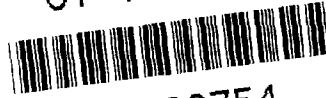


01-10-2002



101938754

To the Honorable Commissioner of

Patents: Please record the attached original documents or copy thereof.

1-10-08

1. Name of conveying party(ies):  
Valley Forge Flag Company, Inc.  
1700 Conrad Weiser Boulevard  
Wormelsdorf, PA 19567

Individual(s)                       Association  
 General partnership               Limited Partnership  
 Corporate-State New York  
 Other \_\_\_\_\_

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

3. Nature of conveyance:  
 Assignment                               Merger  
 Security Agreement                   Change of Name  
 Other \_\_\_\_\_

Execution Date: November 9, 2001

1-10-02

2. Name and address of receiving party(ies)  
Name: PNC Bank, National Association  
Internal Address: \_\_\_\_\_  
Address: \_\_\_\_\_  
Street Address: 1600 Market Street  
City: Philadelphia State: PA ZIP: 19103

Individual(s) citizenship \_\_\_\_\_  
 Association \_\_\_\_\_  
 General partnership \_\_\_\_\_  
 Limited Partnership \_\_\_\_\_  
 Corporate-State \_\_\_\_\_  
 Other \_\_\_\_\_

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

4. Application number(s) or registration number(s):  
A. Trademark Application No.(s)  
76/117,752

B. Trademark Registration No.  
2,356,669

Additional number(s) attached  Yes  No

5. Name and address of party to whom correspondence concerning document should be mailed:  
Name: Sally A. Steffen  
Internal Address Ballard Spahr Andrews & Ingersoll, LLP  
01/10/2002 610N11 00000252 020755 76117752  
40.00 CH  
25.00 CH  
Street Address: 1735 Market Street, 51<sup>st</sup> Floor  
City: Philadelphia State: PA Zip: 19103

6. Total number of applications and registrations involved: 1

7. Total Fee (37 CFR 3.41) \$65.00  
 Enclosed  
 Authorized to be charged to deposit account

8. Deposit account number: 020755  
(Attach duplicate copy of this page if paying by deposit account)

01 FC:481  
02 FC:482

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.*

Sally A. Steffen  
Name of Person Signing                      Sally A. Steffen Signature                      11/9/02 Date

Total number of pages including cover sheet, attachments, and document: 31

## AMENDED AND RESTATED SECURITY AGREEMENT

This AMENDED AND RESTATED SECURITY AGREEMENT is made and entered into as of November 9, 2001, among VALLEY FORGE FLAG COMPANY, INC. ("VFF"), LANE MANUFACTURING, LLC ("Lane"), ABRAHAM INDUSTRIES, LLC ("Abraham"), the Subsidiaries of Abraham listed on the signature pages thereto (the "Other Borrowers"; together with VFF, Lane and Abraham, each a "Borrower"; collectively, the "Borrowers") and PNC BANK, NATIONAL ASSOCIATION ("PNC"), a national banking association, as collateral agent (in such capacity, the "Collateral Agent") for the Banks (as defined below) and for PNC.

### WITNESSETH:

WHEREAS, the Borrowers, the banks and other financial institutions from time to time parties thereto (the "Banks") and PNC, as Agent, are parties to the Amended and Restated Credit Agreement, dated as of the date hereof (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement");

WHEREAS, Abraham, certain of the Other Borrowers and PNC are parties to a Loan Agreement dated as of May 5, 1999 (as heretofore amended, supplemented or otherwise modified from time to time, the "Abraham Loan Agreement");

WHEREAS, the indebtedness under the Abraham Loan Agreement is secured by the Security Agreement, dated as of May 5, 1999, between PNC and certain of the Other Borrowers (the "Existing Security Agreement");

WHEREAS, the Credit Agreement amends and restates, among other things, the Abraham Loan Agreement;

WHEREAS, it is the intention of the parties that this Security Agreement (a) amend and restate the Existing Security Agreement, (b) secure all of the obligations of the Borrowers to the Banks under the Loan Documents and all obligations of the Borrowers to PNC under the Abraham Reimbursement Agreement (as defined in the Credit Agreement), and (c) supercede the Existing Security Agreement;

WHEREAS, PNC (including in its agent capacities) and Allfirst Bank are entering into an Intercreditor Agreement, dated as of the date hereof (as amended, supplemented or otherwise modified from time to time, the "Intercreditor Agreement"), which, among other things, sets forth the sharing arrangements between PNC and Allfirst under the Abraham Reimbursement Agreement and the Banks under the Credit Agreement; and

WHEREAS, it is a condition precedent to the effectiveness of the Credit Agreement that the Borrowers execute and delivery this Security Agreement.

NOW, THEREFORE, in consideration of the premises and to induce the Banks to enter into the Credit Agreement, the Borrowers hereby agree with the Collateral Agent, for the ratable benefit of the Banks and the other holders of the Obligations, as follows:

1. Defined Terms. Unless otherwise defined herein, terms which are defined in the Credit Agreement and used herein are so used as so defined; the following terms which are defined in the Uniform Commercial Code in effect from time to time in any applicable jurisdiction are used herein as so defined: Accounts (including Health-Care-Insurance Receivables), Chattel Paper (including Electronic Chattel Paper and Tangible Chattel Paper), Commercial Tort Claims, Deposit Accounts, Documents, Equipment, Farm Products, Financial Assets, General Intangibles, Instruments, Inventory, Investment Property (including Securities Entitlements, Securities Accounts, Commodity Accounts, and Commodity Contracts), Letter-of-Credit Rights, Payment Intangibles, Software, Supporting Obligations and Proceeds; and the following terms shall have the following meanings:

“Cash Collateral Account” shall have the meaning assigned to it in Section 3(d) of this Security Agreement.

“Code” shall mean the Uniform Commercial Code as from time to time in effect in the Commonwealth of Pennsylvania.

“Collateral” shall have the meaning assigned to it in Section 2 of this Security Agreement.

“Contracts” shall mean all contracts and other agreements between a Borrower and any other Person, as the same may from time to time be amended, supplemented or otherwise modified, including, without limitation, (a) all rights of the Borrowers to receive moneys due and to become due to it thereunder or in connection therewith, (b) all rights of the Borrowers to damages arising out of, or for, breach or default in respect thereof and (c) all rights of the Borrowers to perform and to exercise all remedies thereunder.

“Copyrights” shall mean (a) all copyrights, registrations and applications for registration, issued or filed, including any reissues, extensions or renewals thereof, by or with the United States Copyright Office or any similar office or agency of the United States, any State thereof, or any other country or political subdivision thereof, or otherwise, including, all rights in and to the material constituting the subject matter thereof, including, without limitation, any referred to in Schedule I hereto, and (b) any rights in any material which is copyrightable or which is protected by common law, United States copyright laws or similar laws or any law of any State, including, without limitation, any thereof referred to in Schedule I hereof.

“Copyright License” shall mean any agreement, written or oral, providing for a grant by a Borrower of any right in any Copyright, including, without limitation, any thereof referred to in Schedule I hereof.

“Letter of Credit Obligations” shall mean all debts and obligations to PNC under the Abraham Reimbursement Agreement.

