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ORIGINAL ONLY

Form PTO-157 (Rev. 03/01) OMB No. 0651-0024 (01/2002)

U.S. DEPARTMENT OF COMMERCE
U.S. Patent and Trademark Office

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

<p>1. Name of conveying party(ies): CORRFLEX GRAPHICS, LLC, N717CF, LLC. CORRFLEX D&P, LLC, CORRFLEX PACKAGING, LLC CORRFLEX DISPLAY & PACKAGING, LLC, and</p> <p><input type="checkbox"/> Individual(s) <input type="checkbox"/> Association <input type="checkbox"/> General Partnership <input type="checkbox"/> Limited Partnership <input type="checkbox"/> Corporation-State <input checked="" type="checkbox"/> Other: Limited Liability Company (North Carolina)</p> <p>Additional name(s) of conveying party(ies) attached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	<p>2. Name and address of receiving party(ies): Name: <u>CHESAPEAKE DISPLAY AND PACKAGING COMPANY</u> Internal Address: Street Address: <u>1919 Pennsylvania Avenue, N.W. Third Floor</u> City: <u>Washington</u> State: <u>D.C.</u> Zip: <u>20006</u></p> <p><input type="checkbox"/> Individual(s) citizenship: _____ <input type="checkbox"/> Association: _____ <input type="checkbox"/> General Partnership: _____ <input type="checkbox"/> Limited Partnership: _____ <input checked="" type="checkbox"/> Corporation-State: _____ <input type="checkbox"/> Other: _____</p> <p>If assignee is not domiciled in the United States, a domestic representative designation is attached: <input type="checkbox"/> Yes (Designations must be a separate document from assignment) <input type="checkbox"/> No Additional name(s) & address(es) attached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
<p>3. Nature of Conveyance: <input type="checkbox"/> Assignment <input type="checkbox"/> Merger <input checked="" type="checkbox"/> Security Agreement <input type="checkbox"/> Change of Name <input type="checkbox"/> Other: _____</p> <p>Execution Date: <u>July 30, 2001</u></p>	

<p>4. Application Number(s) or Registration Number(s):</p> <p>A. Trademark Application No.(s): <u>75/234,592</u> <u>75/234,599</u> <u>75/234,598</u> <u>75/234,597</u> <u>75/234,596</u></p> <p>Additional numbers attached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>		<p>B. Trademark Registration No.(s): <u>0977605</u></p> <p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
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<p>5. Name and address of party to whom correspondence concerning document should be mailed: Name: <u>William E. Powell, III</u> <u>DICKSTEIN SHAPIRO MORIN & OSHINSKY LLP</u> Internal Address: <u>Atty. Dkt.: A4045.0030</u> Street Address: <u>2101 L Street NW</u> City: <u>Washington</u> State: <u>DC</u> Zip: <u>20037-1526</u></p>	<p>6. Total Number of applications and registrations involved: <u>6</u></p> <p>7. Total fee (37 CFR 3.41) \$ <u>165.00</u> <input checked="" type="checkbox"/> Enclosed <input checked="" type="checkbox"/> Authorized to be charged to Deposit Account</p> <p>8. Deposit account number: <u>04-1073</u> (Attach duplicate copy of this page if paying by deposit account)</p>
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DO NOT USE THIS SPACE

9. Statement and signature:
To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document.

William E. Powell, III W.E. Powell September 18, 2001
Name of Person Signing Signature Date

Total number of pages including cover sheet, attachments, and document: 20

09/21/2001 TDIAZ1 00000108 75234592
01 FC:481 40.00 DP
02 FC:482 25.00 DP
1342530 v1: SRWS011.DOC

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (as amended, restated, modified or otherwise supplemented, this "Agreement"), is dated and made as of July 30, 2001 by CORRFLEX GRAPHICS, LLC, a North Carolina limited liability company ("Parent"), CORRFLEX D&P, LLC, a North Carolina limited liability company and wholly owned subsidiary of the Parent (the "D&P Subsidiary"), CORRFLEX PACKAGING, LLC, a North Carolina limited liability company and wholly owned subsidiary of Parent ("Packaging Subsidiary"), CORRFLEX DISPLAY AND PACKAGING, LLC, a North Carolina limited liability company and wholly owned subsidiary of Parent ("Display Subsidiary"), and N717CF, LLC, a North Carolina limited liability company and wholly owned subsidiary of Parent ("N717CF") and together with the Parent, the D&P Subsidiary, the Packaging Subsidiary and the Display Subsidiary, collectively, the "Debtor"), in favor of CHESAPEAKE DISPLAY AND PACKAGING COMPANY, an Iowa corporation (the "Secured Party").

RECITALS

A. The Parent has executed and delivered to the Secured Party (1) the Vested Note dated of even date herewith and in the principal amount of \$18,000,000, made by the Parent and payable to the order of the Secured Party and (2) the Performance Note dated of even date herewith and in the principal amount of up to \$15,000,000, made by the Parent and payable to the order of the Secured Party (individually and collectively, the "Note"), evidencing the loans made by the Secured Party to the Parent pursuant to the terms thereof.

