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TRADEMA

03-06-2001

DEPARTMENT OF COMMERCE
Patent and Trademark Office



101626812

Units of copy thereof.

To the Honorable Commissioner of Patents and Trademarks:

1. Name of conveying party(ies): 2.22.01
Magnetic Data Technologies, L.L.C.

- Individual(s)
- Association
- General Partnership
- Limited Partnership
- Corporation-State
- Other Delaware Limited Liability Co.

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

1. Nature of conveyance:
- Assignment
 - Security Agreement
 - Other
 - Merger
 - Change of Name

Execution Date: April 9, 1999

2. Name and address of receiving party(ies)

Name: Nationsbank, N.A., as agent

Internal Address: (E/k/a Bank of America)

Street Address: 101 N. Tryon St.
NCI-001-15-04

City: Charlotte State: NC ZIP: 28255

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

If applicant is not domiciled in the United States, a domestic representative designation is required: Yes No
(Designations must be a separate document from assignment)
Additional name(s) & address(es) attached? Yes No

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

A. Trademark Application No.(s)

03/05/2001 6T0N11 00000177 1698790

01 FC1461 40.00 OP
02 FC1462 25.00 OP

B. Trademark Registration No.(s)

1,698,790
1,330,072

Additional numbers attached? Yes No

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

Name: Laura Konrath

Internal Address: Winston & Strawn
33rd Floor

Street Address: 35 West Wacker Drive

City: Chicago State: IL ZIP: 60601

6. Total number of applications and registrations involved: 2

7. Total fee (37 CFR 3.41).....\$ 65.00

- Enclosed
- Authorized to be charged to deposit account

8. Deposit account number:
N/A
(Also indicate copy of this page if paying by deposit account)

DO NOT USE THIS SPACE

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.

Laura Konrath Signature 2/14/01 Date

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

All documents to be recorded with required cover sheet information to:
Commissioner of Patents & Trademarks, Box Assignment

TRADEMARK
REEL: 002244 FRAME: 0765



SECURITY AGREEMENT

DATED AS OF APRIL 9, 1999

BETWEEN

MAGNETIC DATA TECHNOLOGIES, LLC

AND

NATIONSBANK, N.A..
AS COLLATERAL AGENT

264431.03-New York Server 7A

Draft April 9, 1999 - 1:29 PM

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SCHEDULES

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Locations
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SECURITY AGREEMENT

THIS SECURITY AGREEMENT (as from time to time amended, supplemented or modified, this "Agreement") is dated as of April 9, 1999 by and between MAGNETIC DATA TECHNOLOGIES, LLC, a Delaware limited liability company (the "Company"), and NATIONSBANK, N.A., as collateral agent (the "Collateral Agent") for the Secured Creditors (as defined below). Unless otherwise defined in Section 1, terms defined in the Credit Agreement (as defined below) are used herein as therein defined.

RECITALS:

A. Pursuant to the Credit Agreement, dated as of the date hereof, among the Company, the financial institutions from time to time party thereto (the "Lenders") and NationsBank, N.A., as agent for the Lenders (the "Agent") (as from time to time amended, supplemented or modified, the "Credit Agreement"), the Lenders have agreed to extend certain credit to the Company;

B. The Company and any Subsidiary may from time to time, to the extent permitted under the Credit Agreement, be party to one or more Swap Contracts (each such Swap Contract with a Swap Creditor (as defined below), a "Secured Swap Contract") with NationsBank, N.A. ("NationsBank"), in its individual capacity, or a syndicate of financial institutions organized by NationsBank or any affiliate of NationsBank, or any Lender or affiliate of any Lender (even if NationsBank or any such Lender ceases to be a Lender under the Credit Agreement for any reason) and any institution that participates in, and in each case their subsequent assigns, such Secured Swap Contract (each, a "Swap Creditor" and collectively, the "Swap Creditors"); and

C. As a condition to entering into a Secured Debt Agreement (as defined below) and extending credit under such Secured Debt Agreement, the Secured Creditors have required that the Company grant to the Collateral Agent, for the ratable benefit of itself and the Secured Creditors, a security interest in the Collateral (as defined below) on the terms and conditions set forth below.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Definitions and Interpretation of Agreement. The following shall have (unless otherwise provided elsewhere in this Agreement) the following respective meanings (such meanings being equally applicable to both the singular and plural form of the terms defined):

"Account Debtor" shall mean the party who is obligated on or under any Account Receivable or Contract Right.

"Account Receivable" shall mean any right of the Company to payment for goods sold or leased or for services rendered.

"Agent" has the meaning ascribed to it in the Recitals.

"Agreement" has the meaning ascribed to it in the Preamble.

"Assignee Deposit Account" has the meaning ascribed to it in Section 5.

"Collateral" has the meaning ascribed to it in Section 2.

"Collateral Agent" has the meaning ascribed to it in the Preamble.

"Contract Right" shall mean any right of the Company to payment under a contract for the sale or lease of goods or the rendering of services, which right is at the time not yet earned by performance.

"Credit Agreement" has the meaning ascribed to it in the Recitals.

"Equipment" shall mean all equipment owned by the Company of every description; all accessories, parts, accessions and other property owned by the Company at any time installed thereon or affixed thereto or used in connection therewith; and all substitutions for or replacements of any of the foregoing.

"Event of Default" means any "Event of Default" under, and as defined in, the Credit Agreement, or any payment default, after any applicable grace period, under any other Secured Debt Agreement.

"Fixtures" means all equipment, machinery, furniture and goods of the Company which have been attached to real property in such a manner that their removal would cause damage to the realty and which have therefore taken on the character of real property, including, without limitation, all trade fixtures.

