relating to the Collateral. Upon request by the Secured Party, the Debtor shall mark its books and records to reflect the security interests of the Secured Party in the Collateral.

(o) **Permits and Warranties.** To further protect the security afforded by this Security Agreement with respect to the Permits and Warranties, the Debtor agrees, except to the extent it is not likely to have a Material Adverse Effect or a material adverse effect on the Collateral

(i) to faithfully abide by, perform and discharge in all material respects each and every obligation, covenant, condition, duty and agreement which each or any of the Permits and Warranties provides are to be performed by the Debtor;

(ii) not to amend, assign, modify, cancel, surrender, otherwise change or terminate any of the Permits and Warranties, or waive any provision thereof in any manner that would materially affect the security interest of the Secured Party in the Permits and Warranties, without the written consent of the Secured Party; and

(iii) to appear in and defend any action or proceeding to the extent deemed necessary in its reasonable business judgment arising under, growing out of or in any manner connected with the obligations, covenants, conditions, duties,

agreements or liabilities of the Debtor under any of the Permits and Warranties, at the sole cost and expense of the Debtor.

3. REPRESENTATIONS AND WARRANTIES

The Debtor represents and warrants, as of the date hereof, as follows:

3.1. Ownership of Collateral.

The Collateral being granted by the Debtor is owned solely by the Debtor, and no other Person has any right, title, interest, claim or Lien thereon, or thereto, except for Permitted Liens.

3.2. Incorporation.

The Debtor

(a) is a corporation duly incorporated, validly existing and in good standing under the laws of its jurisdiction of incorporation,

(b) has all corporate power and authority necessary to own and operate its Properties and to carry on its business as now conducted and as presently proposed to be conducted,

(c) has all licenses, certificates, permits, franchises and other governmental authorizations necessary to own and operate its Properties and to carry on its business as now conducted and as presently proposed to be conducted except for any failure to have any such licenses, certificates, permits, franchises or other governmental authorizations which, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect, and

(d) has duly qualified or has been duly licensed, and is authorized to do business and is in good standing, as a foreign corporation, in each state in the United States of America and in each other jurisdiction where it conducts business activities except for any failure to be so qualified, licensed or authorized which, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

3.3. Corporate Powers and Authorization.

The execution, delivery and performance by the Debtor of this Security Agreement and all other instruments and documents to be delivered hereunder, and the transactions contemplated hereby and thereby, are within the corporate powers of the Debtor, have been duly authorized by all necessary corporate action and (a) do not contravene the Debtor's articles or certificate of incorporation or by-laws or any law, rule, regulation, order, writ, judgment, injunction or decree presently in effect having applicability to it, (b) do not contravene any indenture, loan or credit agreement or any other material agreement, lease or instrument (x) to which the Debtor is a party or (y) by which the Debtor or its Property may be bound or affected, and (c) do not result in or require the creation of any Lien, security interest or other charge or encumbrance upon or with respect to any of its Properties (except as provided herein).

3.4. Governmental Filings; Registration.

(a) **Filings and Registrations.** No authorization or approval or other action by, and no notice to or filing with, any Governmental Authority is required for

(i) the grant by the Debtor of the security interest granted hereby or the due execution, delivery and performance by the Debtor of this Security Agreement or any other document or instrument to be delivered hereunder, or

(ii) the perfection of such security interest or the exercise by the Secured Party of their rights and remedies hereunder and under the other Secured Documents,

except for (A) the filings of the Uniform Commercial Code financing statements described on Annex 2 hereto, (B) the other filings or notices described on Annex 2 hereto, all of which shall be duly made on or immediately after the date hereof and will, upon the filing thereof, be in full force and effect and (C) other filings required as a result of changes contemplated by Section 2.2(a), which filings will be made on a timely basis.

(b) **No Other Financing Statements.** No effective financing statement which names the Debtor as debtor is on file in any jurisdiction except for the financing statements in respect of Permitted Liens.

3.5. Enforceability.

All acts and proceedings required by law and by the articles or certificate of incorporation and by-laws of the Debtor, necessary to constitute this Security Agreement a valid and binding agreement for the uses and purposes set forth herein, in accordance with its terms, have been done and taken. Assuming the corporate existence, power and authority of, and the due authorization, execution and delivery hereof by, the Secured Party, this Security Agreement is the legal, valid and binding obligation of the Debtor, enforceable in accordance with its terms, except as the enforceability hereof may be (a) limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforceability of creditors' rights generally and (b) subject to the availability of equitable remedies.