“Obligations” shall mean, collectively, (a) all “Obligations” as such term is defined in the Credit Agreement, and (b) all Letter of Credit Obligations.

“Patents” shall mean (a) all letters patent of the United States or any other country or any political subdivision thereof, and all reissues and extensions thereof, including, without limitation, any thereof referred to in Schedule I hereto, and (b) all applications for letters patent of the United States and all divisions, continuations and continuations-in-part thereof or any other country or any political subdivision, including, without limitation, any thereof referred to in Schedule I hereto.

“Patent License” shall mean all agreements, whether written or oral, providing for the grant by a Borrower of any right to manufacture, use or sell any invention covered by a Patent, including, without limitation, any thereof referred to in Schedule I hereto.

“Security Agreement” shall mean this Amended and Restated Security Agreement, as amended, supplemented or otherwise modified from time to time.

“Trademarks” shall mean (a) all trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos and other source or business identifiers, and the goodwill associated therewith, now existing or hereafter adopted or acquired, all registrations and recordings thereof, and all applications in connection therewith, whether in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or any other country or any political subdivision thereof, or otherwise, including, without limitation, any thereof referred to in Schedule II hereto, and (b) all reissues, extensions or renewals thereof.

“Trademark License” shall mean any agreement, written or oral, providing for the grant by a Borrower of any right to use any Trademark, including, without limitation, any thereof referred to in Schedule II hereto.

2. Grant of Security Interest. As collateral security for the prompt and complete payment and performance when due (whether at the stated maturity, by acceleration or otherwise) of the Obligations, the Borrowers hereby grant to the Collateral Agent for the ratable benefit of the holders of the Obligations a security interest in all of the following property now owned or at any time hereafter acquired by the Borrowers or in which the Borrowers now have or at any time in the future may acquire any right, title or interest (collectively, the “Collateral”):

- (i) all Accounts (including Health-Care-Insurance Receivables);
- (ii) all Chattel Paper (including Electronic Chattel Paper and Tangible Chattel Paper);
- (iii) all Contracts;
- (iv) all Copyrights and Copyright Licenses;

- (v) all Deposit Accounts, including, without limitation, the Cash Collateral Account and the Blocked Accounts;
- (vi) all Documents;
- (vii) all Equipment;
- (viii) all General Intangibles;
- (ix) all Commercial Tort Claims described on Schedule VIII hereto;
- (x) all Instruments;
- (xi) all Inventory;
- (xii) all Investment Property (including without limitation, all stock, limited liability company and partnership interests (whether in a subsidiary or otherwise), and all Securities Entitlements, Securities Accounts, Commodity Accounts, and Commodity Contracts);
- (xiii) all Letter-of-Credit Rights;
- (xiv) all Patents and Patent Licenses;
- (xv) all Payment Intangibles;
- (xvi) all Software (in whatever form);
- (xvii) Supporting Obligations;
- (xviii) Trademarks and Trademark Licenses; and
- (xix) to the extent not otherwise included, all Proceeds and products of any and all of the foregoing.

3. Rights of Collateral Agent and Holders of the Obligations; Limitations on Collateral Agent's and Holders' Obligations.

(a) Borrowers Remains Liable under Accounts and Contracts. Anything herein to the contrary notwithstanding, the Borrowers shall remain liable under each of the Accounts and Contracts to observe and perform all the conditions and obligations to be observed and performed by it thereunder, all in accordance with the terms of any agreement giving rise to each such Account and in accordance with and pursuant to the terms and provisions of each such Contract. No holder of any Obligation shall have any obligation or liability under any Account (or any agreement giving rise thereto) or under any Contract by reason of or arising out of this Security Agreement or the receipt by such holder of any payment relating to such Account or Contract pursuant hereto, nor shall any holder of any Obligation be obligated in any manner to perform any of the obligations of the Borrowers under or pursuant to any Account (or any agreement giving rise thereto) or under or pursuant to any Contract, to make any payment, to make any inquiry as to the nature or the sufficiency of any payment received by it or as to the sufficiency of any

performance by any party under any Account (or any agreement giving rise thereto) or under any Contract, to present or file any claim, to take any action to enforce any performance or to collect the payment of any amounts which may have been assigned to it or to which it may be entitled at any time or times.

(b) Notice to Account Debtors and Contracting Parties. Upon the request of the Collateral Agent at any time after the occurrence and during the continuance of an Event of Default, the Borrowers shall notify account debtors on the Accounts and parties to the Contracts that the Accounts and the Contracts have been assigned to the Collateral Agent for the ratable benefit of the holders of the Obligations and shall indicate on all billings that payments in respect thereof shall be made directly to the Collateral Agent. Upon the occurrence and during the continuance of an Event of Default, the Collateral Agent may in its own name or in the name of others communicate with account debtors on the Accounts and parties to the Contracts to verify with them to its satisfaction the existence, amount and terms of any Accounts or Contracts.

(c) Analysis of Accounts. The Collateral Agent shall have the right to make test verifications of the Accounts in any manner and through any medium that it reasonably considers advisable, and the Borrowers shall furnish all such assistance and information as the Collateral Agent may require in connection therewith. At any time and from time to time, upon the Collateral Agent's request and at the expense of the Borrowers, the Borrowers shall cause independent public accountants or others satisfactory to the Collateral Agent to furnish to the Collateral Agent reports showing reconciliations, aging and test verifications of, and trial balances for, the Accounts.

(d) Collections on Accounts. The Collateral Agent hereby authorizes the Borrowers to collect the Accounts, subject to the Collateral Agent's written direction and control, from the account debtors, provided that, all account debtors are to be directed by the Borrowers to make payments directly to the Blocked Accounts. Subject to the proviso in the preceding sentence, prior to the occurrence of an Event of Default, the Proceeds of Accounts so collected by the Borrowers shall be received and held by the Borrowers in trust for the Collateral Agent and the holders of the Obligations but may be applied by the Borrowers in their discretion towards payment of the Obligations or other corporate purposes. Upon the occurrence of an Event of Default, the authority hereby given to the Borrowers to collect the Proceeds of Accounts in trust for the Collateral Agent and the holders of the Obligations may be terminated by the Collateral Agent at any time and (i) if so directed by the Collateral Agent in writing, the Borrowers shall deliver to the Collateral Agent on the date of receipt thereof by the Borrowers all Proceeds in the form of cash, checks, drafts, notes and other remittances received in payment of or on account of the Borrowers' Accounts and (ii) without notice to the Borrowers, which notice is hereby expressly waived, the Collateral Agent may apply all funds in the Blocked Accounts to the Obligations in such order as the Collateral Agent shall determine. Following receipt by the Collateral Agent such Proceeds may be deposited in a special bank account (the "Cash Collateral Account") maintained with the Collateral Agent over which the Collateral Agent alone shall have power of withdrawal. All Proceeds other than cash shall be deposited in precisely the form in which received, except for the addition thereto of the endorsement of the applicable Borrower when necessary to permit collection of the items, which endorsement the Borrowers agree to make. The Borrowers will not commingle any such Proceeds with any of the Borrowers' other funds or property but will hold them separate and apart from any other funds or property and upon

an express trust for the Collateral Agent until deposit thereof is made in the Cash Collateral Account and/or the Blocked Accounts, as determined by the Collateral Agent.