"General Intangibles" means all intangible personal property of the Company including, without limitation, all general intangibles, contract rights, rights to receive payments of money, choses in action, judgments, tax refunds and tax refund claims, Trademarks, Licenses, Related Documents, licenses, franchises, leasehold interests in real or personal property, rights to receive rentals of real or personal property and guarantee claims; provided, however, notwithstanding anything herein to the contrary, equity interests of foreign subsidiaries shall only be pledged to the extent that the total equity interests of such entity represent not more than 65% of the issued interests of such entity.

"Inventory" shall mean all goods held by the Company for sale or lease, or leased by the Company as lessor, or furnished or to be furnished by the Company under any contract of service, or held by the Company as raw materials, work in process or materials used or consumed in a business; and all goods, the sale or lease of which has given rise to an Account Receivable, Contract Right, instrument or chattel paper, which are returned to the Company, repossessed by the Company, stopped in transit by the Company or which otherwise come into the possession of the Company.

"Lenders" has the meaning ascribed to it in the Recitals.

"Licenses" means to the extent permitted by the relevant agreement but subject to Section 9-318 of the UCC, all rights under or interest in any trademark license agreements or service mark license agreements with any other party, whether the Company is a licensee or licensor under any such license agreement, including, without limitation, those trademark license agreements and service mark license agreements listed on Exhibit B attached hereto and made a part hereof, together with any goodwill connected with and symbolized by any such trademark license agreements or service mark license agreements, and the right to prepare for sale and sell any and all inventory now or hereafter owned by the Company and now or hereafter covered by such licenses.

"NationsBank" has the meaning ascribed to it in the Recitals.

"Non-Goods Collateral" shall mean all Collateral other than Inventory, Equipment and other goods.

"Obligor" shall mean the Company, together with its successors and permitted assigns and each other party primarily or secondarily liable on any of the Secured Obligations.

"Related Documents" means, collectively, all documents and things in the Company's possession related to the production and sale by the Company, or any Affiliate, Subsidiary, licensee or subcontractor thereof, of products or services sold by or under the authority of the Company in connection with the Trademarks or Licenses including, without limitation, all product and service specification documents and production and quality control manuals used in the manufacture of products or provision of services sold under or in connection with the Trademarks.

"Secured Creditors" means, collectively, the Collateral Agent, the Agent, each Lender, each Swap Creditor and each other holder of a Secured Obligation.

"Secured Debt Agreements" means, collectively, the Loan Documents and each Secured Swap Contract.

"Secured Obligations" means, collectively, (i) all "Obligations." as defined in the Credit Agreement and (ii) the payment when due of all obligations, whether now existing or hereafter arising, of the Company or any Subsidiary to Swap Creditors pursuant to any Secured Swap Contract and the due performance and compliance with all the terms of the Secured Swap Contracts by the Company or any Subsidiary.

"Secured Swap Contract" has the meaning ascribed to it in the Recitals.

"Swap Creditor" has the meaning ascribed to it in the Recitals.

"Trademarks" means all United States and foreign trademarks, tradenames, service marks, trademark and service mark registrations and renewals, and trademark and service mark applications, including, without limitation, the registered & applied for trademarks, service marks

and tradenames listed on Exhibit A hereto, and registrations and renewals thereof, and all income, royalties, damages and payments now and hereafter due and/or payable under and with respect to all trademarks, tradenames and service marks including, without limitation, damages and payments for past and future infringements and dilutions thereof against third parties.

A Section or a Schedule is, unless otherwise stated, a reference to a section hereof or a schedule hereto, as the case may be. Section captions used in this Agreement are for convenience only, and shall not affect the construction of this Agreement. The words "hereof," "herein," "hereto" and "hereunder" and words of similar purport when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. Unless otherwise defined therein, all terms defined in this Agreement shall have the defined meanings when used in any certificate or other documents made or delivered pursuant hereto.

2. Grant of Security Interest. As security for the payment and the prompt, full and faithful performance when due of all Secured Obligations, except with respect to General Intangibles and Contract Rights which by their terms or by applicable law expressly prohibit the collateral assignment thereof, the Company hereby assigns to the Collateral Agent for the benefit of the Secured Creditors, and grants to the Collateral Agent for the benefit of the Secured Creditors, a continuing security interest in, all of the Company's right, title and interest in, to and under the following (collectively, the "Collateral"), whether now owned or existing, or hereafter acquired or coming into existence, wherever now or hereafter located:

(a) all Inventory, Accounts Receivable, Contract Rights, instruments and documents of title of the Company;

(b) all chattel paper evidencing any obligation to the Company for payment for goods sold or leased or for services rendered;

(c) all interest of the Company in any goods, the sale or lease of which shall have given or shall give rise to, and in all guaranties and other property securing the payment of or performance under, any Accounts Receivable, Contract Rights or any such chattel paper or instruments;

(d) all Equipment of the Company;

(e) all General Intangibles of the Company;

(f) all Fixtures of the Company;

(g) any and all balances, credits, deposits (general or special, time or demand, provisional or final), accounts or monies of or in the name of the Company now or hereafter with the Collateral Agent or any Secured Creditor and any and all property of every kind or description of or in the name of the Company now or hereafter, for any reason or purpose whatsoever, in the possession or control of, or in transit to, or standing to the Company's credit on the books of, the

Collateral Agent or such Secured Creditor or any agent or bailee for the Collateral Agent or any Secured Creditor;

(h) to the extent related to the property described in clauses (a) through (g) above, all books, correspondence, credit files, records, invoices and other papers and documents, including, without limitation, to the extent so related, all tapes, cards, computer runs, computer programs (to the extent the Company may grant a security interest in the same without a breach of the terms thereof) and other papers and documents in the possession or control of the Company or any computer bureau from time to time acting for the Company, and, to the extent so related, all rights in, to and under all policies of insurance, including claims of rights to payments thereunder and proceeds therefrom, including any credit insurance;

(i) the goodwill of the Company's business connected with the use of and symbolized by the Trademarks; and

(j) all proceeds and products of any of the foregoing.