3.6. Location of Inventory and Equipment, etc.

(a) **Location of Inventory and Equipment.** The Debtor does not currently hold, nor has the Debtor held at any time during the three hundred sixty-five (365) days immediately preceding the date hereof, any interest in tangible personal Property constituting a part of the Collateral which is located in any location other than the locations listed on Annex 3 hereto.

(b) **Changes of Name and Addresses.** The Debtor has not, in the last five (5) years,

(i) changed its name or operated all or a portion of its business under any name other than its present legal name and the tradenames listed on Annex 4 hereto, or

(ii) changed the address of its chief executive office other than as set forth on Annex 1 hereto.

(c) **Patents, Trademarks.** The Debtor owns or possesses all of the patents, trademarks, service marks, trade names, copyrights, licenses, and rights with respect thereto, necessary for the present and presently planned future conduct of its business, without any known conflict with the rights of others (except as disclosed in the Credit Agreement). All patents owned by the Debtor and all of the trademarks, service marks or trade names found on, or used in connection with the sale of, Inventory on the date hereof are set forth on Annex 4 hereto.

3.7. Accounts.

(a) None of the Accounts is evidenced by a promissory note or other instrument unless, in the case of notes or instruments in excess of \$25,000, the same have been delivered to the Secured Party with all necessary endorsements.

(b) Each of the Accounts is a true and correct statement of the actual amount owing by each Account Debtor with respect thereto.

(c) Each of the Accounts is a valid and binding obligation of the parties thereto, enforceable in accordance with its respective terms except as enforceability may be limited by bankruptcy, insolvency, reorganization, or similar creditors' rights.

(d) Each of the Accounts has been generated by the Debtor in the ordinary course of business or financial affairs of the Debtor.

(e) Each of the Accounts is owned by the Debtor free and clear of any claim of ownership interest by any other Person.

4. DEFAULTS – REMEDIES

4.1. Nature of Events.

An "**Event of Default**" shall exist if an "Event of Default" under, and as defined in, the Credit Agreement shall occur and be continuing.

4.2. Default Remedies.

(a) **General.** If an Event of Default exists, the Secured Party may

(i) exercise all of the rights and remedies conferred in this Security Agreement, in the Credit Agreement and in the other Secured Documents, and

(ii) exercise all of the rights and remedies of a secured party under the Code and all of the rights and remedies in this Security Agreement or otherwise available at law or in equity.

(b) **Rights and Remedies.** If an Event of Default exists, the Secured Party may require the Debtor to instruct the Account Debtors to make payment thereof directly to the Secured Party or to a Person or lockbox so designated by the Secured Party. If an Event of Default shall exist and the Debtor receives any cash, checks, drafts, money orders or other instruments in payment of any Accounts, it shall hold the same in trust for the Secured Party and shall segregate the same and shall promptly deliver the same (in the identical form as received) to the Secured Party or to such Person or lockbox as the Secured Party may designate.

If an Event of Default shall exist, the Debtor authorizes the Secured Party (but the Secured Party shall not be obligated) to communicate with any Account Debtor or any other Person primarily or secondarily liable under an Account with regard to any delinquent payment or other payment status of such Account or any matter relating thereto or with regard to the verification that such Account Debtor did incur the obligations thereunder and the terms and provisions thereof. If an Event of Default exists, the Debtor agrees, upon the request of the Secured Party, to notify each Account Debtor in writing of the assignment to the Secured Party of its respective Account, the Secured Party's security interest therein and any other matter relating thereto. Notwithstanding the immediately preceding sentence, the Secured Party shall, during the existence of any Event of Default, have the right, without first making a request of the Debtor owning such Accounts, to notify each Account Debtor of the assignment to the Secured Party of its respective Account, the Secured Party's security interest therein and any other matter relating thereto.