B. In order to induce the Secured Party to extend credit to the Parent, and in consideration of advances to be made by the Secured Party pursuant to the Note, the Debtor has executed a Guaranty dated of even date herewith (the "Guaranty"), pursuant to which the Debtor has guaranteed the obligations of the Parent to the Secured Party under the Note.

C. The Debtor has agreed to provide certain collateral to secure the obligations of the Debtor to the Secured Party under the Guaranty.

AGREEMENTS

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

SECTION 1. Grant of Security. The Debtor hereby assigns and pledges to the Secured Party, and hereby grants to the Secured Party a security interest in all of the Debtor's right, title and interest in and to the following, whether now owned or hereafter acquired (the "Collateral"):

(a) Fixtures. All fixtures and articles of personal property now or hereafter owned or acquired by the Debtor and attached to, erected or placed on the real property described in Schedule I attached hereto and made a part hereof (the "Property"), including, but not limited to, all furniture, furnishings, apparatus, machinery, equipment, motors, elevators, fittings, radiators, ranges, refrigerators, awnings, shades, screens,

blinds, carpeting, office equipment and other furnishings and all plumbing, heating, lighting, cooking, laundry, ventilating, refrigerating, incinerating, air conditioning and sprinkler equipment, telephone systems, televisions and television systems, computer systems and fixtures and appurtenances thereto and all renewals or replacements thereof or articles in substitution thereof, whether or not the same are or shall be attached to the Property in any manner;

(b) Equipment. All furnishings, fixtures and equipment, machinery, wherever located, whether now owned or hereafter acquired, together with all increases, parts, fittings, accessories, equipment, and special tools now or hereafter affixed to any part thereof or used in connection therewith, and all products, additions, substitutions, accessions, and all cash and non-cash proceeds, including proceeds from insurance thereof and thereto.

(c) Inventory. All inventory in all of its forms, wherever located, now or hereafter existing, and all accessions and products, including proceeds from insurance, thereof and therefor (any and all such inventory, accessions, products and documents being the "Inventory");

(d) Accounts. All accounts, contract rights, chattel paper, instruments, deposit accounts, and other obligations of any kind, now or hereafter existing, whether or not arising out of or in connection with the sale or lease of goods or the rendering of services, and all rights now or hereafter existing in and to all security agreements, leases, and other contracts securing or otherwise relating to any such accounts, contract rights, chattel paper, instruments, deposit accounts, general intangibles or obligations (any and all such accounts, contract rights, chattel paper, instruments, deposit accounts, general intangibles and obligations being the "Receivables," and any and all such leases, security agreements and other contracts being the "Related Contracts");

(e) Trademarks, Licenses, Trade Names, etc. All right, title and interest in all now owned or hereafter acquired (i) patents, copyrights, trademarks, service marks, trade names and similar intangible property and all registrations and applications, in respect thereof, all of which now owned by Debtor are listed on Schedule II hereto, (ii) licenses and rights in, and the right to sue for all past, present and future infringements of, any and all such now owned or hereafter acquired patents, copyrights, trademarks, service marks, trade names and similar intangible property and registrations and applications in respect thereof, (iii) all inventions and tangible property embodying or incorporating such now owned or hereafter acquired patents, copyrights, trademarks, service marks, trade names and similar intangible property and registrations and applications in respect thereof and (iv) all goodwill relating to such now owned or hereafter acquired patents, copyrights, trademarks, service marks, trade names and similar intangible property and registrations and applications in respect thereof;

(f) General Intangibles. All general intangibles, whether now existing or hereafter arising and wherever arising, including, but not limited to, all (i) partnership, corporate, limited liability company and other interests of the Debtor in and to any person, (ii) permits, licenses, contract rights, franchises, certificates, records, customer

lists, customer and supplier contracts, firm sales orders, bills of lading (negotiable and non-negotiable) and other rights, privileges and goodwill obtained or used in connection therewith or any of the Collateral, and (iii) tax refunds and other refunds or rights to receive payment from U.S. federal, state or local governments or foreign government; and

(g) Proceeds. All proceeds, including any insurance proceeds, of any and all of the foregoing Collateral (including, without limitation, proceeds that constitute property of the types described in clauses (a) - (f) of this Section 1) and, to the extent not otherwise included, all (i) payments under (whether or not the Secured Party is the loss payee thereof), or any indemnity, warranty or guaranty, payable by reason of loss or damage to or otherwise with respect to any of the foregoing Collateral and (ii) cash.

SECTION 2. Security for Obligations. This Agreement secures the payment of all Debtor's obligations of every kind and character now or hereafter existing, whether matured or unmatured, contingent or liquidated, arising out of or relating to the Note, the Guaranty or this Agreement, including any extensions, replacements, modifications, substitutions, amendments and renewals thereof (all such obligations of the Debtor being the "Obligations"). Without limiting the generality of the foregoing, this Agreement secures the payment of all amounts that constitute part of the Obligations and would be owed by the Debtor to the Secured Party but for the fact that due to the existence of a bankruptcy, reorganization or similar proceeding involving the Debtor such Obligations are unenforceable or not allowable.