3. Representations and Warranties. The Company represents and warrants to the Collateral Agent and the Secured Creditors that:

(a) except for copyrights, registered trademarks and trademark applications or patents and patent applications, none of the Collateral is of a type where a security interest or lien may be filed under, or notice thereof given under, any federal statute relating exclusively to Collateral of that type rather than property generally;

(b) all Equipment and Inventory is located at the locations shown on Schedule A-1 and Schedule A-2;

(c) during the last five years, the Company has not conducted business under any name except the name or trade name in which it has executed this Agreement except for the names and trade names listed on Schedule C;

(d) the Company's chief executive office is located at its address shown on Schedule B or such other address provided to the Agent in accordance with Section 7;

(e) none of the Equipment (other than vehicles) owned by the Company and none of the Company's Inventory is covered by any certificate of title;

(f) the Company has no trade names or doing business names except for the names listed on Schedule C (or such other names provided to the Agent in accordance with Section 7) and, when using such names with respect to a division of the Company, the Company identifies the applicable division as a division of the Company;

(g) the Company is and will be the lawful owner of all Collateral, free of all liens and claims whatsoever, other than the security interest granted hereunder and any Liens expressly

permitted under Section 8.01 of the Credit Agreement, with full power and authority to execute this Agreement and perform the Company's obligations hereunder; and to subject the Collateral to the security interest granted hereunder;

(h) all information with respect to Collateral and Account Debtors set forth in any schedule, certificate or other writing at any time heretofore or hereafter furnished by the Company to the Agent or any Lender, and all other written information heretofore or hereafter furnished by the Company to the Collateral Agent or any Lender, is and will be true and correct in all material respects as of the date furnished;

(i) the Company has duly and properly applied for registration of the U.S. Trademarks listed on Exhibit A hereto as indicated thereon in the United States Patent and Trademark Office; and

(j) the Trademarks and Licenses set forth on the Exhibits hereto constitute, as of the Closing Date, all Trademark applications and registrations and material Licenses of the Company.

4. Use of Collateral. Until an Event of Default has occurred and is continuing, the Company may have possession of all Collateral and use the same in any lawful manner not inconsistent with this Agreement or with any policy of insurance on any of the Collateral.

5. Processing, Sale and Collections. Until such time as the Collateral Agent shall notify the Company of the revocation of such power and authority while an Event of Default is continuing, the Company:

(a) may, in the ordinary course of its business, at its own expense, sell, lease or furnish under contracts of service any of the Inventory normally held by the Company for such purpose, and use and consume any raw materials, work in process or materials normally held by the Company for such purpose;

(b) will, at its own expense, endeavor to collect, as and when due, in a manner consistent with past practices, all amounts due with respect to any of the Non-Goods Collateral, including (while an Event of Default is continuing) the taking of such action with respect to such collection as the Collateral Agent may reasonably request or, in the absence of such request, as the Company may deem advisable;

(c) may grant, in the ordinary course of business, to any party obligated on or with respect to any of the Collateral, any rebate, refund or allowance to which such party may be lawfully entitled, and may accept, in connection therewith, the return of goods, the sale or lease of which shall have given rise to such Collateral; and

(d) may sell furniture, Equipment and Fixtures to the extent not prohibited by the Credit Agreement.

So long as no Event of Default has occurred and is continuing, the Collateral Agent shall, upon the request of the Company, and to the extent required by the Collateral Agent accompanied by a certificate to the effect that such sale is being undertaken in compliance with this section and the terms of the Credit Agreement, release the Lien created by this Agreement upon any property sold pursuant to this section and the terms of the Credit Agreement.

The Collateral Agent, however, may at any time (but shall not be obligated to) while an Event of Default is continuing, whether before or after any revocation of such power and authority or the maturity of any of the Secured Obligations, notify any party obligated on or with respect to any of the Non-Goods Collateral to make payment directly to the Collateral Agent of any amounts due or to become due thereunder and enforce collection of any of the Non-Goods Collateral by suit or otherwise and surrender, release or exchange all or any part thereof, or compromise or extend or renew for any period (whether or not longer than the original period) any indebtedness thereunder or evidenced thereby. Upon request of the Collateral Agent, while an Event of Default is continuing, the Company will, at its own expense, notify any parties obligated on or with respect to any of the Non-Goods Collateral to make payment to the Collateral Agent of any amounts due or to become due thereunder.

The Company will, upon written demand of the Collateral Agent made during the continuance of an Event of Default, forthwith, upon receipt, transmit and deliver to the Collateral Agent, in the form received, all cash, checks, drafts, chattel paper and other instruments or writings for the payment of money (properly endorsed, where required, so that such items may be collected by the Collateral Agent) which may be received by the Company at any time in full or partial payment or otherwise as proceeds of any of the Collateral. Except as the Collateral Agent may otherwise consent in writing, any such items which may be received by the Company following such demand of the Collateral Agent will not be commingled with any other of its funds or property, but will be held separate and apart from its own funds or property and upon express trust for the Collateral Agent, for the benefit of itself and the Secured Creditors, until delivery is made to the Collateral Agent. Following a demand made by the Agent pursuant to this paragraph, all items or amounts which are delivered by the Company to the Collateral Agent on account of partial or full payment by an Account Debtor or otherwise as proceeds of any of the Collateral shall be deposited to the credit of a non-interest bearing deposit account over which the Company shall have no control (herein called the "Assignee Deposit Account") of the Company with the Collateral Agent, as security for payment of the Secured Obligations. The Collateral Agent may, from time to time, in its absolute discretion, apply all or any of the then balance, representing collected funds, in the Assignee Deposit Account, toward payment of the Secured Obligations, whether or not then due.