The Secured Party may, at any time and from time to time during the existence of any Event of Default, demand, sue for, collect or receive any money or Property at any time payable or receivable on account of or in exchange for, or make any compromise or settlement reasonably deemed desirable by the Secured Party with respect to, any Account, and/or extend the time of payment, arrange for payment in installments, or otherwise modify the terms of, or release, any Account or any collateral, guarantee, letter of credit or insurance therefor or in respect thereof, all without notice to or consent by the Debtor and without otherwise discharging or affecting the Secured Obligations, the other Collateral or the security interest granted herein. Without limiting any of the foregoing, the Debtor hereby authorizes the Secured Party and any agent or designee thereof during the existence of any Event of Default to take any and all steps in the name of the Debtor, necessary or desirable, in the determination of the Secured Party, to collect all amounts due under any and all Accounts, including, without limitation, endorsing the Debtor's name on checks and other instruments representing collections and/or proceeds of Accounts, enforcing such Accounts and drawing on letters of credit issued in favor of the Debtor.

(c) **Possession of Collateral; Entry of Premises.** If an Event of Default exists, the Secured Party shall have the right, at any time or from time to time, to take

immediate possession of any or all Collateral that is tangible personal Property, and may require the Debtor to assemble such Collateral, at the expense of the Debtor, and to make it available to the Secured Party at a place to be designated by the Secured Party that is reasonably convenient to both parties, and may enter any of the premises of the Debtor (or wherever such Collateral shall be located) with or without force or process of law, and keep and store the same on such premises until sold (and if such premises be the Property of the Debtor, the Debtor agrees not to charge the Secured Party for storage thereof for a period of at least ninety (90) days after sale or disposition of such Collateral).

At the request of the Secured Party at any time while an Event of Default exists, the Debtor shall assemble all of the Books and Records which evidence the Collateral and make the same available to the Secured Party or its designee at a place selected by the Secured Party or its designee.

(d) **Sale of Collateral; Commercial Reasonableness.** The Debtor and the Secured Party agree that ten (10) days notice to the Debtor of any public or private sale or other disposition of the Collateral shall be reasonable notice thereof, and such sale shall be at such reasonable location as the Secured Party shall designate in such notice. Any other requirement of notice, demand or advertisement for sale is, to the extent permitted by law, waived by the Debtor. Sales for cash, or on credit to a wholesaler, retailer or user of the Collateral, at any public or private sale are all hereby deemed (without limitation) to be commercially reasonable (as defined in the Uniform Commercial Code as in effect in any applicable jurisdiction). The Collateral may be sold at any private or public sale in one or more lots. The Secured Party shall have, to the extent permitted by applicable law, the right to bid at any such public sale.

(e) **Certain Offset Rights in Respect of Collateral.** If an Event of Default exists, the Secured Party may also, with or without proceeding with sale or foreclosure or demanding payment of the Secured Obligations, without notice, appropriate and apply to the payment of the Secured Obligations and the other obligations secured under this Security Agreement any and all Collateral in its possession (including, without limitation, any and all balances, credits, deposits, accounts, reserves, or other moneys due or owing to the Debtor held by the Secured Party hereunder or otherwise).

(f) **Undertakings Cumulative.** All covenants, conditions, provisions, warranties, guarantees, indemnities and other undertakings of the Debtor contained in this Security Agreement or any other Secured Document, or in any document referred to in this Security Agreement or any other Secured Document or contained in any agreement supplementary to this Security Agreement or any other Secured Document, shall be deemed cumulative to and not in derogation or substitution of any of the terms, covenants, conditions or agreements of the Debtor contained in this Security Agreement or any other Secured Document.

(g) **Payment of Expenses and Charges.** The Debtor shall be obligated to pay to the Secured Party all out-of-pocket expenses (including court costs and reasonable attorneys' fees and expenses) of, or incident to, the enforcement of any of the provisions of this Security Agreement and all other charges due against the Collateral, including,

without limitation, taxes, assessments, security interests, Liens or encumbrances upon the Collateral and any expenses, including transfer or other taxes, arising in connection with any sale, transfer or other disposition of Collateral.

4.3. Other Enforcement Rights.

The Secured Party may proceed to protect and enforce this Security Agreement by suit or suits or proceedings in equity, at law or in bankruptcy, and whether for the specific performance of any covenant or agreement in this Security Agreement contained or in execution or aid of any power in this Security Agreement granted, or for foreclosure under this Security Agreement, or for the appointment of a receiver or receivers for the Collateral or any part thereof, for the recovery of judgment for the obligations secured by this Security Agreement or for the enforcement of any other proper, legal or equitable remedy available under applicable law.