4. Representations and Warranties. Each of the Borrowers hereby represents and warrants that:

(a) Title; No Other Liens. Except for the Lien granted to the Collateral Agent for the ratable benefit of the holders of the Obligations pursuant to this Security Agreement and the other Liens permitted to exist on the Collateral pursuant to the Credit Agreement, the Borrowers own or have the power to transfer rights in each item of the Collateral free and clear of any and all Liens or claims of others. No security agreement, financing statement or other public notice with respect to all or any part of the Collateral is on file or of record in any public office, except such as may have been filed in favor of the Collateral Agent, for the ratable benefit of the holders of the Obligations, pursuant to this Security Agreement or as may be permitted pursuant to the Credit Agreement.

(b) Perfected First Priority Liens. Upon the filing of Uniform Commercial Code financing statements in the appropriate jurisdictions, the Liens granted pursuant to this Security Agreement constitute perfected Liens on the Collateral in favor of the Collateral Agent, for the ratable benefit of the holders of the Obligations, which are prior to all other Liens on the Collateral in existence on the date hereof (other than Permitted Liens) and are enforceable as such against all creditors of and purchasers from the Borrowers (other than purchasers of Inventory in the ordinary course of business) and against any owner or purchaser of the real property where any of the Equipment is located and any present or future creditor obtaining a Lien on such real property.

(c) Accounts. The amount represented by the Borrowers to the Collateral Agent or the other holders of the Obligations from time to time in any reports requested by or furnished to the Collateral Agent or the other holders of the Obligations as owing by each account debtor or by all account debtors in respect of the Accounts will at such time be the correct amount actually owing by such account debtor or debtors thereunder. No amount payable to any of the Borrowers under or in connection with any Account is evidenced by any Instrument or Chattel Paper which has not been delivered to the Collateral Agent. The Borrowers keeps their records concerning the Accounts at the location or locations set forth in Schedule III.

(d) Contracts. Each Contract is in full force and effect and constitutes a valid and legally enforceable obligation of the Borrower party thereto, and to the best of the applicable Borrower's knowledge, the other parties thereto, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditor's rights generally. No consent or authorization of, filing with or other act by or in respect of any Governmental Authority is required in connection with the execution, delivery, performance, validity or enforceability of any of the Contracts by any party thereto other than those which have been duly obtained, made or performed, are in full force and effect and do not subject the scope of any such Contract to any material adverse limitation, either specific or general in nature. Neither the Borrowers nor (to the best of the Borrowers' knowledge) any other party to any Contract is in default or is likely to become in default in the performance or observance of any of the terms thereof. The Borrowers have performed their obligations under

each Contract in all material respects. The right, title and interest of the Borrowers in, to and under each Contract are not subject to any defense, offset, counterclaim or claim which would materially adversely affect the value of such Contract as Collateral, nor have any of the foregoing been asserted or alleged against the Borrowers as to any Contract. No amount payable to the applicable Borrower under or in connection with any Contract is evidenced by any Instrument or Chattel Paper which has not been delivered to the Collateral Agent.

(e) Inventory. The types, amounts and valuations of the Inventory or any other information regarding the same represented by the Borrowers in any reports requested by or furnished to the Collateral Agent, the Banks or the other holders of the Obligations will at such time be accurate to the best of the Borrowers' knowledge. The Borrowers keep records concerning the Inventory at the location or locations listed on Schedule IV. The Inventory is kept at the locations listed on Schedule V hereto.

(f) Equipment. The Equipment is kept at the locations listed on Schedule VI hereto.

(g) Chief Executive Office; Place of Organization. The locations of each Borrower's chief executive office, chief place of business, form of and place of organization are set forth on Schedule VII. Each Borrower's organization identification number as assigned by its state of organization is set forth on Schedule VII.

(h) Farm Products. None of the Collateral constitutes, or is the Proceeds of, Farm Products.

(i) Patents, Trademarks and Copyrights. Schedule I hereto includes all Patents and Patent Licenses and Copyrights and Copyright Licenses owned by a Borrower in its own name as of the date hereof. Schedule II hereto includes all Trademarks and Trademark Licenses owned by a Borrower in its own name as of the date hereof. To the best of the Borrowers' knowledge, each Patent, Trademark and Copyright is valid, subsisting, unexpired, enforceable and has not been abandoned. Except as set forth in either such Schedule, none of such Patents, Trademarks or Copyrights is the subject of any licensing or franchise agreement. No holding, decision or judgment has been rendered by any Governmental Authority which would limit, cancel or question the validity of any Patent, Trademark or Copyright. No action or proceeding is pending (i) seeking to limit, cancel or question the validity of any Patent, Trademark or Copyright, or (ii) which, if adversely determined, would have a material adverse effect on the value of any Patent, Trademark or Copyright.

(j) Power and Authority; Authorization. Each of the Borrowers has the corporate or other power and authority and the legal right to execute and deliver, to perform its obligations under, and to grant the Lien on the Collateral pursuant to, this Security Agreement and has taken all necessary corporate or other action to authorize its execution, delivery and performance of, and grant of the Lien on the Collateral pursuant to, this Security Agreement.

(k) Enforceability. This Security Agreement constitutes a legal, valid and binding obligation of the Borrowers enforceable in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally.



(l) No Conflict. The execution, delivery and performance of this Security Agreement will not violate any provision of any Requirement of Law or contractual obligation of the Borrowers and will not result in the creation or imposition of any Lien on any of the properties or revenues of the Borrowers pursuant to any Requirement of Law or contractual obligation of the Borrowers, except as contemplated hereby.

(m) No Consents, etc. No consent or authorization of, filing with, or other act by or in respect of, any arbitrator or Governmental Authority and no consent of any other Person (including, without limitation, any stockholder, member or creditor of the Borrowers), is required in connection with the execution, delivery, performance, validity or enforceability of this Security Agreement.

(n) No Litigation. No litigation, investigation or proceeding of or before any arbitrator or Governmental Authority is pending or, to the knowledge of the Borrowers, threatened by or against any Borrower or against any of its properties or revenues with respect to this Security Agreement or any of the transactions contemplated hereby.

(o) Commercial Tort Claims. Schedule VIII hereto contains a listing of all existing Commercial Tort Claims of the Borrowers, by case title with court and a brief description of each claim.