The Collateral Agent is authorized to endorse, in the name of the Company, any item, howsoever received by the Collateral Agent, representing any payment on or other proceeds of any of the Collateral.

6. Certificates, Schedules and Reports. The Company will furnish to the Collateral Agent from time to time, as the Collateral Agent may request, such additional schedules and such certificates and reports respecting all or any of the Collateral at the time subject to the security interest hereunder and the items or amounts received by the Company in full or partial payment or

otherwise as proceeds of any of the Collateral, all to such extent as the Collateral Agent may request. Each of the foregoing schedules, certificates, reports and notices shall be executed by a duly authorized officer of the Company and shall be in such form and detail as the Collateral Agent may reasonably specify.

7. Covenants. From the date of this Agreement, and thereafter until this Agreement is terminated, the Company:

(a) except for Inventory stored at the locations referenced on Schedule A-2 with a value of less than \$250,000 in the aggregate (with respect to the Company and its Subsidiaries taken as a whole), will keep all Inventory at the locations shown on Schedule A-1, unless the Collateral Agent shall otherwise consent in writing;

(b) will keep its records concerning Accounts Receivables at its address shown on Schedule B, unless the Collateral Agent shall otherwise consent in writing, which records will be of such character as will enable the Collateral Agent or its designees to determine at any time the status thereof, and the Company will not, unless the Collateral Agent shall otherwise consent in writing, maintain such records at any other address;

(c) (i) will keep all Equipment, except any thereof which is normally used in more than one State (referred to in this clause (c) as "mobile goods"), at the locations shown on Schedule A-1, unless the Collateral Agent shall otherwise consent in writing; (ii) will give thirty (30) days' written notice to the Collateral Agent prior to any use of any mobile goods in any jurisdiction other than a State in which the Company shall have previously advised the Collateral Agent such mobile goods will be used; and (iii) will not use any mobile goods outside the territorial limits of the United States, unless the Collateral Agent shall otherwise consent in writing;

(d) unless the Company shall have given the Collateral Agent thirty (30) days prior written notice and taken all necessary action to preserve and protect the Collateral Agent's security interest in the Collateral, will not, unless the Collateral Agent shall otherwise consent in writing, change the location of its chief executive office or its chief place of business from the address shown on Schedule B;

(e) will furnish the Collateral Agent not less than 30 days' written notice prior to changing its name or adopting or changing any trade name, style or doing business form;

(f) will furnish the Collateral Agent such information concerning the Company, the Collateral and the Account Debtors as the Agent may from time to time reasonably request;

(g) will, upon request of the Collateral Agent, stamp on its records concerning the Collateral a notation, in form satisfactory to the Collateral Agent, of the security interest of the Collateral Agent hereunder;

(h) will reimburse the Collateral Agent upon demand for all reasonable costs and expenses, including reasonable fees of attorneys (who may be employees of the Collateral Agent)

and legal expenses, incurred by the Collateral Agent in seeking to collect or enforce any rights under the Collateral and, in case of an Event of Default, in seeking to collect any Secured Obligations and to enforce rights hereunder, including expenses of any repairs to any realty or other property to which any of the Equipment may be affixed or be a part;

(i) will pay, when due, all taxes, assessments, governmental charges and other similar charges levied against any of the Collateral, except and so long as the Company is contesting such taxes, assessments or charges in good faith and by appropriate proceedings and the Company has set aside on its books such reserves or other appropriate provisions therefor as may be required by generally accepted accounting principles;

(j) will do nothing to impair in any material respect the rights of the Collateral Agent or the Secured Creditors in the Collateral. The Company will at all times keep the Collateral insured in compliance with the requirements of the Credit Agreement. The Company assumes all liability and responsibility in connection with the Collateral acquired by it, and the liability of the Company to pay its obligations shall in no way be affected or diminished by reason of the fact that such Collateral may be lost, stolen, damaged or for any reason whatsoever unavailable to the Company;

(k) (i) will notify the Collateral Agent of any Collateral which, to its knowledge, constitutes a claim against the United States government or any instrumentality or agency thereof (except for claims against any state government, unless requested by the Collateral Agent), the assignment of which claim is restricted by federal law, and (ii) will promptly upon the request of the Collateral Agent, take such steps as may be necessary to comply with any applicable federal assignment of claims laws;

(l) will, at any time after and during the continuance of an Event of Default, upon request of the Collateral Agent (i) give the Collateral Agent information as to ownership of any vehicle or other Equipment covered by a certificate of title and (ii) promptly deliver any such certificate of title to the Collateral Agent and/or cause the lien of the Collateral Agent, on behalf of itself and the Secured Creditors, to be noted thereupon;

(m) will deliver to the Collateral Agent all instruments to be held by or on behalf of the Collateral Agent, for the benefit of itself and the Secured Creditors, pursuant hereto and shall deliver duly executed instruments of transfer or assignment in blank, all in form and substance satisfactory to the Collateral Agent;

(n) will (i) prosecute diligently any application to register the Trademarks pending as of the Closing Date or thereafter until all Secured Obligations have been indefeasibly paid in full and (ii) make applications on Trademarks, as appropriate or as requested by the Collateral Agent, except, in either case, where the failure to do so would have a Material Adverse Effect; and

(o) will promptly notify the Collateral Agent of the institution of, and any adverse determination in, any proceeding in the United States Patent and Trademark Office (other than a

routine "office action") or any agency of any state or any court regarding the Company's right, title and interest in any material Trademark or the Company's right to register any material Trademark.