4.4. Effect of Sale, etc.

(a) **Title.** Any sale or sales pursuant to the provisions of this Security Agreement, whether under any right or power granted hereby or pursuant to any legal proceedings, shall operate to divest the Debtor of all of the Debtor's right, title, interest, claim and demand whatsoever, either at law or in equity, of, in and to the Collateral, or any part thereof, so sold, and any Property so sold shall be free and clear of any and all rights of redemption by, through or under the Debtor. At any such sale the Secured Party may, to the extent permitted by applicable law, bid for and purchase the Property sold and may make payment therefor as set forth in clause (b) of this Section 4.4, and any such Person so purchasing any such Property, upon compliance with the terms of sale, may hold, retain and dispose of such Property without further accountability.

(b) **Application of Proceeds.** The receipt by the Secured Party, or by any Person authorized under any judicial proceedings to make any such sale, of the proceeds of any such sale shall be a sufficient discharge to any purchaser of the Collateral, or of any part thereof, sold as aforesaid; and no such purchaser shall be bound to see to the application of such proceeds, or be bound to inquire as to the authorization, necessity or propriety of any such sale. In the event that, at any such sale, the Secured Party is the successful purchaser, it shall be entitled, for the purpose of making settlement or payment, to use and apply such Collateral to the Secured Obligations by crediting thereon the amount apportionable and applicable thereto out of the net proceeds of such sale.

4.5. Delay or Omission; No Waiver.

No course of dealing on the part of the Secured Party nor any delay or failure on the part of the Secured Party to exercise any right shall impair such right or operate as a waiver of such right or otherwise prejudice the Secured Party's rights, powers and remedies. No waiver by the Secured Party of any Default or Event of Default, whether such waiver be full or partial, shall extend to or be taken to affect any subsequent Default or Event of Default, or to impair the rights resulting therefrom except as may be otherwise expressly provided in this Security Agreement. Every right and remedy given by this Security Agreement, by any other Secured Document or by

law to the Secured Party may be exercised from time to time as often as may be deemed expedient by the Secured Party or any other Secured Party.

4.6. Restoration of Rights and Remedies.

If the Secured Party shall have instituted any proceeding to enforce any right or remedy under this Security Agreement or under any other Secured Document and such proceeding shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Secured Party or any other Secured Party, then and in every such case the Secured Party and the Debtor shall, subject to any determination in such proceeding, be restored severally and respectively to their former positions under this Security Agreement and under the other Secured Documents, and thereafter all rights and remedies of the Secured Party shall continue as though no such proceeding had been instituted.

4.7. Application of Proceeds.

The proceeds of any exercise of rights with respect to the Collateral, or any part thereof, and the proceeds and the avails of any remedy under this Security Agreement shall be paid to the Secured Party and, after deducting therefrom all expenses of the Secured Party, such proceeds shall be applied by the Secured Party to the payment of the Secured Obligations in such order or preference as the Secured Party may determine. Any amounts remaining after the payment in full of the Secured Obligations will be paid to the Debtor.

4.8. Cumulative Remedies.

No remedy under this Security Agreement or under any other Secured Document is intended to be exclusive of any other remedy, but each and every remedy shall be cumulative and in addition to any and every other remedy given under this Security Agreement or under any other Secured Document or otherwise existing; nor shall the giving, taking or enforcement of any other or additional security, collateral or guarantee for the payment or performance of the Secured Obligations operate to prejudice, waive or affect the security of this Security Agreement or any rights, powers or remedies under this Security Agreement, nor shall the Secured Party be required to look first to, enforce or exhaust any such other or additional security, collateral or guarantees.

4.9. Waivers by the Debtor.

The Debtor hereby waives notice of acceptance of this Security Agreement. The Debtor further waives presentment and demand for payment of any of the Secured Obligations, protest and notice of dishonor or default with respect to any of the Secured Obligations, and all other notices to which the Debtor might otherwise be entitled, except as otherwise expressly provided in the Guarantee Agreement, this Security Agreement and the other Secured Documents.

The Debtor (to the extent that it may lawfully do so) covenants that it shall not at any time insist upon or plead, or in any manner claim or take the benefit or advantage of, any stay (except in connection with a pending appeal), valuation, appraisal, redemption or extension law now or at any time hereafter in force that, but for this waiver, might be applicable to any sale made under any judgment, order or decree based on this Security Agreement or any other

Secured Document; and the Debtor (to the extent that it may lawfully do so) hereby expressly waives and relinquishes all benefit and advantage of any and all such laws and hereby covenants that it will not hinder, delay or impede the execution of any power in this Security Agreement or therein granted and delegated to the Secured Party, but that it will suffer and permit the execution of every such power as though no such law or laws had been made or enacted.