5. Covenants. Each of the Borrowers covenants and agrees with the Collateral Agent, the Banks and the other holders of the Obligations that, from and after the date of this Security Agreement until the Obligations are paid in full, the Commitments are terminated, and there are no Letters of Credit outstanding it will:

(a) Notices; Further Documentation; Authorization to File Financing Statements. Notify the Collateral Agent in writing at any time that it opens, acquires, obtains, or becomes the beneficiary of any type of Collateral (or rights therein) to the extent the Collateral Agent on behalf of the Banks and the other holders of the Obligations will not at that time have, and continuously thereafter (subject to the filing of continuation statements, if necessary) maintain, a perfected first priority security interest in (subject to Permitted Liens) such Collateral, including but not limited to: all Deposit Accounts, Securities Accounts and Commodity Accounts and other Investment Property; all Commercial Tort Claims; all Instruments, Documents, Tangible Chattel Paper and Electronic Chattel Paper; all other Collateral in the possession of a third party; and all Letter-of-Credit Rights and other Supporting Obligations. At any time and from time to time, upon the written request of the Collateral Agent, and at the sole expense of the Borrowers, promptly (i) deliver to the Collateral Agent all letters of credit and other Supporting Obligations, Instruments, Chattel Paper, Documents and Investment Property (including any necessary endorsements) that at any time is part of the Collateral or becomes Proceeds of any Collateral, and (ii) execute and deliver such further instruments, agreements and documents and take such further action as the Collateral Agent may reasonably request for the purpose of obtaining, preserving, and enforcing the full benefits of this Security Agreement and of the rights and powers herein granted, including, without limitation, executing and delivering and using commercially reasonable efforts to cause third parties to execute and deliver to the Collateral Agent security agreements, pledge agreements, control agreements, bailee acknowledgments, assignments and waivers, all in form and substance satisfactory to the Collateral Agent. The Borrowers will mark

all Chattel Paper with a legend indicating that the Collateral Agent has a security interest in the Chattel Paper.

The Borrowers also hereby authorize the Collateral Agent to file any Uniform Commercial Code financing or continuation statement (including in lieu financing statements) without the signature of the Borrowers to the extent permitted by applicable law. The Borrowers hereby ratify any filing by the Collateral Agent of financing statements prior to the date hereof with respect to the Collateral. A carbon, photographic, facsimile or other reproduction of this Security Agreement shall be sufficient as a financing statement for filing in any jurisdiction.

(b) Indemnification. Pay, and save the Collateral Agent, the Banks and the other holders of the Obligations harmless from, any and all liabilities, costs and expenses (including, without limitation, legal fees and expenses) (i) with respect to, or resulting from, any delay in paying any and all excise, sales or other taxes which may be payable or determined to be payable with respect to any of the Collateral, (ii) with respect to, or resulting from, any delay in complying with any Requirement of Law applicable to any of the Collateral or (iii) in connection with any of the transactions contemplated by this Security Agreement. In any suit, proceeding or action brought by the Collateral Agent, any Bank or any of the other holders of the Obligations under any Account or Contract for any sum owing thereunder, or to enforce any provisions of any Account or Contract, the Borrowers will save, indemnify and keep the Collateral Agent, each Bank and each other holder of the Obligations harmless from and against all expense, loss or damage suffered by reason of any defense, setoff, counterclaim, recoupment or reduction of liability whatsoever of the account debtor or obligor thereunder, arising out of a breach by any Borrower of any obligation thereunder or arising out of any other agreement, indebtedness or liability at any time owing to or in favor of such account debtor or obligor or its successors from any Borrower.

(c) Maintenance of Records. Keep and maintain at its own cost and expense satisfactory and complete records of the Collateral, including, without limitation, a record of all payments received and all credits granted with respect to the Accounts. The Borrowers will mark their books and records pertaining to the Collateral to evidence this Security Agreement and the security interests granted hereby. For the Collateral Agent's, the Banks' and the other holders' of the Obligations further security, the Collateral Agent, for the ratable benefit of the Banks and the other holders of the Obligations, shall have a security interest in the Borrowers' books and records pertaining to the Collateral, and upon the occurrence of a Default or an Event of Default, the Borrowers shall turn over any such books and records to the Collateral Agent or to its representatives during normal business hours at the request of the Collateral Agent.

(d) Right of Inspection and Audit. Give to the Collateral Agent and the Banks at all times upon reasonable prior notice full and free access during normal business hours to all of its books, correspondence and records and the Collateral Agent and the Banks and their respective representatives may examine, inspect or audit the same, take extracts therefrom and make photocopies thereof, and the Borrowers agree to render to the Collateral Agent and the Banks upon reasonable prior written notice, at the Borrowers' cost and expense, such clerical and other assistance as may be reasonably requested with regard thereto. The Collateral Agent and the Banks and their respective representatives shall at all times also have the right to enter into and upon any premises where any of the Inventory or Equipment is located for the purpose of

examining, inspecting or auditing the same, observing its use or otherwise protecting their interests therein; provided that, the Borrowers shall be given prior written notice unless a Default or Event of Default shall have occurred.

(e) Compliance with Laws, etc. Comply in all material respects with all Requirements of Law applicable to the Collateral or any part thereof or to the operation of its business; provided, however, that the Borrowers may contest any Requirement of Law in any reasonable manner which shall not, in the reasonable opinion of the Collateral Agent, adversely affect the Collateral Agent's or the Banks' or other holders' of the Obligations rights or the priority of their Liens on the Collateral.

(f) Compliance with Terms of Contracts, etc. Perform and comply in all material respects with all its obligations under the Contracts and all its other contractual obligations relating to the Collateral.

(g) Payment of Obligations. Pay promptly when due all taxes, assessments and governmental charges or levies imposed upon the Collateral or in respect of its income or profits therefrom, as well as all claims of any kind (including, without limitation, claims for labor, materials and supplies) against or with respect to the Collateral, except that no such charge need be paid if (i) the validity thereof is being contested in good faith by appropriate proceedings, (ii) such proceedings do not involve any material danger of the sale, forfeiture or loss of any of the Collateral or any interest therein and (iii) such charge is adequately reserved against on the Borrowers' books in accordance with GAAP.

(h) Limitation on Liens on Collateral. Not create, incur or permit to exist, will defend the Collateral against, and take such other action as is necessary to remove, any Lien or claim on or to the Collateral, other than the Permitted Liens, and will defend the right, title and interest of the Collateral Agent, the Banks and the other holders of the Obligations in and to any of the Collateral against the claims and demands of all Persons whomsoever.

(i) Limitations on Dispositions of Collateral. Not sell, transfer, lease or otherwise dispose of any of the Collateral, or attempt, offer or contract to do so except as expressly permitted pursuant to the Credit Agreement.

(j) Limitations on Modifications, Waivers, Extensions of Contracts and Agreements Giving Rise to Accounts. Not (i) amend, modify, terminate or waive any provision of any Contract or any agreement giving rise to an Account in any manner which could reasonably be expected to materially adversely affect the value of such Contract or Account as Collateral, (ii) fail to exercise promptly and diligently each and every material right which it may have under each Contract and each agreement giving rise to an Account (other than any right of termination), or (iii) fail to deliver to the Collateral Agent a copy of each demand, notice or document received by it other than in the ordinary course of business, relating in any way to any Contract or any agreement giving rise to an Account.

(k) Limitations on Discounts, Compromises, Extensions of Accounts. Not grant any extension of the time of payment of any of the Accounts, compromise, compound or settle the same for less than the full amount thereof, release, wholly or partially, any Person liable for the

payment thereof, or allow any credit or discount whatsoever thereon, other than in the ordinary course of business as generally conducted by the Borrowers over a period of time.

(l) Further Identification of Collateral. Furnish to the Collateral Agent and the Banks from time to time statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as the Collateral Agent may reasonably request in writing, all in reasonable detail.