The Collateral Agent may from time to time, at its option, perform any agreement of the Company hereunder which the Company shall fail to perform when due and take any other action which the Collateral Agent deems necessary for the maintenance or preservation of any of the Collateral or its interest therein, and the Company agrees to forthwith reimburse the Collateral Agent for all expenses of the Collateral Agent in connection with the foregoing, together with interest thereon from the date incurred until reimbursed by the Company at a rate per annum equal to the rate set forth in subsection 2.09(c) of the Credit Agreement in effect from time to time. The Company's obligation to reimburse the Collateral Agent pursuant to the preceding sentence shall be a Secured Obligation payable on demand.

8. Remedies.

(a) Remedies: Obtaining the Collateral Upon an Event of Default. The Company agrees that, if any Event of Default shall have occurred and be continuing, then and in every such case, the Collateral Agent may:

(i) personally, or by agents or attorneys, immediately take 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 (unless the same shall be required by applicable law), and for that purpose may enter in an orderly and lawful manner upon the Company's premises where any of the Collateral is located and remove the same and use in connection with such removal any and all services, supplies, aids and other facilities of the Company;

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

(iii) sell or otherwise liquidate, or direct the Company 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;

(iv) with respect to Secured Obligations which are contingent and cannot be accelerated by their nature, require the Company to deposit cash or other acceptable collateral in an amount sufficient to cover principal, interest and fees which will have accrued by the maturity date on said Secured Obligations to be held as security for said Secured Obligations in the special non-interest bearing collateral account referred to in Section 5 hereof; and

(v) take possession of the Collateral or any part thereof, by directing the Company in writing to deliver the same to the Collateral Agent, on behalf of itself and the

Secured Creditors, at any reasonable place or places designated by the Collateral Agent, in which event the Company 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, on behalf of itself and the Secured Creditors;

(B) store and keep any Collateral so delivered to the Collateral Agent, on behalf of itself and the Secured Creditors, at such place or places pending further action by the Collateral Agent; and

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

it being understood that the Company'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, on behalf of itself and the Secured Creditors, shall be entitled to a decree requiring specific performance by the Company of said obligation.

(b) Disposition of the Collateral.

(i) Any Collateral repossessed by the Collateral Agent, on behalf of itself and the Secured Creditors, under or pursuant to Section 8(a) hereof and any other Collateral whether or not so repossessed by the Collateral Agent, on behalf of itself and the Secured Creditors, upon the occurrence and during the continuance of an Event of Default 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 and for such prices as the Collateral Agent may, in compliance with any mandatory requirements of applicable law, determine to be commercially reasonable. Upon the occurrence and during the continuance of any Event of Default, the Collateral Agent, on behalf of itself and the Secured Creditors, shall have the power to foreclose the Company's right of redemption in the Collateral by sale, lease or other disposition of the Collateral in accordance with the Uniform Commercial Code as enacted in each state where the Collateral is located. 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, on behalf of itself and the Secured Creditors, or after any overhaul or repair which the Collateral Agent shall determine to be commercially reasonable and the Collateral Agent shall be entitled to reimbursement for the payment of any costs or expenses of such overhaul or repair. Any such disposition which shall be a private sale or other private proceeding permitted by the requirements of applicable law shall be made after written notice to the Company specifying the time at which such disposition is to be made and the intended sale price or other consideration therefor. Any such disposition which shall be a public sale permitted by such requirements of applicable law shall be made after written notice to the Company specifying the time and

place of such sale and, in the absence of applicable requirements of law, shall be by public auction. To the extent permitted by any such requirement of law, the Collateral Agent, on behalf of itself and the Secured Creditors, or any Secured Creditor may itself bid for and become the purchaser of the Collateral or any item thereof, offered for sale in accordance with this Section 8(b) without accountability to the Company. In the payment of the purchase price of the Collateral the purchaser shall be entitled to have credit on account of the purchase price thereof of amounts owing to such purchaser on account of any of the Secured Obligations held by such purchaser and any such purchaser may deliver notes, claims for interest, or claims for other payment with respect to such Secured Obligations in lieu of cash up to the amount which would, upon distribution of the net proceeds of such sale, be payable thereon. Such notes, if the amount payable hereunder shall be less than the amount due thereon, shall be returned to the holder thereof after being appropriately stamped to show partial payment. If, under mandatory requirements of applicable law, the Collateral Agent, on behalf of itself and the Secured Creditors, shall be required to make disposition of the Collateral within a period of time which does not permit the giving of notice to the Company as hereinabove specified, the Collateral Agent need give the Company only such notice of disposition as shall be reasonably practicable in view of such mandatory requirements of applicable law.

(ii) No notification need be given to the Company if it has signed, after an Event of Default, a statement renouncing or modifying any right to notification of sale or other intended disposition. In addition to the rights and remedies granted to it in this Agreement and in the Secured Debt Agreements, the Collateral Agent, on behalf of itself and the Secured Creditors, shall have all the rights and remedies of a secured party under the Uniform Commercial Code of the state in which the Collateral is located.