4.10. Consent.

The Debtor hereby consents that from time to time (before or after the occurrence or existence of any Event of Default, with or without notice to or assent from the Debtor)

(a) any Collateral or other security at any time held by or available to the Secured Party for any of the Secured Obligations, or any other security at any time held by or available to the Secured Party for any obligation of any other Person secondarily or otherwise liable for any of the Secured Obligations, may be exchanged with the Person providing such Collateral or other security, surrendered or released, and

(b) any of the Secured Obligations may be changed, altered, renewed, extended, continued, surrendered, compromised, waived or released, in whole or in part,

in each case as the Secured Party may see fit, and the Debtor shall remain bound under this Security Agreement notwithstanding any such exchange, surrender, release, change, alteration, renewal, extension, continuance, compromise, waiver or release.

5. MISCELLANEOUS

5.1. Communications.

All communications under this Security Agreement shall be in writing and shall be made to the Persons and addresses, and in the manner, provided in Section 3.1 of the Guarantee Agreement.

5.2. Currency.

(a) All payments under this Security Agreement shall be made in the currency in which such obligations are expressed to be due under the Credit Agreement and the other Secured Documents (such currency being referred to as the "**Applicable Currency**"). The obligation of the Debtor to make payment in the Applicable Currency of its obligations under this Agreement shall not be discharged or satisfied by any tender, or any recovery pursuant to any judgment, which is expressed in or converted into any currency other than the Applicable Currency, except to the extent such tender or recovery shall result in the actual receipt by the Secured Party of the full amount of Applicable Currency expressed to be payable in respect of any such obligations. The obligation of the Debtor to make payment in the Applicable Currency as aforesaid shall be enforceable as an alternative or additional cause of action for the purpose of recovery in Applicable Currency of the amount, if any, by which such actual receipt shall fall short of the full amount of Applicable Currency expressed to be payable in respect of any such

obligations, and shall not be affected by judgment being obtained for any other sums due under this Agreement, the Credit Agreement or the other Secured Documents.

(b) In furtherance of the foregoing, the Secured Party may, in order to cover the obligations of a Group Company in another currency, in its sole discretion, convert any moneys received, recovered or realized in any currency under this Security Agreement (including the proceeds of any previous conversion under this Section 5.2) from their existing currency of denomination into any other currency at the Secured Party's spot rate of exchange at such time as the Secured Party thinks fit.

5.3. Survival.

All warranties, representations, certifications and covenants made by the Debtor in this Security Agreement and in the other Secured Documents or in any certificate or other document or instrument delivered by it or on behalf of it under this Security Agreement or any other Secured Document shall be considered to have been relied upon by the Secured Party and shall survive the delivery to the Secured Party of any instrument or other document evidencing the same regardless of any investigation made by the Secured Party or on its behalf. All statements in any such certificate or other instrument shall constitute warranties and representations by the Debtor under this Security Agreement. This Security Agreement shall be binding upon the Debtor and inure to the benefit of and be enforceable by the Secured Party.

5.4. Assignment.

Each Secured Party may at any time assign or transfer any of its rights under this Security Agreement to any Person to whom all or part of such Secured Party's rights, benefits and obligations under the Credit Agreement are assigned or transferred in accordance with the provisions of the Credit Agreement. The term "Secured Party" for all purposes of this Security Agreement shall be deemed to include the assignees and other successors, whether immediate or derivative, of the Secured Party, who shall be entitled to enforce and proceed upon this Security Agreement in the same manner as if named herein. The Secured Party may disclose, without the consent of the Debtor, any information concerning the Debtor to any Person with whom it is proposing to enter, or has entered into, any kind of transfer, participation or assignment in relation to this Security Agreement. For the avoidance of doubt, the Debtor may not assign or otherwise transfer any of its rights or obligations under this Security Agreement without the written consent of the Secured Party. On the transfer becoming effective in this manner, any such assignee and other successors of the Secured Party shall be considered a "Secured Party" for all purposes of this Security Agreement.