(m) Notices. Advise the Collateral Agent promptly, in reasonable detail, at its address set forth in the Credit Agreement, (i) of any Lien (other than Permitted Liens) on, or claim asserted against, any of the Collateral and (ii) of the occurrence of any other event which could reasonably be expected to have a material adverse effect on the aggregate value of the Collateral or on the Liens created hereunder.

(n) Changes in Locations, Name, Place of Organization, etc. Unless it shall have given the Collateral Agent at least 30 days prior written notice thereof, no Borrower will (i) change the location of its chief executive office or chief place of business from that specified in Schedule VII attached hereto or remove its books and records from the location specified in Schedule VII attached hereto, (ii) permit any of the Inventory or Equipment to be kept at a location other than those listed on Schedules V and VI hereto, (iii) change its name, identity or organizational structure to such an extent that any financing statement filed by the Collateral Agent in connection with this Security Agreement would become seriously misleading, (iv) change the state of its organization or formation, as the case may be, or (v) change its state organization identification number.

(o) Patents, Trademarks and Copyrights.

(i) Except with respect to any Trademark or Copyright that it shall reasonably determine is of negligible economic value to it, (A) maintain such Trademark in full force free from any claim of abandonment for non-use, (B) maintain as in the past the quality of products and services offered under such Trademark, (C) employ such Trademark or Copyright with the appropriate notice of registration, (D) not adopt or use any mark which is confusingly similar or a colorable imitation of such Trademark unless the Collateral Agent, for the ratable benefit of the holders of the Obligations, shall obtain a perfected security interest in such mark pursuant to this Security Agreement, and (E) not (and not permit any licensee or sublicensee thereof to) do any act or knowingly omit to do any act whereby any Trademark or Copyright may become invalidated.

(ii) Not, except with respect to any Patent that it shall reasonably determine is of negligible economic value to it, do any act, or omit to do any act, whereby any Patent may become abandoned or dedicated.

(iii) Notify the Collateral Agent and the Banks immediately if it knows, or has reason to know, that any application or registration relating to any Patent, Trademark or Copyright may become abandoned or dedicated, or of any adverse determination or development (including, without limitation, the institution of, or any such determination or development in, any proceeding in the United States Patent and Trademark Office, the United States Copyright Office

or any court or tribunal in any country) regarding its ownership of any Patent, Trademark or Copyright or its right to register the same or to keep and maintain the same.

(iv) Whenever a Borrower, either by itself or through any agent, employee, licensee or designee, shall file an application for the registration of any Patent, Trademark or Copyright with the United States Patent and Trademark Office, the United States Copyright Office or any similar office or agency in any other country or any political subdivision thereof, report such filing to the Collateral Agent within five Business Days after the last day of the fiscal quarter in which such filing occurs. Upon request of the Collateral Agent, the Borrowers shall execute and deliver any and all agreements, instruments, documents, and papers as the Collateral Agent may request to evidence the Collateral Agent's, the Banks' and the other holders' of the Obligations security interest in any Patent, Trademark or Copyright and the goodwill and general intangibles of the Borrowers relating thereto or represented thereby, and each of the Borrowers hereby constitutes the Collateral Agent, its attorney-in-fact to execute and file all such writings for the foregoing purposes, all acts of such attorney being hereby ratified and confirmed; such power being coupled with an interest is irrevocable until the Obligations are paid in full and the Commitments are terminated.

(v) Take all reasonable and necessary steps, including, without limitation, in any proceeding before the United States Patent and Trademark Office, the United States Copyright Office or any similar office or agency in any other country or any political subdivision thereof, to maintain and pursue each application (and to obtain the relevant registration) and to maintain each registration of the Patents, Trademarks and Copyrights, including, without limitation, filing of applications for renewal, affidavits of use and affidavits of incontestability.

(vi) In the event that any Patent, Trademark or Copyright included in the Collateral is infringed, misappropriated or diluted by a third party, promptly notify the Collateral Agent and the Banks after it learns thereof and shall, unless it shall reasonably determine that such Patent, Trademark or Copyright is of negligible economic value to it, which determination it shall promptly report to the Collateral Agent, promptly sue for infringement, misappropriation or dilution, to seek injunctive relief where appropriate and to recover any and all damages for such infringement, misappropriation or dilution, or take such other actions as it shall reasonably deem appropriate under the circumstances to protect such Patent, Trademark or Copyright.

(p) Commercial Tort Claims. Notify the Collateral Agent immediately upon the occurrence of any event or circumstance that could reasonably be expected to result in a Commercial Tort Claim of any Borrower and upon the commencement of any proceedings relating to any Commercial Tort Claim.

#### 6. Collateral Agent's Appointment as Attorney-in-Fact.

(a) Powers. Each of the Borrowers hereby irrevocably constitutes and appoints the Collateral Agent and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of such Borrower and in the name of such Borrower or in its own name, from time to time in the Collateral Agent's discretion, for the purpose of carrying out the terms of this Security Agreement, to take any and all appropriate action and to execute any and all documents and

instruments which may be necessary or desirable to accomplish the purposes of this Security Agreement, and, without limiting the generality of the foregoing, each Borrower hereby gives the Collateral Agent the power and right, on behalf of such Borrower, without notice to or assent by such Borrower, to do the following:

(i) in the case of any Account, at any time when the authority of such Borrower to collect the Accounts has been curtailed or terminated pursuant to Section 3(d) hereof, or in the case of any other Collateral, at any time when any Event of Default shall have occurred and is continuing, in the name of such Borrower or its own name, or otherwise, to take possession of and indorse and collect any checks, drafts, notes, acceptances or other instruments for the payment of moneys due under any Account, Instrument, General Intangible or Contract or with respect to any other Collateral and to file any claim or to take any other action or proceeding in any court of law or equity or otherwise deemed appropriate by the Collateral Agent for the purpose of collecting any and all such moneys due under any Account, Instrument, General Intangible or Contract or with respect to any other Collateral whenever payable;

(ii) to pay or discharge taxes and Liens levied or placed on or threatened against the Collateral (other than Permitted Liens), to effect any repairs or any insurance called for by the terms of this Security Agreement and to pay all or any part of the premiums therefor and the costs thereof;

(iii) upon the occurrence and during the continuance of any Event of Default, (A) to direct any party liable for any payment under any of the Collateral to make payment of any and all moneys due or to become due thereunder directly to the Collateral Agent or as the Collateral Agent shall direct; (B) to ask or demand for, collect, receive payment of and receipt for, any and all moneys, claims and other amounts due or to become due at any time in respect of or arising out of any Collateral; (C) to sign and indorse any invoices, freight or express bills, bills of lading, storage or warehouse receipts, drafts against debtors, assignments, verifications, notices and other documents in connection with any of the Collateral; (D) to commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect the Collateral or any proceeds thereof and to enforce any other right in respect of any Collateral; (E) to defend any suit, action or proceeding brought against such Borrower with respect to any Collateral; (F) to settle, compromise or adjust any suit, action or proceeding described in clause (E) above and, in connection therewith, to give such discharges or releases as the Collateral Agent may deem appropriate; (G) to assign any Patent, Copyright or Trademark (along with the goodwill of the business to which any such Trademark pertains), throughout the world for such term or terms, on such conditions, and in such manner, as the Collateral Agent shall in its sole discretion determine; and (H) to sell, transfer, pledge and make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though the Collateral Agent were the absolute owner thereof for all purposes, and to do, at the Collateral Agent's option and such Borrower's expense, at any time, or from time to time, all acts and things which the Collateral Agent deems necessary to protect, preserve or realize upon the Collateral and the Collateral Agent's and the Banks' and the other holders' of the Obligations Liens thereon and to effect the intent of this Security Agreement, all as fully and effectively as such Borrower might do; and

(iv) file such UCC financing statements forms and similar instruments as the Collateral Agent may from time to time deem reasonably necessary or desirable to protect the security interests of the Banks and the other holders of the Obligations.