SECTION 3. Debtor Remains Liable. Anything herein to the contrary notwithstanding, (a) the Debtor shall remain liable under the contracts and agreements included in the Collateral to the extent set forth therein to perform all of its duties and obligations thereunder to the same extent as if this Agreement had not been executed, (b) the exercise by the Secured Party of any of the rights hereunder shall not release Debtor from any of its duties or obligations under the contracts and agreements included in the Collateral and (c) the Secured Party shall not have any obligation or liability under the contracts and agreements included in the Collateral by reason of this Agreement, nor shall the Secured Party be obligated to perform any of the obligations or duties of Debtor thereunder or to take any action to collect or enforce any claim for payment assigned hereunder.

SECTION 4. Representations and Warranties. The Debtor represents and warrants as follows:

(a) All of the Fixtures, Equipment and Inventory is located at the places specified on Schedule I hereto. The chief place of business and chief executive office of the Debtor and the office where the Debtor keeps its records concerning the Receivables, and the originals of all chattel paper that evidence Receivables, are located at the places specified on Schedule I hereto.

(b) None of the Receivables is evidenced by a promissory note or other instrument.

(c) Except as otherwise set forth on Schedule III hereto, (i) the Debtor is the legal and beneficial owner of the Collateral free and clear of any lien, security interest, option or other charge or encumbrance except for the security created by this Agreement, and (ii) no effective financing statement or other similar document used to perfect and preserve a security interest under the laws of any jurisdiction (a "Financing Statement") covering all or any part of the Collateral is on file in any recording office, except such as may have been filed in favor of the Secured Party relating to this Agreement. As of the date hereof, the Debtor has the trade names set forth on Schedule IV hereto.

(d) The Debtor has exclusive possession and control of the Fixtures (that the Debtor owns and has installed), Equipment and Inventory.

(e) This Agreement creates a valid, perfected lien on and security interest in the Collateral, enforceable against all third parties and securing the payment of the Obligations (subject only to the liens described on Schedule III hereto), and all filings and other actions necessary or desirable to perfect and protect such security interest have been duly made or taken.

(f) No consent of any other person or entity and no authorization, approval, or other action by, and no notice to or filing with, any governmental, administrative or judicial authority or regulatory body and no payment of any stamp or similar tax on, or in respect of, this Agreement is necessary (i) for the grant by the Debtor of the liens and security interests granted hereby or for the execution, delivery or performance of this Agreement by the Debtor, (ii) for the perfection or maintenance of the security interest created hereby other than the filing of financing statements and fixture filings, except with regard to that Collateral which the filing of financing statements or fixture filings does not cause perfection or (iii) for the exercise by the Secured Party of its rights and remedies hereunder. At the Secured Party's request, the Debtor hereby agrees to provide or deliver to the Secured Party any such additional filings or Collateral which may not be perfected by filing.

SECTION 5. Further Assurances.

(a) The Debtor agrees that from time to time, at the expense of the Debtor, the Debtor will promptly execute and deliver all further instruments and documents, and take all further action, that may be necessary or reasonably requested by the Secured Party, in order to perfect and protect any security interest granted or purported to be granted hereby or to enable the Secured Party to exercise and enforce its rights and remedies hereunder with respect to any Collateral. Without limiting the generality of the foregoing the Debtor will: (i) upon the reasonable request of the Secured Party mark conspicuously each document included in the Inventory and each chattel paper included in the Receivables and each Related Contract and each of its records pertaining to the Collateral with a legend, in form and substance satisfactory to the Secured Party, indicating that such document, chattel paper, Related Contract or record is subject to the security interest granted hereby; (ii) if any Receivable shall be evidenced by a promissory note or other instrument, deliver and pledge to the Secured Party such note or instrument duly endorsed and accompanied by duly executed instruments of transfer or assignment, all in

form and substance satisfactory to the Secured Party; (iii) if any Inventory shall be put into the possession and control of any person other than the Debtor, shall cause such person to execute and deliver to the Debtor a lien waiver letter in respect of such Inventory; and (iv) execute and file such financing statements or continuation statements, or amendments thereto, and such other instruments or notices, as may be reasonably requested by the Secured Party, in order to perfect and preserve the security granted or purported to be granted hereby.

(b) The Debtor hereby authorizes the Secured Party to file one or more financing statements or continuation statements, and amendments thereto, relating to all or any part of the Collateral without the signature of Debtor where permitted by law.

(c) The Debtor will furnish to the Secured Party from time to time statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as the Secured Party may reasonably request, all in reasonable detail.

SECTION 6. As to Fixtures, Equipment and Inventory. The Debtor shall keep the Fixtures, Equipment and Inventory (other than Inventory sold in the ordinary course of business) at the places therefor specified on Schedule I.