5.5. Successors and Assigns.

Whenever any of the parties to this Security Agreement is referred to, such reference shall be deemed to include the successors and assigns of such party, and all the covenants, promises and agreements in this Security Agreement contained by or on behalf of the Debtor, or by or on behalf of the Secured Party, shall bind and inure to the benefit of the respective successors and assigns of such parties whether so expressed or not.

5.6. Waiver and Amendment.

No provision of this Security Agreement shall be waived, amended, modified or supplemented except by a written instrument executed by the Debtor and the Secured Party.

5.7. Partial Invalidity.

The unenforceability or invalidity of any provision or provisions of this Security Agreement shall not render any other provision or provisions contained in this Security Agreement unenforceable or invalid.

5.8. Duplicate Originals; Execution in Counterpart.

Two or more duplicate originals of this Security Agreement may be signed by the parties, each of which shall be an original but all of which together shall constitute one and the same instrument. This Security Agreement may be executed in one or more counterparts and shall be effective when at least one counterpart shall have been executed by each party to this Security Agreement, and each set of counterparts which, collectively, show execution by each party to this Security Agreement shall constitute one duplicate original.

5.9. Subject to Credit Agreement.

Any and all obligations under this Security Agreement of the parties to this Security Agreement, and the rights granted to the Secured Party under this Security Agreement, are created and granted subject to the terms of the Credit Agreement.

5.10. Power of Attorney.

The Debtor hereby makes, constitutes and appoints the Secured Party the true and lawful agent and attorney in fact of the Debtor with full power of substitution

(a) if an Event of Default shall exist, to receive, open and dispose of all mail addressed to the Debtor and remove therefrom any notes, checks, drafts, money orders or other instruments included in the Collateral, with full power to endorse the name of the Debtor upon any such checks, drafts, money orders, or other instruments relating to the Collateral and to effect the deposit and collection thereof, and the further right and power to endorse the name of the Debtor on any other document relating to the Collateral, including all documents necessary for drawings on letters of credit issued in favor of the Debtor;

(b) if an Event of Default exists, to sign the name of the Debtor to drafts against its debtors, to notices to such debtors, to assignments and notices of assignments, financing statements, continuation statements or other public records or notices and all other instruments and documents; and

(c) to do any and all things necessary to take action in the name and on behalf of the Debtor to carry out the provisions of this Security Agreement.

The Debtor agrees, in the absence of willful wrongdoing or negligence, that neither the Secured Party, nor any of its agents, designees or attorneys-in-fact will be liable for any acts of commission or omission, or for any error of judgment or mistake of fact or law with respect to the exercise of the power of attorney granted under this Section 5.10. The power of attorney granted under this Section 5.10 is coupled with an interest and shall be irrevocable so long as any Secured Obligation remains outstanding.

5.11. Benefits of Security Agreement Restricted to Secured Party.

(a) Nothing express or implied in this Security Agreement is intended or shall be construed to give to any Person other than the Debtor and the Secured Party any legal or equitable right, remedy or claim under or in respect hereof or any covenant, condition or provision contained herein; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Debtor and the Secured Party.

(b) Any liberty or power which may be exercised or any determination which may be made hereunder by the Secured Party may be exercised or made in the absolute and unfettered discretion of the Secured Party which shall not be under any obligation to give reasons therefor.

(c) A certificate by an officer of the Secured Party (i) as to the amount for the time being due to the Secured Party from any Group Company, and (ii) as to any sums payable to the Secured Party hereunder, shall be prima facie evidence thereof for all purposes.

5.12. Concerning Revised Article 9 of the Uniform Commercial Code.

The parties acknowledge and agree to the following provisions of this Agreement in anticipation of the possible application, in one or more jurisdictions to the transactions contemplated hereby, of the revised Article 9 of the Uniform Commercial Code in the form or substantially in the form approved in 1998 by the American Law Institute and the National Conference of Commissioners on Uniform State Law ("**Revised Article 9**").