Each Borrower hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue hereof. This power of attorney is a power coupled with an interest and shall be irrevocable.

(b) Other Powers. Each Borrower also authorizes the Collateral Agent, the Banks and the other holders of the Obligations, at any time and from time to time, to execute, in connection with the sale provided for in Section 8 hereof, any endorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral.

(c) No Duty on Collateral Agent or Holders' Part. The powers conferred on the Collateral Agent, the Banks and the other holders of the Obligations hereunder are solely to protect the Collateral Agent's and the Banks' and the other holders' of the Obligations interests in the Collateral and shall not impose any duty upon the Collateral Agent or any Bank to exercise any such powers. The Collateral Agent, the Banks and the other holders of the Obligations shall be accountable only for amounts that they actually receive as a result of the exercise of such powers, and neither they nor any of their officers, directors, employees or agents shall be responsible to the Borrowers for any act or failure to act hereunder, except for their own gross negligence or willful misconduct.

7. Performance by Collateral Agent of Borrowers' Obligations. If any Borrower fails to perform or comply with any of its agreements contained herein and the Collateral Agent, as provided for by the terms of this Security Agreement, shall itself perform or comply, or otherwise cause performance or compliance, with such agreement, the expenses of the Collateral Agent incurred in connection with such performance or compliance, together with interest thereon at a rate per annum equal to the Base Rate plus 2.5%, shall be payable by the Borrowers to the Collateral Agent on demand and shall constitute Obligations secured hereby.

8. Remedies.

(a) If an Event of Default shall occur and be continuing and all applicable notice and cure periods shall have expired, the Collateral Agent, on behalf of the holders of the Obligations may exercise, in addition to all other rights and remedies granted to them in this Security Agreement and in any other instrument or agreement securing, evidencing or relating to the Obligations, all rights and remedies of a secured party under the Code. Without limiting the generality of the foregoing, the Collateral Agent, without demand of performance or other demand, presentment, protest, advertisement or notice of any kind (except any notice required by law referred to below) to or upon the Borrowers or any other Person (all and each of which demands, defenses, advertisements and notices are hereby waived), may in such circumstances forthwith collect, receive, appropriate and realize upon the Collateral, or any part thereof, and/or may forthwith sell, lease, assign, give option or options to purchase, or otherwise dispose of and deliver the Collateral or any part thereof (or contract to do any of the foregoing), in one or more parcels at public or private sale or sales, at any exchange, broker's board or office of the Collateral Agent, any Bank or any of the other holders of the Obligations or elsewhere upon such terms and conditions as it may deem advisable and at such prices as it may deem best, for cash or

on credit or for future delivery without assumption of any credit risk. Any holder of the Obligations shall have the right upon any such public sale or sales, and, to the extent permitted by law, upon any such private sale or sales, to purchase the whole or any part of the Collateral so sold, free of any right or equity of redemption in the Borrowers, which right or equity is hereby waived or released. The Borrowers further agree, at the Collateral Agent's request, to assemble the Collateral and make it available to the Collateral Agent at places which the Collateral Agent shall reasonably select, whether at the Borrowers' premises or elsewhere. The Collateral Agent shall apply the net proceeds (to the extent actually received in cash) of any such collection, recovery, receipt, appropriation, realization or sale, after deducting all reasonable costs and expenses of every kind incurred therein or incidental to the care or safekeeping of any of the Collateral or in any way relating to the Collateral or the rights of the holders of the Obligations hereunder, including, without limitation, reasonable attorneys' fees and disbursements, to the payment in whole or in part of the Obligations, in such order as the Collateral Agent may elect, and only after such application and after the payment by the Collateral Agent of any other amount required by any provision of law, including, without limitation, Section 9615 of the Code, need the Collateral Agent account for the surplus, if any, to the Borrowers. To the extent permitted by applicable law, each Borrower waives all claims, damages and demands it may acquire against any holders of the Obligations arising out of the exercise by them of any rights hereunder. If any notice of a proposed sale or other disposition of Collateral shall be required by law, such notice shall be deemed reasonable and proper if given at least 10 days before such sale or other disposition. The Borrowers shall remain liable for any deficiency if the proceeds of any sale or other disposition of the Collateral are insufficient to pay the Obligations and the fees and disbursements of any attorneys employed by the Collateral Agent, any Bank or any of the other holders of the Obligations to collect such deficiency.

(b) The Borrowers agree, upon the occurrence and during the continuation of an Event of Default, to take any actions that the Collateral Agent may request in order to enable the Collateral Agent to obtain and enjoy the full rights and benefits granted to the Collateral Agent (for itself and for the ratable benefit of the holders of the Obligations) under this Agreement and the other Loan Documents. Without limiting the generality of the foregoing, the Borrowers shall upon the occurrence and during the continuation of an Event of Default, at the Borrowers' sole cost and expense, assist in obtaining all approvals which are then required by law for or in connection with any action or transaction contemplated by this Agreement or Article 9 of the Uniform Commercial Code as in effect in any applicable jurisdiction.

9. Limitation on Duties Regarding Preservation of Collateral. The Collateral Agent's sole duty with respect to the custody, safekeeping and physical preservation of the Collateral in its possession, under Section 9207 of the Code or otherwise, shall be to deal with it in the same manner as the Collateral Agent deals with similar property for its own account. No holder of any Obligation, nor any of their respective directors, officers, employees or agents shall be liable for failure to demand, collect or realize upon all or any part of the Collateral or for any delay in doing so or shall be under any obligation to sell or otherwise dispose of any Collateral upon the request of the Borrowers or otherwise.

10. Powers Coupled with an Interest. All authorizations and agencies herein contained with respect to the Collateral are irrevocable and powers coupled with an interest.



11. Severability. Any provision of this Security Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

12. Paragraph Headings. The paragraph headings used in this Security Agreement are for convenience of reference only and are not to affect the construction hereof or be taken into consideration in the interpretation hereof.

13. No Waiver; Cumulative Remedies. No holder of any Obligation shall by any act (except by a written instrument pursuant to Section 14 hereof), delay, indulgence, omission or otherwise be deemed to have waived any right or remedy hereunder or to have acquiesced in any Default or Event of Default or in any breach of any of the terms and conditions hereof. No failure to exercise, nor any delay in exercising, on the part of the any holder of the Obligations, any right, power or privilege hereunder shall operate as a waiver thereof. No single or partial exercise of any right, power or privilege hereunder shall preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by any holder of any Obligations of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which such holder would otherwise have on any future occasion. The rights and remedies herein provided are cumulative, may be exercised singly or concurrently and are not exclusive of any rights or remedies provided by law.