SECTION 7. Insurance. The Debtor shall, at its own expense, maintain insurance with respect to the Inventory in such amounts, against such risks, in such form and with such insurers, as may be reasonably satisfactory to the Secured Party. The Debtor shall, if so requested by the Secured Party, deliver to the Secured Party original or duplicate policies of such insurance and, as often as the Secured Party may reasonably request, a report of a reputable insurance broker with respect to such insurance. The Debtor assigns to the Secured Party all rights to receive the proceeds of such insurance, directs any insurer to pay all proceeds directly to the Secured Party, and authorizes the Secured Party to endorse any draft for such proceeds and to apply such proceeds against the Obligations in such manner as the Secured Party may determine from time to time; provided, however, that prior to an Event of Default under this Agreement, the Debtor shall have the right to use the proceeds of such insurance to repair or replace the damaged or destroyed property related to the insurance proceeds.

SECTION 8. As to Receivables.

(a) The Debtor shall keep its principal place of business and chief executive office and the office where it keeps its records concerning the Receivables, and the originals of all chattel paper that evidence Receivables, at Debtor's address specified in Schedule I hereto. The Debtor will hold and preserve such records and chattel paper and will permit representatives of the Secured Party at any time during normal business hours upon reasonable notice to inspect and make abstracts from such records and chattel paper.

(b) Except as otherwise provided in this subsection (b), the Debtor shall continue to collect, at its own expense, all amounts due or to become due to the Debtor under the Receivables. In connection with such collections, the Debtor may take (and, at the Secured Party's direction, shall take) such action as the Debtor or the Secured Party

may deem necessary or advisable to enforce collection of the Receivables; provided, however, that the Secured Party shall have the right at any time after the occurrence and continuance of an Event of Default, upon written notice to Debtor of its intention to do so, to notify the account debtors or obligors under any Receivables of the assignment of such Receivables to the Secured Party and to direct such account debtors or obligors to make payment of all amounts due or to become due to Debtor thereunder directly to the Secured Party and, upon such notification and at the expense of Debtor, to enforce collection of any such Receivables, and to adjust, settle or compromise the amount or payment thereof, in the same manner and to the same extent as the Debtor might have done. After receipt by the Debtor of the notice from the Secured Party referred to in the proviso to the preceding sentence: (i) all amounts and proceeds (including instruments) received by the Debtor in respect of the Receivables shall be received in trust for the benefit of the Secured Party, shall be segregated from other funds of the Debtor and shall be forthwith paid over to the Secured Party in the same form as so received (with any necessary endorsement) to be held as cash collateral and applied as provided by Section 13(b); and (ii) the Debtor shall not adjust, settle or compromise the amount or payment of any Receivable, release wholly or partly any account debtor or obligor thereof, or allow any credit or discount thereon other than in the ordinary course of business. Promptly after request of the Secured Party following the occurrence of an Event of Default, the Debtor shall cause all collections of Receivables to be forwarded to such lockboxes as the Secured Party may direct, which lockboxes shall be under the exclusive control and dominion of the Secured Party.

SECTION 9. Transfers and Other Liens. The Debtor shall not (i) sell, assign (by operation of law or otherwise) or otherwise dispose of, or grant any option with respect to, any of the Collateral other than in the ordinary course of business or (ii) create or permit to exist any lien, security interest, option or other charge or encumbrance upon or with respect to any of the Collateral, except for the security interest under this Agreement and those liens set forth on Schedule III hereof.

SECTION 10. Secured Party Appointed Attorney-in-Fact. The Debtor hereby irrevocably appoints the Secured Party the Debtor's attorney-in-fact, with full authority in the place and stead of the Debtor and in the name of the Debtor or otherwise, from time to time in the Secured Party's discretion after and during the occurrence of an Event of Default, to take any action and to execute any instrument that the Secured Party may deem necessary or advisable to accomplish the purposes of this Agreement (subject to the rights of the Debtor under Section 8), including, without limitation:

- (a) to ask for, demand, collect, sue for, recover, compromise, receive and give acquittance and receipts for moneys due and to become due under or in connection with the Collateral,
- (b) to receive, endorse, and collect any drafts or other instruments, documents and chattel paper, in connection with subclause (a) above, and
- (c) to file any claims or take any action or institute any proceedings that the Secured Party may deem necessary or desirable for the collection of any of the Collateral

or otherwise to enforce the rights of the Secured Party with respect to any of the Collateral.

SECTION 11. Secured Party May Perform. If the Debtor fails to perform any agreement contained herein, the Secured Party may itself perform, or cause the performance of, such agreement, and the expenses of the Secured Party incurred in connection therewith shall be payable by Debtor under Section 14(b).

SECTION 12. The Secured Party's Duties. The powers conferred on the Secured Party hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Except for the safe custody of any Collateral in its possession and the accounting for moneys actually received by it hereunder, the Secured Party shall have no duty as to any Collateral or as to the taking of any necessary steps to preserve rights against prior parties or any other rights to any Collateral. The Secured Party shall be deemed to have exercised reasonable care in the custody and preservation of any Collateral in its possession if such Collateral is accorded treatment substantially equal to that which the Secured Party accords its own property.