(iii) For the purpose of enabling the Collateral Agent to exercise its rights, powers and remedies under this Section 8 (including, without limitation, in order to take possession of hold, preserve, process, assemble, prepare for sale, market for sale, sell or otherwise dispose of the Collateral) at such time as the Collateral Agent shall be entitled to exercise such rights and remedies, the Company hereby grants to the Collateral Agent a license, lease and right to use (exercisable without payment of royalty or other compensation) the Company's General Intangibles, Equipment, Fixtures and real property interests, whether part of the Collateral or not including, without limitation, any patents, copyrights, rights of use of any name, trade secrets, trade names, trademarks, service marks and advertising matter, or any other property of a similar nature, as it pertains to the Collateral, in completing production of, advertising for sale or lease and selling or leasing any Inventory or other Collateral and the Company's rights under all licenses, leases and franchise agreements shall inure to the Collateral Agent's benefit until all Secured Obligations are paid in full to the extent that such use would not cause a breach under such licenses, leases or franchises. The Company shall have the right to exercise quality control over the products and services offered by the Collateral Agent under or in connection with the Trademarks in a manner which is reasonably necessary in order to preserve the validity and enforceability of the Trademarks.

9. Application of Proceeds: Deficiency. The proceeds of the Collateral realized upon the exercise of remedies hereunder shall be applied by the Collateral Agent to payment of the Secured Obligations in the following order unless a court of competent jurisdiction shall otherwise direct:

(a) **FIRST**, to payment of all reasonable costs and expenses of the Collateral Agent incurred in connection with the collection and enforcement of the Secured Obligations or of the security interest granted to the Collateral Agent pursuant to this Agreement, including all costs and expenses of any sale pursuant to this Agreement, and of any judicial or private proceedings in which such sale may be made, and of all other expenses, Secured Obligations and advances made or incurred by the Collateral Agent;

(b) **SECOND**, to payment, pro rata, of that portion of the Secured Obligations (excluding obligations in respect of Secured Swap Contracts) constituting accrued and unpaid interest and fees, together with (to the extent permitted by law) interest owing thereon at the applicable default rate from the date due, owing or unpaid until paid in full;

(c) **THIRD**, to payment, pro rata, of the principal of the Secured Obligations (including obligations in respect of Secured Swap Contracts), then due, owing or unpaid in respect of any Secured Obligations;

(d) **FOURTH**, to payment, pro rata, of any other Secured Obligations due, owing or unpaid until paid in full including, without limitation, any Secured Obligations incurred pursuant to this Agreement; and

(e) **FIFTH**, the balance, if any, after all of the Secured Obligations have been satisfied, shall be remitted to the Company.

The Company shall remain liable for any deficiency if the proceeds of any sale or other disposition of the Collateral are insufficient to pay the Secured Obligations, including, without limitation, the fees and disbursements of any attorneys engaged by the Collateral Agent or any Lender to collect such deficiency.

10. Remedies Cumulative. Each and every right, power and remedy hereby specifically given to the Collateral Agent, for the benefit of itself and the Secured Creditors, shall be in addition to every other right, power and remedy specifically given to the Collateral Agent or the Secured Creditors under this Agreement or any Secured Debt Agreement 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 any of the others. 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 or any Secured Creditor shall bring any suit to enforce any of its rights hereunder and shall be entitled to judgment, then in such suit the Collateral Agent or such Secured Creditor may recover reasonable expenses, including attorneys' fees, which attorneys may be employees of the Collateral Agent, and the amounts thereof shall be included in such judgment.

11. Discontinuance of Proceedings. In case the Collateral Agent or any Secured Creditor 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 or such Secured Creditor, then and in every such case the Company and the Collateral Agent or such Secured Creditor shall be restored to their respective former positions and rights hereunder with respect to the Collateral, and all rights, remedies and powers of the Collateral Agent or such Secured Creditor shall continue as if no such proceeding had been instituted.

12. Custody and Preservation of Collateral. The Collateral Agent shall be deemed to have exercised reasonable care in the custody and preservation of any of the Collateral in its possession if it takes such action for that purpose as the Company requests in writing, but failure of the Collateral Agent to comply with any such request shall not of itself be deemed a failure to exercise reasonable care, and no failure of the Collateral Agent to preserve or protect any rights with respect to such Collateral against prior parties, or to do any act with respect to the preservation of such Collateral not so requested by the Company, shall be deemed a failure to exercise reasonable care in the custody or preservation of such Collateral.

13. Authorization for the Collateral Agent to Take Certain Action. The Company irrevocably authorizes the Collateral Agent, at any time and from time to time while an Event of Default is continuing, in the sole discretion of the Collateral Agent, and appoints the Collateral Agent as its attorney-in-fact to act on behalf of the Company, (a) to execute on behalf of the Company as debtor and to file financing statements necessary or desirable in the Collateral Agent's sole discretion to perfect and to maintain the perfection and priority of the Collateral Agent's security interest in the Collateral, on behalf of itself and the Secured Creditors, (b) to endorse and collect any cash proceeds of the Collateral, (c) to file a carbon, photographic or other reproduction of this Agreement or any financing statement with respect to the Collateral as a financing statement in such offices as the Collateral Agent in its sole discretion deems necessary or desirable to perfect and to maintain the perfection and priority of the Collateral Agent's and the Secured Creditors' security interest in the Collateral, (d) to enforce payment of the Accounts Receivable in the name of the Collateral Agent, any Secured Creditor or the Company, and (e) to apply the proceeds of any Collateral received by the Collateral Agent to the Secured Obligations as provided in Section 9 hereof. This appointment as attorney-in-fact is coupled with an interest and shall be irrevocable for so long as any Secured Obligations are outstanding.

14. Notices. (a) Any notice required or permitted to be given under this Agreement shall be given (i) in the case of the Company, the Collateral Agent and any Secured Creditor, in accordance with the Credit Agreement and (ii) in the case of a Swap Creditor, in accordance with the relevant Secured Swap Contract.