14. Waivers and Amendments; Parties Bound; Governing Law. None of the terms or provisions of this Security Agreement may be waived, amended, supplemented or otherwise modified except by a written instrument executed by the Borrowers and the Collateral Agent, provided that any provision of this Security Agreement may be waived by the Collateral Agent in a written letter or agreement executed by the Collateral Agent or by facsimile transmission from the Collateral Agent. This Security Agreement shall be binding upon the successors and permitted assigns of the Borrowers and all Persons who become bound as Borrowers or grantors under this Security Agreement, and shall inure to the benefit of the Collateral Agent and the Banks and their respective successors and assigns. **THIS SECURITY AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE SUBSTANTIVE LAWS OF THE COMMONWEALTH OF PENNSYLVANIA.**

15. Notices. All notices hereunder to the Borrowers, the Collateral Agent or any of the Banks to be effective shall be in writing (including by facsimile), and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered or sent in the manner and to the respective addresses as provided in subsection 9.2 of the Credit Agreement.

16. Authority of Collateral Agent. The Borrowers acknowledge that the rights and responsibilities of the Collateral Agent under this Security Agreement with respect to any action taken by the Collateral Agent or the exercise or non-exercise by the Collateral Agent of any option, right, request, judgment or other right or remedy provided for herein or resulting or arising out of this Security Agreement shall, as between the Collateral Agent and the holders of the Obligations, be governed by the Credit Agreement, the Intercreditor Agreement and by such other

agreements with respect thereto as may exist from time to time among them, but, as between the Collateral Agent and the Borrowers, the Collateral Agent shall be conclusively presumed to be acting as agent for the holders of the Obligations with full and valid authority so to act or refrain from acting, and the Borrowers shall not be under any obligation, or entitlement, to make any inquiry respecting such authority.

17. Submission to Jurisdiction; Waivers.

(a) Each Borrower hereby irrevocably and unconditionally:

(i) submits for itself and its property in any legal action or proceeding relating to this Security Agreement, or for recognition and enforcement of any judgment in respect thereof to the non-exclusive general jurisdiction of the courts of the Commonwealth of Pennsylvania, the courts of the United States of America for the Eastern District of Pennsylvania, and appellate courts from any thereof;

(ii) consents that any such action or proceeding may be brought in such courts, and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;

(iii) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to the address set forth in the Credit Agreement or at such other address of which the Collateral Agent shall have been notified;

(iv) waives and hereby acknowledges that it is estopped from raising any objections based on forum non conveniens, any claim that any of the above-referenced courts lack proper venue or any objection that any of such courts lack personal jurisdiction over it so as to prohibit such courts from adjudicating any issues raised in a complaint filed with such courts against such Borrower concerning this Security Agreement;

(v) acknowledges and agrees that the choice of forum contained in this paragraph shall not be deemed to preclude the enforcement of any judgment contained in any forum or the taking of any action under this Security Agreement to enforce the same in any appropriate jurisdiction;

(vi) waives, to the maximum extent not prohibited by law, any right it may have to claim or recover in any legal action or proceeding referred to in this subsection any special, exemplary or punitive or consequential damages; and

(vii) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction.

**(b) EACH BORROWER AND THE COLLATERAL AGENT HEREBY UNCONDITIONALLY WAIVES TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING REFERRED TO IN PARAGRAPH (A) ABOVE.**

18. Counterparts. This Security Agreement may be executed by one or more of the parties to this Security Agreement on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument.


19. Further Assurances. The parties acknowledge their intent that, upon the occurrence and during the continuation of an Event of Default, the Collateral Agent shall receive, to the fullest extent permitted by all Requirements of Law and governmental policy, all rights necessary or desirable to obtain, use or sell the Collateral, and to exercise all remedies available to it under this Agreement, the Uniform Commercial Code as in effect in any applicable jurisdiction, or other applicable law. The parties further acknowledge and agree that, in the event of any change in law or governmental policy occurring subsequent to the date hereof that affects in any manner the Collateral Agent's rights of access to, or use or sale of, the Collateral, or the procedures necessary to enable the Collateral Agent to obtain such rights of access, use or sale, the Collateral Agent and the Borrowers shall amend this Agreement in such manner as the Collateral Agent shall request, in order to provide to the Collateral Agent such rights to the greatest extent possible consistent with all Requirements of Law and governmental policy.

IN WITNESS WHEREOF, the Borrowers and the Collateral Agent have caused this Security Agreement to be duly executed and delivered as of the date first above written.

VALLEY FORGE FLAG COMPANY, INC.


By:   
Gregory K. Harris, President

ABRAHAM INDUSTRIES, LLC

By:   
Michael Liberman, member

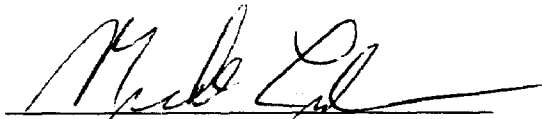
SOUTH FORGE REALTY, LLC

By: Abraham Industries, LLC, Member

By:   
Michael Liberman, Member


SOUTHERN IMPRESSIONS, LLC

By: Abraham Industries, LLC, Member

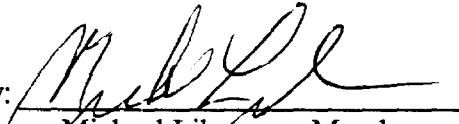
By:   
Michael Liberman, Member

RANDALL JAY REALTY, LLC

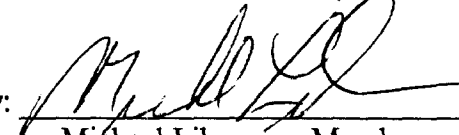
By: Abraham Industries, LLC, Member

By:   
Michael Liberman, Member

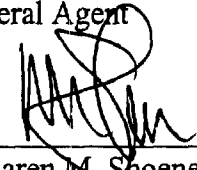
CAROLINA VISUALS, LLC  
By: Abraham Industries, LLC, Member

By:   
Michael Liberman, Member

LANE MANUFACTURING, LLC

By:   
Michael Liberman, Member

PNC BANK, NATIONAL ASSOCIATION,  
as Collateral Agent

By:   
Karen M. Shoener, Vice President

**PATENTS AND PATENT LICENSES,  
COPYRIGHTS AND COPYRIGHT LICENSES**

*Filed Copyrights*

<i>Title</i>	<i>Registration No.</i>	<i>Registration Date</i>	<i>Remarks</i>	<i>Status</i>
ELIZABETH ROSS FIRST STARS AND STRIPES			PENDING (Filed: 9/26/01)	©
ELIZABETH ROSS PLEATED FULL FAN			PENDING (Filed: 9/26/01)	©
ELIZABETH ROSS HERITAGE FLAG			PENDING (Filed: 9/26/01)	©
ELIZABETH ROSS PULLDOWN			PENDING (Filed: 9/26/01)	©
UNITED WE STAND RIBBON & Design			PENDING (Filed: 9/21/01)	©
BETSY FLAGS ADVERTISING MATERIAL	TX 4-533-587	7/17/98	REGISTERED	©
HOME AND FLAG	VA 898-515	7/17/98	REGISTERED	©

## *Other Copyrights and Licenses*

Valley Forge “Blue Label” packaging design (Unregistered work)  
Valley Forge “Blue Pattern” packaging design (Unregistered work)

### Elizabeth Ross Heritage Series\*

- USA Pleated Full Fan “Antique Treatment”
- USA First Stars & Stripes “Antique Treatment”
- USA 50 Stars “Antique Treatment”
- USA Pulldown “Antique Treatment”

(\*The works in the Elizabeth Ross Heritage Series are the subject of pending copyright applications. See page 1 of Schedule I.)