SECTION 13. Default; Remedies. An "Event of Default" shall occur under this Agreement if (a) the Debtor shall fail to observe or perform any of the provisions of this Agreement and such failure shall continue for a period of 30 days after written notice thereof from the Secured Party, (b) any representation or warranty contained herein shall prove to be untrue in any material respect, and the Debtor fails to remedy the false or misleading nature of such warranty or representation within 30 days after written notice thereof has been given to Debtor by the Secured Party, or (c) a default occurs under the Note or the Guaranty and is not cured within any applicable cure period set forth therein.

If any Event of Default shall have occurred and be continuing:

(a) The Secured Party may exercise in respect of the Collateral, in addition to other rights and remedies provided for herein or otherwise available to it, all the rights and remedies of a secured party on default under the Uniform Commercial Code of the State of North Carolina (the "Code") in effect at that time, and also may (i) require the Debtor to, and the Debtor hereby agrees that it will at its expense and upon request of the Secured Party forthwith, assemble all or part of the Collateral as directed by the Secured Party and make it available to the Secured Party at a place to be designated by the Secured Party that is reasonably convenient to both parties, or in the event the Debtor refuses or otherwise fails to follow Secured Party's directions, then Secured Party may, with or without notice to Debtor, assemble, remove and relocate the Collateral to another such reasonable location selected by Secured Party, all at the expense of Debtor; (ii) without notice except as specified below, sell the Collateral or any part thereof in one or more parcels at public or private sale, at any of the Secured Party's offices or elsewhere, for cash, on credit or for future delivery and upon such other terms as the Secured Party may deem commercially reasonable; (iii) occupy any premises owned or leased by the Debtor where the Collateral or any part thereof is assembled for a reasonable period in order to effectuate its rights and remedies hereunder or under law, without obligation to the Debtor in respect of such occupation; and (iv) exercise any and all rights and remedies of the Debtor under or in connection with the Related Contracts or otherwise in

respect of the Collateral, including, without limitation, any and all rights of the Debtor to demand or otherwise require payment of any amount under, or performance of any provision of, the Related Contracts. The Debtor agrees that, to the extent notice of sale shall be required by law, at least ten days' notice to the Debtor of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. The Secured Party shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. The Secured Party may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

(b) Any cash held by the Secured Party as Collateral and all cash proceeds received by the Secured Party in respect of any sale of, collection from, or other realization upon, all or any part of the Collateral may, in the discretion of the Secured Party, be held by the Secured Party as collateral for, and/or then or at any time thereafter be applied (after payment of any amounts payable to the Secured Party pursuant to Section 14) in whole or in part by the Secured Party against, all or any part of the Obligations, in such order and manner as the Secured Party may elect. Any surplus of such cash or cash proceeds held by the Secured Party and remaining after payment in full of all the Obligations shall be paid over to the Debtor or to whomsoever may be lawfully entitled to receive such surplus.

SECTION 14. Indemnity and Expenses.

(a) The Debtor agrees to indemnify the Secured Party from and against any and all claims, losses and liabilities (including reasonable attorneys' fees) arising out of or resulting from this Agreement (including, without limitation, enforcement of this Agreement), except claims, losses or liabilities resulting from the Secured Party's gross negligence or willful misconduct as determined by a non-appealable final judgment of a court of competent jurisdiction.

(b) The Debtor will upon demand pay to the Secured Party the amount of any and all reasonable out-of-pocket expenses, including the reasonable fees and expenses of its counsel and of any experts and Secured Party's, that the Secured Party may incur in connection with (i) the administration of this Agreement following and during the continuation of any Event of Default, (ii) the custody, preservation, use or operation of, or the sale of, collection from, or other realization upon, any of the Collateral in accordance with this Agreement, (iii) the exercise or enforcement of any of the rights of the Secured Party hereunder or (iv) the failure by the Debtor to perform or observe any of the provisions hereof.

SECTION 15. Amendments, Etc. No amendment or waiver of any provision of this Agreement, and no consent to any departure by the Debtor herefrom, shall in any event be effective unless the same shall be in writing and signed by the Secured Party, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. No failure on the part of the Secured Party to exercise, and no delay in exercising

any right hereunder, shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right.

SECTION 16. Addresses for Notices. All notices and other communications provided for hereunder shall be in writing (including teletransmission communication) and mailed, transmitted or delivered, if to the Debtor, to it at the address specified on the signature pages hereto, if to the Secured Party, to it at [insert address], or, as to any party, to it at such other address as shall be designated by such party in a written notice to each other party complying as to delivery with the terms of this Section. All such notices and other communications shall, when transmitted, telegraphed, telexed, faxed or cabled, be effective when transmitted with receipt confirmed, delivered to the telegraph company, confirmed by telex answerback, confirmed received or delivered to the cable company, respectively, when delivered, be effective upon delivery, and when mailed, be effective upon being deposited in the mails, in each case addressed as aforesaid.