(b) The Company, the Collateral Agent or any Secured Creditor may change the address for service of notice upon it by a notice in writing to each other.

15. Waiver and Amendments. No failure or delay on the part of the Collateral Agent or any Secured Creditor in the exercise of any power, right or remedy, and no course of dealing between the Company and the Collateral Agent or any Secured Creditor, shall operate as a waiver of such power, right or remedy, nor shall any single or partial exercise of any power, right or remedy preclude other or further exercise thereof or the exercise of any other power, right or remedy. The remedies provided for herein are cumulative and not exclusive of any remedies which may be available to the Collateral Agent or any Secured Creditor at law or in equity. No notice to or demand on the Company not required hereunder shall in any event entitle the Company to any other or further notice or demand in similar or other circumstances or constitute a waiver of the right of the Collateral Agent or any Secured Creditor to any other or further action in any circumstances without notice or demand. No amendment, modification or waiver of, or consent with respect to, any provision of this Agreement shall in any event be effective unless the same shall be in writing and signed and delivered by the Collateral Agent in accordance with the Credit Agreement. Any waiver of any provision of this Agreement, and any consent to any departure by the Company from the terms of any provision of this Agreement, shall be effective only in the specific instance and for the specific purpose for which given.

16. Termination. This Agreement shall continue in effect (notwithstanding the fact that from time to time there may be no Secured Obligations or commitments therefor outstanding) until the payment in full of the Secured Obligations and the termination of the Secured Debt Agreements in accordance with their respective terms, at which time the security interests granted hereby shall terminate and any and all rights to the Collateral shall revert to the Company. Upon such termination, the Collateral Agent shall promptly return to the Company, at the Company's expense, such of the Collateral held by the Collateral Agent as shall not have been sold or otherwise applied pursuant to the terms hereof. The Collateral Agent will promptly execute and deliver to the Company such other documents as the Company shall reasonably request to evidence such termination.

17. Indemnity. The Company hereby agrees to assume liability for, and does hereby agree to indemnify and keep harmless the Collateral Agent and each Secured Creditor, its successors, assigns, agents and employees, from and against any and all liabilities, damages, penalties, suits, costs, and expenses of any kind and nature, imposed on, incurred by or asserted against the Collateral Agent or any Secured Creditor, or its successors, assigns, agents and employees, in any way relating to or arising out of the ownership, possession, use, sale, return or other disposition of any Trademarks or Licenses (other than liability resulting from the gross negligence or wilful misconduct of the Collateral Agent or any such Secured Creditor).

18. CHOICE OF LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK; PROVIDED THAT THE PARTIES SHALL RETAIN ALL RIGHTS ARISING UNDER FEDERAL LAW.

19. Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity without invalidating the remainder of such provision or the remaining provisions of this Agreement.

20. Successors and Assigns. The rights and privileges of the Company, the Collateral Agent and the Secured Creditors hereunder shall inure to the benefit of their successors and permitted assigns.

21. Collateral Agent. NationsBank, N.A. has been appointed as Collateral Agent for the Secured Creditors hereunder and has agreed to act (and any successor Collateral Agent shall act) as such hereunder only on the express conditions contained in Article X of the Credit Agreement. Any successor Agent appointed pursuant to Article X of the Credit Agreement shall be entitled to all the rights, interests and benefits of the Collateral Agent hereunder.

[signature page follows]

IN WITNESS WHEREOF, this Agreement has been duly executed as of the day and year first above written.

MAGNETIC DATA TECHNOLOGIES, LLC

By *R. K. Stone*

Title: *President*

NATIONSBANK, N.A., as Collateral Agent

By *Ben L. Baker*

Title: *Managing Director*

TRADEMARK
REEL: 002244 FRAME: 0785

EXHIBIT A**TRADEMARKS**

COUNTRY/STATE	MARK	SERIAL NO. FILING DATE	REG. NO. REG. DATE
UNITED STATES	MAGNETIC DATA	73/784,591 03/06/89	1,698,790
UNITED STATES	MAGNETIC DATA THE DISC COMPANY AND DESIGN	455765 12/05/83	1,330,072 04/09/85
UNITED STATES/ CALIFORNIA	MAGNETIC DATA AND DESIGN	6/18/90	092804 07/30/90
AUSTRIA	MAGNETIC DATA	AM3370/89 07/17/89	128492 11/28/89
AUSTRIA	MAGNETIC DATA AND DESIGN	AM3414/89 07/19/89	128749 12/19/89
AUSTRALIA	MAGNETIC DATA AND DESIGN	A515816 07/28/89	A515816 07/28/89
AUSTRALIA	MAGNETIC DATA AND DESIGN	A515817 07/28/89	A515817 07/28/89
BENELUX	AM BELGIUM	823242 03/07/94	550119 01/03/95
BENELUX	MAGNETIC DATA AND DESIGN	728753 05/09/89	464094 05/09/89
BENELUX	MAGNETIC DATA AND DESIGN	730470 06/19/89	463741 06/19/89
DENMARK	MAGNETIC DATA AND DESIGN	4920/89 07/05/89	0943/91 02/08/91
FRANCE	MAGNETIC DATA AND DESIGN	129632 05/10/89	1664155 05/10/89
FRANCE	MAGNETIC DATA AND DESIGN	137477 06/15/89	1541671 06/15/89
GERMANY	MAGNETIC DATA AND DESIGN	M63 069/9WZ 05/16/89	1159964 06/12/90