Elizabeth Ross Copyright Licenses (VFF has exclusive licenses in the unregistered works created and owned by the authors listed below):

Sue Clickner  
Tish Bacleda  
Helen Paul  
Laurie Korsgaden  
Carol Eldridge  
Wilhelm Goebel  
Robin Betterley  
Susan Zulauf  
Tina Wenke  
Eileen Rosenfeld  
Neil Whitmore  
Kate McRostie  
James Hearne

Betsy Flags Design copyrights (2001). VFF is the owner of the following unregistered works:

United We Stand Banner	(Vertical flag) Author: Valley Forge Flag
United We Stand Flag	(Horizontal flag) Author: Valley Forge Flag
Americana X	Author: Marietta Egervary
Americana Heart	(Garden flag) Author: Marietta Egervary
Americana Heart	(House flag) Author: Marietta Egervary
Boy Swinging on Vine	Author: Marietta Egervary
Hearts and Flowers	(Garden flag) Author: Marietta Egervary
Hearts and Flowers	(House flag) Author: Marietta Egervary
Knitting Needles with Yarn	Author: Jerrilyn Stebbins

Tulip Bouquet	(Garden flag) Author: Gretchen Madeira
Tulip Bouquet	(House flag) Author: Gretchen Madeira
Adirondack Chair	Author: Jane Ramsey
Seashore Bird House	Author: Jane Ramsey
Ahoy Sailing	(Garden flag) Author: Jerrilyn Stebbins
Ahoy Sailing	(House flag) Author: Jerrilyn Stebbins
Wheelbarrow	Author: Jane Ramsey
White Bear	Author: Tami Curtis O'Dell



**SCHEDULE II TO  
SECURITY AGREEMENT**

TRADEMARKS AND TRADEMARK LICENSES

*Registered Trademarks*

<i>Mark</i>	<i>(Application No.) Registration No.</i>	<i>(Application Date) Registration Date</i>	<i>Remarks</i>	<i>Status</i>
ELIZABETH ROSS	(76/117,752)	(08/28/00)	PENDING Office action sent to Patent and Trademark Office	TM
BETSY FLAGS	2,356,669	06/13/00	REGISTERED Sections 8 and 15 due 06/13/06	®

*Unregistered Trademarks and Tradenames*

Valley Forge Flags  
Valley Forge Flags stars and bars logo  
LET'S SHOW 'EM AMERICA

**SCHEDULE III TO  
SECURITY AGREEMENT**

**LOCATION OF ACCOUNT RECORDS**

Accounting records for all borrowers are located at 1700 Conrad Weiser Parkway,  
Womelsdorf, PA 19567-9759, c/o Valley Forge Flag Company, Inc.

**SCHEDULE IV TO  
SECURITY AGREEMENT**

**LOCATION OF INVENTORY RECORDS**

Inventory records for all borrowers are located at 1700 Conrad Weiser Parkway, Womelsdorf, PA 19567-9759, c/o Valley Forge Flag Company, Inc.

**LOCATION OF INVENTORY**

The primary inventory locations for all borrowers are as follows:

Valley Forge Flag plant located at 1700 Conrad Weiser Parkway, Womelsdorf, PA

Southern Impressions plant located at 432 Jones Road, Olanta, SC

Carolina Visuals plant located at 189 Sunrise Road, Smoaks, SC

In addition, Valley Forge Flag normally will have some inventory in the custody of the following subcontractors:

All Seasons Apparel, Inc. located at 3808 N. Sullivan Road, Spokane, WA

Apricot, Inc. located at Route 2, River Road, Hertford, NC

D & P Embroidery Company, Inc. located at Highway 198, Cobbs Creek, VA

Fab Industries, Inc. located at Lincolnton, NC

Gaffney Embroidery, LLC located at 530 Old Post Road, Gaffney, SC

Goralski, Inc. located at 200 Van Ripper Avenue, Elmwood Park, NJ

Hanes Dye & Finishing Co. located at Winston Salem, NC

Hemingway Apparel, Inc. located at Hemingway, NC

Holt Sublimation located at 2208 Airport Drive, Charlotte, NC

OSAN Manufacturing Company, Inc. located at 320 S. Washington St., Boyertown, PA

Quality Stitching, Inc. located at 300 Greenwood Highway, Saluda, SC

Quest, Inc. located at 704 Metro Drive, Lebanon, PA

Rosey's Creations, Inc. located at 1466 Hampton Road, Allentown, PA

Stucki Embroidery Works, Inc. located at Route 28, Boiceville, NY

U.S. Finishing Company located at 3335 Old Buncomb Road, Greenville, SC

**LOCATION OF EQUIPMENT**

The primary equipment locations for all borrowers are listed below:

Valley Forge Flag plant located at 1700 Conrad Weiser Parkway, Womelsdorf, PA

Southern Impressions plant located at 432 Jones Road, Olanta, SC

Carolina Visuals plant located at 189 Sunrise Road, Smoaks, SC

**SCHEDULE VII TO  
SECURITY AGREEMENT**

**LOCATION OF CHIEF EXECUTIVE OFFICE  
AND STATE OF ORGANIZATION**

Chief Executive Office: 1700 Conrad Weiser Parkway, Womelsdorf, PA

Chief Place of Business: 1700 Conrad Weiser Parkway, Womelsdorf, PA

Form and Place of Organization:

Valley Forge Flag Company, Inc. - New York  
Abraham Industries, LLC - Delaware  
Carolina Visuals, LLC - Delaware  
Southern Impressions, LLC - Delaware  
South Forge Realty, LLC - Delaware  
Randall Jay Realty, LLC - Delaware  
Lane Manufacturing, LLC - Delaware

State Identification Number:

<u>COMPANY NAME</u>	<u>FED TAX ID #</u>	<u>STATE ID #</u>	
VALLEY FORGE FLAG COMPANY, INC.	13-1564896	13-1564896	New York uses Fed ID #
ABRAHAM INDUSTRIES, LLC	52-2135036	52-2135036	South Carolina uses Fed ID #
SOUTHERN IMPRESSIONS, LLC	23-2984347	23-2984347	South Carolina uses Fed ID #
CAROLINA VISUALS, LLC	23-2984346	23-2984346	South Carolina uses Fed ID #
SOUTH FORGE REALTY, LLC	52-2135031	52-2135031	South Carolina uses Fed ID #
RANDALL JAY REALTY, LLC	52-2135034	52-2135034	South Carolina uses Fed ID #
LANE MANUFACTURING, LLC	52-2336986	52-2336986	South Carolina uses Fed ID #

**SCHEDULE VIII TO  
SECURITY AGREEMENT**

**COMMERCIAL TORT CLAIMS**

None