SECTION 17. Continuing Security Interest. This shall create a continuing security interest in the Collateral and shall (i) remain in full force and effect until the indefeasible payment in full of the Obligations (on or after their maturity) and all other amounts payable under this Agreement, (ii) be binding upon the Debtor, its successors and assigns and (iii) inure to the benefit of, and be enforceable by, the Secured Party and its successors, transferees and assigns. Upon the indefeasible payment in full of the Obligations (on or after their maturity) and all other amounts payable under this Agreement, the security interest hereby shall terminate and all rights to the Collateral shall revert to the Debtor. Upon any such termination the Secured Party will, at the Debtor's expense, execute and deliver to the Debtor such documents as the Debtor shall reasonably request to evidence such termination.

SECTION 18. Severability. The provisions of this Agreement are severable, and if any clause or provision hereof shall be held invalid or unenforceable in whole or in part in any jurisdiction, then such invalidity or unenforceability shall affect only such clause or provision, or part thereof, in such jurisdiction, and shall not in any manner affect such clause or provision in any other jurisdiction, or any other clause or provision of this Agreement in any jurisdiction.

SECTION 19. Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument.

SECTION 20. Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NORTH CAROLINA WITHOUT REFERENCE TO PRINCIPLES OF CONFLICTS OF LAW, EXCEPT TO THE EXTENT THAT THE VALIDITY OR PERFECTION OF THE SECURITY INTEREST HEREUNDER, OR REMEDIES HEREUNDER, IN RESPECT OF ANY PARTICULAR COLLATERAL ARE MANDATORILY GOVERNED BY THE LAWS OF A JURISDICTION OTHER THAN NORTH CAROLINA.

SECTION 21. Waivers, Non-Exclusive Remedies. No failure on the part of the Secured Party to exercise, and no delay in exercising and no course of dealing with respect to, any right under this Agreement, the Note or the Guaranty shall operate as a waiver thereof or hereof, nor

shall any single or partial exercise by the Secured Party of any right under this Agreement, the Note or the Guaranty preclude any other or further exercise thereof, and the exercise of any rights in this Agreement, the Note and the Guaranty are cumulative and are not exclusive of any other remedies provided by law.

SECTION 22. Headings. The various headings of this Agreement are inserted for convenience only and shall not affect the meaning or interpretation of this Agreement or any provisions hereof.

SECTION 23. Subordination Agreements. The rights of the Secured Party under this Agreement are subject to the subordination agreements to which the Secured Party is a party, all as more particularly described in Section 6 of the Note.

SECTION 24. Limitation of Liability. No party to this Agreement, nor any affiliate thereof shall have any liability with respect to, any other party hereto or affiliate thereof and each party hereby waives, releases and agrees not to sue upon, any claim for any special, indirect, punitive, exemplary or consequential damages suffered by such party in connection with, arising out of, or in any way related to this Agreement, the Note and the Guaranty, the transactions contemplated herein or therein, or any act, omission or event occurring in connection herewith or therewith.

SECTION 25. Terms. Unless otherwise defined herein, terms used in Articles 8 and 9 A of the Uniform Commercial Code (as adopted in the Commonwealth of Virginia) are used herein as therein defined.

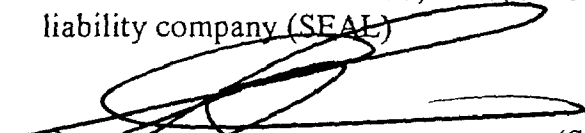
[SIGNATURE PAGES FOLLOW]

Signature Page to Security Agreement

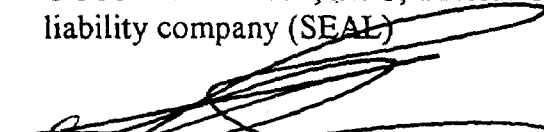
IN WITNESS WHEREOF, the Debtor has caused this Agreement to be duly executed and delivered as of the date first above written.

DEBTOR:

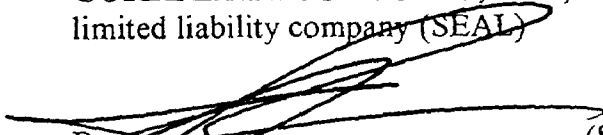
CORRFLEX GRAPHICS, LLC, a North Carolina limited liability company (SEAL)

By:  (SEAL)
L. Kerry Vickar, CEO

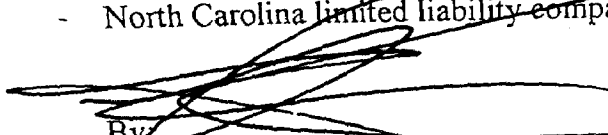
CORRFLEX D&P, LLC, a North Carolina limited liability company (SEAL)

