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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.

1. Name of conveying party(ies): Crawford Industrial Group, LLC
Individual(s) Association General Partnership Limited Partnership Corporation-State Other Ohio limited liability company
Additional name(s) of conveying party(ies) attached? Yes No

2. Name and address of receiving party(ies) Name: The Hillstreet Fund, L.P. Internal Address: Street Address: 300 Main Street City: Cinti State: OH Zip: 45202
Individual(s) citizenship Association General Partnership Limited Partnership Delaware Corporation-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

3. Nature of conveyance: Assignment Merger Security Agreement Change of Name Other
Execution Date: 12-07-01

4. Application number(s) or registration number(s): A. Trademark Application No.(s) 76/301,209 B. Trademark Registration No.(s) 2,280,718
Additional number(s) attached Yes No

5. Name and address of party to whom correspondence concerning document should be mailed: Name: Keating, Muething & Klekamp Internal Address: Attn: Daniel B. Runk, Street Address: 1400 Provident Tower One East Fourth Street City: Cinti State: OH Zip: 45202

6. Total number of applications and registrations involved: 2
7. Total fee (37 CFR 3.41) \$ 65.00
Enclosed Authorized to be charged to deposit account

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

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. Daniel B. Runk Signature Date 12-27-01

Total number of pages including cover sheet, attachments, and document: 33

01/14/2002 DRYRNE 00000574 76301209

01 FC:461 40.00 OP 02 FC:462 25.00 OP

Mail documents to be recorded with required cover sheet information to: Commissioner of Patent & Trademarks, Box Assignments Washington, D.C. 20231

## LOAN AND SECURITY AGREEMENT

THIS LOAN AND SECURITY AGREEMENT ("Agreement") is made as of the 7th day of December 2001, by and between CRAWFORD INDUSTRIAL GROUP, LLC, an Ohio limited liability company, its permitted successors and assigns ("Borrower"), and THE HILLSTREET FUND, L.P., a Delaware limited partnership, its permitted successors and assigns ("Lender").

WHEREAS, contemporaneously with the execution of this Agreement Borrower intends to purchase from Lender substantially all the assets formerly owned by Crawford Equipment and Engineering Company, a Florida corporation ("Seller"), pursuant to the terms of an Asset Purchase Agreement dated as of the date first above written ("Purchase Agreement");

WHEREAS, Borrower requires financing in order to consummate the transactions contemplated by the Purchase Agreement and Lender has agreed to provide such financing in the form of this loan to Borrower, and an equity infusion into Borrower in the form of membership interests, as more fully described in the Purchase Agreement.

NOW, THEREFORE, for and in consideration of the mutual premises contained herein and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, agree as follows:

Section 1. Capitalized Terms. For purposes of this Agreement, unless the context otherwise requires, the capitalized terms used in this Agreement shall have the meanings herein assigned to them, and such definitions shall be applicable to both singular and plural forms of such terms. In addition, any capitalized terms defined in the Uniform Commercial Code shall have the meanings given therein unless otherwise defined herein.

Section 2. Closing. The Closing of this transaction ("Closing") shall take place on December 7, 2001 ("Closing Date"), unless the parties mutually agree otherwise. Closing will be conducted by the exchange of documents by mail, facsimile or delivery service unless the parties otherwise agree.

Section 3. Loan Commitment. Lender agrees upon the terms of, and subject to the conditions contained in, this Agreement to make (i) a revolving credit loan to Borrower (the "Revolving Loan") in an amount not to exceed Five Hundred Thousand and 00/100 Dollars (\$500,000.00) (the "Maximum Revolving Credit") which shall be available to Borrower at such times and in such amounts as shall be requested by Borrower and Borrower may borrow, repay and reborrow, subject to the terms hereof, on a revolving basis from Lender on the Closing Date and from time to time thereafter prior to the Maturity Date (as hereinafter defined), and (ii) a term loan to Borrower in the principal amount of Two Million Two Hundred Thousand and 00/100 Dollars (\$2,200,000.00) (the "Term Loan") on the Closing Date (the Revolving Loan and the Term Loan shall be referred to as, collectively, the "Loans").