263912.02-New York Server 7A

Draft April 9, 1999 - 7:41 AM

**TRADEMARK
REEL: 002244 FRAME: 0786**

COUNTRY/STATE	MARK	SERIAL NO. FILING DATE	REG. NO. REG. DATE
GERMANY	MAGNETIC DATA. THE DISC COMPANY AND DESIGN	M 65 068/9WZ 05/16/89	1159963 06/12/90
GREECE	MAGNETIC DATA AND DESIGN	95283 08/25/89	95283 12/17/92
IRELAND	MAGNETIC DATA AND DESIGN	3603/89 07/03/89	B139531 04/06/93
IRELAND	MAGNETIC DATA AND DESIGN	3837/89 07/17/89	139532 04/06/93
ITALY	MAGNETIC DATA AND DESIGN	49453-C/89 07/21/89	562017 02/26/92
ITALY	MAGNETIC DATA AND DESIGN	49457-C/89 07/21/89	562021 02/26/92
JAPAN	MAGNETIC DATA AND DESIGN	18178/1989 02/17/89	
MALAYSIA	MAGNETIC DATA AND DESIGN	89/06992 11/10/89	
NORWAY	MAGNETIC DATA AND DESIGN	89.3271 07/04/89	148289 01/02/92
SINGAPORE	MAGNETIC DATA	S/6884/89 10/19/89	B6884/89 10/19/89
SPAIN	MAGNETIC DATA	1518388 07/25/89	
SPAIN	MAGNETIC DATA AND DESIGN	1513568 07/25/89	
SWEDEN	MAGNETIC DATA AND DESIGN	89-06648 07/12/89	243670 12/11/92
SWITZERLAND	MAGNETIC DATA AND DESIGN	5263 07/07/89	374488 07/07/89
TURKEY	MAGNETIC DATA AND DESIGN	38962/89 08/03/89	
TURKEY	MAGNETIC DATA AND DESIGN	38962/89 08/03/89	

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REEL: 002244 FRAME: 0787

COUNTRY/ STATE	MARK	SERIAL NO. FILING DATE	REG. NO. REG. DATE
UNITED KINGDOM	MAGNETIC DATA AND DESIGN	1384212 03/06/89	1384212 03/06/89
UNITED KINGDOM	MAGNETIC DATA AND DESIGN	1385138 05/24/89	1385138 05/24/89

263912.02-New York Server 7A

Draft April 9, 1999 - 7:41 AM

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REEL: 002244 FRAME: 0788

EXHIBIT B

LICENSES

1. Concurrent Device Software License Agreement between MDIS Chess and Magnetic Data Systems, dated June 30, 1997, accepted July 9, 1997.
2. Amendment to Concurrent Device Software License and Services Agreement between MDIS Chess and Magnetic Data Systems, dated as of June 30, 1997, accepted July 9, 1997.
3. Assignment of License Agreement - Magnetic Data, Inc., a Delaware corporation to Delta Bravo, Inc., a Delaware corporation, dated October 1, 1997.

SCHEDULE A-1

Equipment and Inventory Locations

445, 475, 485 and 495 Pine Avenue
Goleta, California 93117

Please refer to Schedule A-1 of the Subsidiary Security Agreement for equipment and inventory locations with respect to Subsidiaries of Magnetic Data Technologies, LLC.

163204.01-ChicagoS2A

TRADEMARK
REEL: 002244 FRAME: 0790

SCHEDULE A-2

Consigned Equipment and Consigned Inventory Locations

None.

163204.01-Chicago52A

TRADEMARK
REEL: 002244 FRAME: 0791

SCHEDULE B

Chief Executive Office Location and Records Locations

Chief Executive Office location:

**Magnetic Data Technologies, LLC
445 Pine Avenue
Goleta, California 93117**

Records Locations

**445, 475, 485 and 495 Pine Avenue
Goleta, California 93117**

Please refer to Schedule B of the Subsidiary Security Agreement for chief executive office and records locations of the Subsidiaries of Magnetic Data Technologies, LLC.

163204.01-ChicagoS2A

**TRADEMARK
REEL: 002244 FRAME: 0792**

EXHIBIT B

Notice Information

If to Magnetic Data California, LLC:

Magnetic Data California, LLC
445 Pine Avenue
Goleta, California 93117
Attention: Chief Financial Officer
Fax: (805) 967-2828

with a copy to:

Dubilier & Company
64 West 21st Street
New York, NY 10010
Attention: Michael J. Dubilier
Fax: (212) 727-3349
Phone: (212) 727-2327

If to Magnetic Data Minnesota, LLC:

Magnetic Data Minnesota, LLC
6754 Shady Oak Road
Eden Prairie, Minnesota 55344-3496

with a copy to:

Dubilier & Company
64 West 21st Street
New York, NY 10010
Attention: Michael J. Dubilier
Fax: (212) 727-3349
Phone: (212) 727-2327

163204.01-Chicago82A

TRADEMARK
REEL: 002244 FRAME: 0793

SCHEDULE C

Past and Present Tradenames, Styles and Doing Business Forms

Present Tradenames, etc:

Magnetic Data Technologies, LLC, a Delaware limited liability company
Magnetic Data Belgium, N.V., a Belgium company
Magnetic Data California, LLC, a Delaware limited liability company
Magnetic Data Minnesota, LLC, a Delaware limited liability company

Tradenames, etc. used during the 5 years immediately preceding the Closing Date:

Magnetic Data Inc., a Delaware corporation
Magnetic Data Inc., a California corporation
Magnetic Data Inc., a Minnesota corporation
Brum-Ko Magnetics Corporation, a Nebraska corporation
Brum-Ko Magnetics, LLC, a Delaware limited liability company

163204.01-Chicago52A

RECORDED: 02/22/2001

**TRADEMARK
REEL: 002244 FRAME: 0794**