By:  (SEAL)
L. Kerry Vickar, CEO

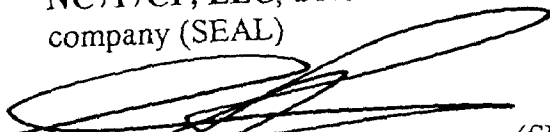
CORRFLEX PACKAGING, LLC, a North Carolina limited liability company (SEAL)

By:  (SEAL)
L. Kerry Vickar, CEO

CORRFLEX DISPLAY AND PACKAGING, LLC, a North Carolina limited liability company (SEAL)

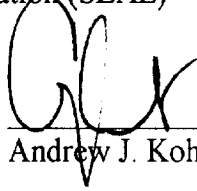
By:  (SEAL)
L. Kerry Vickar, CEO

NC717CF, LLC, a North Carolina limited liability company (SEAL)

By:  (SEAL)
L. Kerry Vickar, CEO

SECURED PARTY:

**CHESAPEAKE DISPLAY AND
PACKAGING COMPANY**, an Iowa
corporation (SEAL)

By:  _____ (SEAL)
Andrew J. Kohut

The following identifies all real estate owned by the Parent or any Debtor:

Street Address: 555 Aureole St.
City: Winston-Salem
County: Forsyth
State: NC

Street Address: 4450 Olympic Blvd.
City: Erlanger
Counties: Boone and Kenton
State: KY

The following describes all leases (including, without limitation, subleases) of real property to which any Debtor is a party or under which any Debtor has any rights:

Street Address: 701 Rickert Street
City: Statesville
County: Iredell
State: NC
Record Owner: Bryan L. Smith
Date of Lease or other Rental Agreement: 1/1/98

Street Address: 741 Rickert Street
City: Statesville
County: Iredell
State: NC
Record Owner: R & J Webbing
Date of Lease or other Rental Agreement: 1/1/98

Street Address: 200 Boxwood Lane
City: York
County: York
State: PA
Record Owner: Irvin S. Naylor
Date of Lease or other Rental Agreement: 11/12/99

Street Address: 800 Monroe St.
City: Statesville
County: Iredell
State: NC
Record Owner: J.L. Hope
Date of Lease or other Rental Agreement: month-to-month

Street Address: Hanger # 5
Statesville Muni Airport
238 Airport Rd.
City: Statesville
County: Iredell
State: NC
Record Owner: Statesville Muni Airport
Date of Lease or other Rental Agreement: month-to-month

Street Address: 102 Brady St
City: Americus
County: Sumter
State: GA
Record Owner: Textron Automotive Company
Date of Lease or other Rental Agreement: 11/1/98

Street Address: 105 West Flessner St.
City: Rantoul
County: Champaign
State: IL
Record Owner: Robeson, Roessler & Associates, LLC
Date of Lease or other Rental Agreement: 6/1/96

Street Address: 251 S. Industrial Drive
City: Ewart
County: Osceola
State: MI
Record Owner: DMF, Inc.
Date of Lease or other Rental Agreement: 5/1/99

Street Address: 3014 Chamber Drive
City: Monroe
County: Union
State: NC
Record Owner: Jim Bostic, Sr.
Date of Lease or other Rental Agreement: 1/1/98

Street Address: 901 Stitt St.
City: Monroe
County: Union
State: NC
Record Owner: Jim Bostic, Sr.
Date of Lease or other Rental Agreement: 1/1/98

Street Address: 1414 Felder Street
City: Americus
County: Sumter
State: GA
Record Owner: Harold P. Bowen
Date of Lease or other Rental Agreement: 3/20/00

Street Address: 10920 U.S. 10 #2
City: Ewart
County: Osceola
State: MI
Record Owner: DMF, Inc.
Date of Lease or other Rental Agreement: 5/1/99 month-to-month

Street Address: 14275 Frazho Road
City: Warren
County: McComb
State: MI
Record Owner: Ashley Warren, LLC
Date of Lease or other Rental Agreement: 10/1/99

1100 Taylors Lane, Cinnaminson, New Jersey; Record Owner - 1100 Taylors Lane Associates, L.P.; Date of Lease - May 22, 2001

Forum 52 Industrial Park, Rural Hall, North Carolina; Record Owner - Forsyth/Chesapeake Partners Limited Partnership; Date of Lease - December 28, 1992

9 Berkshire Blvd., Bethel, Connecticut; Record Owner - Berkshire Industrial Corporation; Date of Lease - April 30, 1996

3300 Old Lexington Rd., Winston-Salem, Forsyth County, North Carolina; Record Owner - Salem Business Park, LLC; Date of Lease - June 30, 1995

2703 Cindel Dr., Cinnaminson, New Jersey; Record Owner - 2703 Cindel Drive, LLC; Date of Lease - December 15, 1997

100 Cummings Center, Boston, Massachusetts; Record Owner - Cummings Properties, LLC; Date of Lease - October 25, 2000

Nos. 212, 213 and 214, 1010 N. Central Avenue, Glendale, California 91202; Record Owner - Virtuoso Business Centers; Date of Lease - March 19, 2001