(a) **Attachment.** In applying the law of any jurisdiction in which Revised Article 9 is in effect, the Collateral is all assets of the Debtor, whether or not within the scope of Revised Article 9. The Collateral shall include, without limitation, the following categories of assets as defined in Revised Article 9: goods (including inventory, equipment and any accessions thereto), instruments (including promissory notes), documents, accounts (including health-care-insurance receivables), chattel paper (whether tangible or electronic), deposit accounts, letter of credit rights (whether or not the letter of credit is evidenced by a writing), commercial tort claims, securities and all other investment property, general intangibles (including payment intangibles and software), supporting obligations and any and all proceeds of any thereof, wherever located, whether now owned or hereafter acquired. If the Debtor shall at any time, whether or not Revised Article 9 is in effect in any particular jurisdiction, acquire a commercial tort claim, as defined in Revised Article 9, the Debtor shall immediately notify the Secured Party in a writing signed by the Debtor of the brief details thereof and

grant to the Secured Party in such writing a security interest therein and in the proceeds thereof, all upon the terms of this Security Agreement, with such writing to be in form and substance satisfactory to the Secured Party.

(b) **Perfection by Filing.** The Secured Party may at any time and from time to time, pursuant to this Security Agreement, file financing statements, continuation statements and amendments thereto that describe the Collateral as all assets of the Debtor or words of similar effect and which contain any other information required by Part 5 of Revised Article 9 for the sufficiency or filing office acceptance of any financing statement, continuation statement or amendment, including whether the Debtor is an organization, the type of organization and any organization identification number issued to the Debtor. The Debtor agrees to furnish any such information to the Secured Party promptly upon request. Any such financing statements, continuation statements or amendments may be signed by the Secured Party on behalf of the Debtor, and may be filed at any time in any jurisdiction whether or not Revised Article 9 is then in effect in that jurisdiction.

(c) **Other Perfection, etc.** The Debtor shall, to the extent reasonably practicable, at any time and from time to time, whether or not Revised Article 9 is in effect in any particular jurisdiction, take such steps as the Secured Party may reasonably request for the Secured Party (i) to obtain an acknowledgement, in form and substance satisfactory to the Secured Party, of any bailee having possession of any of the Collateral that the bailee holds such Collateral for the Secured Party, (ii) to obtain "control" of any investment property, deposit accounts, letter of credit rights or electronic chattel paper (as such terms are defined in Revised Article 9 with corresponding provisions in Rev. §§ 9-104, 9-105, 9-106 and 9-107 relating to what constitutes "control" for such items of Collateral), with any agreements establishing control to be in form and substance satisfactory to the Secured Party, and (iii) otherwise to insure the continued perfection and priority of the Secured Party's security interest in any of the Collateral and of the preservation of its rights therein, whether in anticipation of or following the effectiveness of Revised Article 9 in any jurisdiction.

(d) **Other Provisions.** In applying the law of any jurisdiction in which Revised Article 9 is in effect, the following references to existing Article 9 shall be to the Revised Article 9 Section of that jurisdiction indicated below:

Existing Article 9	Revised Article 9
§ 9-103(3)	Rev. § 9-102(a)(34)
§§ 8-106 and 9-115 (1994)	Rev. §§ 8-106 and 9-106
§ 9-504(1)(c)	Rev. §§ 9-608(a)(1)(C) and 9-1615(a)(3)

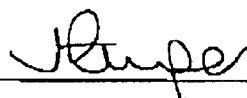
(e) **Savings Clause.** Nothing contained in this Section 5.12 shall be construed to narrow the scope of the Secured Party's security interest in any of the

Collateral or the perfection or priority thereof or to impair or otherwise limit any of the rights, powers, privileges or remedies of the Secured Party hereunder except (and then only to the extent) mandated by Revised Article 9 to the extent then applicable.

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IN WITNESS WHEREOF, THE DEBTOR has caused this Security Agreement to be executed by an authorized officer, and BARCLAYS BANK PLC, has caused this Security Agreement to be executed by an authorized officer, all as of the day and year first above written.

AMERICAN AUTO-MATRIX, INC.

By: 

Name:

Title:

BARCLAYS BANK PLC

By: _____

Name:

Title:

26.JUL.2000 15:09

GARP-TS

NO.014 P.01/87

IN WITNESS WHEREOF, THE DEBTOR has caused this Security Agreement to be executed by an authorized officer, and BARCLAYS BANK PLC, has caused this Security Agreement to be executed by an authorized officer, all as of the day and year first above written.

AMERICAN AUTO-MATRIX, INC.