Executive Place II, Westmont, Illinois; Record Owner - American National Bank and Trust Company of Chicago; Date of Lease - January 1, 1990

2900 Lowery Street, Winston-Salem, North Carolina; Record Owner - J.G. Messick & Sons, Inc.; Date of Lease - March 1, 1998

9756 International Blvd., Cincinnati, Ohio; Record Owner - Cabot Industrial Properties, L.P.; Date of Lease - March 3, 1997

2570 Independence Road, Iowa City, Iowa; Record Owner - Russell Gerdin; Date of Lease - January 24, 2001

Patents and Patent Applications

1. Patent No. 4,929,116: Coupler assembly for connecting corrugated sheet material.
2. Patent No. 4,949,851: Collapsible display.
3. Design Patent No. 319,940: Foldable tray unit for product merchandising display stand.
4. Design Patent No. 359,180: Display tray.
5. Patent No. 5,611,438: Product display and display hook for use in same.
6. Design Patent No. 380,113: Can dispenser and holder.
7. Design Patent No. 432,912: Box.
8. Design Patent No. 433,630: Box.
9. Design Patent No. 295,815: Refrigerated dispenser display stand.
10. Design Patent No. 319,938: Article display stand.
11. Design Patent No. 328,205: Display rack.
12. Design Patent No. 328,210: Display rack module.
13. Design Patent No. 335,048: Display stand.
14. Design Patent No. 335,049: Display stand.
15. Design Patent No. 335,050: Display stand.
16. Design Patent No. 337,511: Flange plate for a spool.
17. Design Patent No. 337,718: Interlock panel for a spool.
18. Design Patent No. 341,769: Spool.
19. Design Patent No. 352,147: Portable display cart.
20. Patent No. 4,420,947: Shelf support system.
21. U.S. Patent Application (No. 09/271,744) for display system for advancing products (filed March 18, 1999).
22. Pending Patent Applications

Country	Serial No.	Filing Date	Title
US	60/162,116	Oct. 29, 1999	Display Assembly
US	60/162,114	Oct. 29, 1999	Floor Standing Panel Display
US	60/162,115	Oct. 29, 1999	Foldable Double Sided Display Unit
US	60/237,150	Oct. 2, 2000	Suitcase Style Pre-Pack Floorstand
US	60/265,746	Feb. 2, 2001	Wheeled Display With Built-in Retail Ramp^

Trademarks:

- COR-BOX -- Registration No. 0977605 -- Filing Date -
 SANTA'S LITTLE ELF -- Serial No. 75/234,592 -- Filing Date - January 31, 1997
 SANTA'S BIG ELF -- Serial No. 75/234,599 -- Filing Date - January 31, 1997
 SANTA'S GIANT ELF -- Serial No. 75/234,598 -- Filing Date - January 31, 1997
 SPOOKTACULAR-- Serial No. 75/234,597 -- Filing Date - January 31, 1997
 SPOOK-O-LANTERN -- Serial No. 75/234,596 -- Filing Date - January 31, 1997

Liens at any time granted in favor of Bank of America, N.A. in connection with the Loan Agreement, dated as of November 12, 1999, between Bank of America, N.A., CorrFlex Graphics, LLC and certain other borrowers and as amended by a First Amendment to Loan Agreement dated as of July 30, 2001.

Liens at any time granted in favor of Allied Capital Corporation in connection with the Amended and Restated Loan Agreement, dated as of January 9, 1998, between Allied Capital Corporation, CorrFlex Graphics, LLC and the other parties named therein.

Liens securing the Second Amended and Restated Promissory Note, dated July 30, 2001 from CorrFlex Graphics, LLC to Southland Packaging, Inc. and Southland Promotions, Inc. in the principal amount of \$1,812,016.

Liens for taxes (excluding any lien imposed pursuant to any of the provisions of ERISA) which not yet due or are being contested in good faith and by appropriate proceedings with adequate reserves maintained in accordance with GAAP.

Liens securing the claims or demands of vendors, materialmen, mechanics, carriers, warehousemen, landlords and other like persons for labor, materials, supplies or rentals incurred in the ordinary course of business, but only if the payment thereof is not at the time required or is being contested in good faith and by appropriate proceedings with adequate reserves maintained in accordance with GAAP.

Liens resulting from deposits made in the ordinary course of business in connection with workmen's compensation, unemployment insurance, social security and other like laws.

The following are past and present other names (including fictitious names, trade names, d/b/a's or similar names) of the Parent or any Debtor:

CorrFlex Graphics, LLC:

- (a) d/b/a Bostic Packaging
- (b) d/b/a Dane Hill Expressions
- (c) d/b/a Southland Packaging & Promotions
- (d) d/b/a CorrFlex Display & Packaging

CorrFlex Display & Packaging, LLC

CorrFlex Packaging, LLC

CorrFlex D & P, LLC

N717CF, LLC

Peake Net

Peake Net Solutions

Cor-Box, Inc.