By: [Signature]

Name:

Title:

BARCLAYS BANK PLC

By: [Signature]

Name:

Title:

AAM-Barclays US Security Agreement

TRADEMARK

REEL: 002174 FRAME: 0488

Schedule I

Property

All of the following properties, assets and rights of the Debtor, wherever located, whether now owned or hereafter acquired or arising, and all proceeds and products thereof:

All personal and fixture property of every kind and nature including, without limitation, all furniture, fixtures, equipment, raw materials, inventory, other goods, accounts, contract rights, rights to the payment of money, insurance refund claims and all other insurance claims and proceeds, tort claims, chattel paper, electronic chattel paper, documents, instruments, securities and other investment property, deposit accounts, rights to proceeds of letters of credit, letter-of-credit rights, supporting obligations of every nature, and general intangibles including, without limitation, all tax refund claims, license fees, patents, patent applications, trademarks, trademark applications, trade names, copyrights, copyright applications, rights to sue and recover for past infringement of patents, trademarks and copyrights, computer programs, computer software, engineering drawings, service marks, customer lists, goodwill, and all licenses, permits, agreements of any kind or nature pursuant to which (i) the Debtor operates or has authority to operate, (ii) the Debtor possesses, uses or has authority to possess or use property (whether tangible or intangible) of others, or (iii) others possess, use, or have authority to possess or use property (whether tangible or intangible) of the Debtor, and all recorded data of any kind or nature, regardless of the medium of recording, including, without limitation, all software, writings, plans, specifications, and schematics.

The Debtor acknowledges and agrees that, with respect to any term used herein that is defined in either (i) Article 9 of the Uniform Commercial Code as in force in the jurisdiction in which this financing statement was signed by the Debtor at the time that it was signed, or (ii) Article 9 as in force at any relevant time in the jurisdiction in which this financing statement is filed, the meaning to be ascribed thereto with respect to any particular item of property shall be that under the more encompassing of the two definitions.

Principal Executive Offices of the Debtor; Location of Books and Records

<u>Debtor</u>	<u>Principal Executive Offices</u>	<u>Location of Books and Records</u>
Vislink, Inc.	Marlborough House Charnham Lane Hungerford Berkshire UK 300 Delaware Avenue Suite 900 Wilmington, DE 19801-1607	Marlborough House Charnham Lane Hungerford Berkshire, UK 300 Delaware Avenue Suite 900 Wilmington, DE 19801-1607
RFT	16 Testa Place South Norwalk, CT 06854-4613 101 Billerica Avenue Bldg. 6 North Billerica, MA 01862	16 Testa Place South Norwalk, CT 06854-4613 101 Billerica Avenue Bldg. 6 North Billerica, MA 01862
AAM	One Technology Lane Export, PA 15632-8903	One Technology Lane Export, PA 15632-8903

List of Offices in Which Financing Statements are Filed

Secured Party

Barclays Acquisition Finance
Barclays Bank PLC
P.O. Box 544
54 Lombard Street
London EC3V9EX

<u>Debtor Name</u>	<u>State of Incorporation</u>	<u>Town/County</u>	<u>Secretary of State</u>
American Auto-Matrix, Inc.	Pennsylvania	Westmoreland County, PA	Pennsylvania
Vislink, Inc.	Delaware		Delaware
RF Technology, Inc.	Delaware	Town of Billerica	Connecticut Massachusetts

Locations of Inventory and Equipment

Debtor Name

RF Technology, Inc.

Location

16 Testa Place
South Norwalk, CT 06854-4613

101 Billerica Avenue
Bldg. 6
North Billerica, MA 01862

American Auto-Matrix, Inc.

One Technology Lane
Export, PA 15632

Trademarks and Tradenames, Patents

Company Name

American Auto-Matrix, Inc.

DBAs:

Innovative Technology Int'l, Inc.

Pribadi Automatrix Corporation

Auto Flow

Auto-Matrix

Auto Matrix

Adaptive Broadband Inc.

DBAs:

Microwave Radio Corp.

Vislink, Inc.

DBAs:

Silvermines (USA), Inc.

Vislink USA

RF Technology, Inc.

DBAs:

RFT

Trademarks and Tradenames, Patents

Company Name

American Auto-Matrix, Inc.

DBAs:

Innovative Technology Int'l, Inc.
Pribadi Automatrix Corporation
Auto Flow
Auto-Matrix
Auto Matrix

Adaptive Broadband Inc.

DBAs:

Microwave Radio Corp.

Vislink, Inc.

DBAs:

Silvermines (USA), Inc.
Vislink USA

RF Technology, Inc.

DBAs:

RFT