Section 4. Promissory Notes. The absolute and unconditional obligation of the Borrower to repay to Lender the principal of the Revolving Loan and the Term Loan and the interest thereon shall be evidenced by promissory notes in the form of Exhibit "A" (Revolving Loan) and Exhibit "B" (Term Loan) attached hereto (each a "Note", and collectively, the "Notes") which Notes shall include the following terms:

4.1 Term. The Notes shall each be dated as of the Closing Date and, unless due sooner pursuant to the provisions contained herein, shall mature and be due and payable in full on (i) December 7, 2002 for the Revolving Loan and (ii) December 7, 2007 for the Term Loan (the "Maturity Date").

4.2 Interest Rate. Except as provided in Section 6 hereof, the Notes shall bear interest (computed on the basis of the actual number of days elapsed over an assumed year consisting of 360 days) on the daily outstanding principal balance thereunder at (i) a rate per annum equal to ten percent (10.0%) for the Term Loan and (ii) at the daily New York Prime Rate as published in the Wall Street Journal for the Revolving Loan.

4.3 Interest Payment Dates. Interest on the Notes shall be payable monthly in arrears on the last day of each calendar month during the Term (each an "Interest Payment Date") commencing December 31, 2001, and ending on the date the Loans are due (whether by maturity, acceleration or otherwise).

4.4 Payments of Principal on the Term Loan. Until the third anniversary of the Closing Date, provided that Lender has not accelerated the Loans pursuant hereto, Borrower shall not be obligated to make any payment of principal on the Term Loan, provided, however, nothing contained herein shall otherwise prevent Borrower from making prepayments on the Term Loan. Notwithstanding the foregoing, there shall be a prepayment penalty on the outstanding principle balance of the Term Loan in the amount of (i) 4% if the prepayment is made during the first year of the Term Loan, (ii) 3% if the prepayment is made during the second year of the Term Loan, (iii) 2% if the prepayment is made during the third year of the Term Loan and (iv) 1% if the prepayment is made during the fourth year of the Term Loan. The principal on the Term Loan shall be payable quarterly in arrears on the last day of each quarter during the Term commencing on March 31, 2005 and ending on the Maturity Date (whether by maturity, acceleration or otherwise), in an amount sufficient to pay in full the entire unpaid principal and accrued interest.

4.5 Payments on the Revolving Loan. Borrower shall have the right to repay the principal of the Revolving Loan in full or in part at any time and from time to time without any penalty or premium, unless otherwise provided herein, provided that all outstanding amounts of principal and interest on the Revolving Loan shall be payable on the Maturity Date (whether by maturity, acceleration or otherwise), in an amount sufficient to pay the entire unpaid principal and accrued interest thereon.

4.6 Revolving Loan Advances. Subject to the conditions hereof and of any other Loan Documents relating hereto and until an Event of Default has occurred and is continuing or at the Maturity Date (whether at scheduled or accelerated maturity), the Borrower may borrow and reborrow from Lender such amounts not to exceed the Maximum Revolving Credit as the Borrower may request as provided for herein. Notwithstanding the foregoing, at no time will borrowings hereunder exceed the lesser of (i) the Maximum Revolving Credit or (ii) an amount equal to the sum of sixty-five percent (65%) of Eligible Raw Materials, plus thirty percent (30%) of Eligible Work-in-Process, plus sixty percent (60%) of Eligible Finished Goods, plus eighty-five percent (85%) of the outstanding amount of Eligible Accounts (the "Borrowing Base"), as such capitalized terms are defined in Exhibit "C" attached hereto and made a part hereof. All advances or draws under the Note shall be effectuated through wire transfer to an account designated by Lender. Any request for an advance shall be transmitted to Lender via facsimile, provided, Borrower shall immediately notify Lender by telephone of such transmission and such requests shall be accompanied by a compliance and borrowing base certificate in a form reasonably acceptable to Lender. All such requests for advances shall be made to and received by Lender not later than 10:00 a.m. Cincinnati, Ohio time on the day prior to the date on which an advance is requested to be made to Borrower by Lender. Borrower hereby designates Shane Dolohanty or John Vota (or any other person authorized by Lender) to make all requests for draws and advances.

Section 5. Fees. The Borrower shall, promptly upon request, reimburse the Lender for all reasonable loan administration, travel and related out-of-pocket expenses, including reasonable attorney fees and expenses in connection with the making of the Obligations. "Obligations" shall be defined herein as all of the indebtedness, obligations, covenants, promises and liabilities existing on the date hereof or arising from time to time hereafter, whether direct, indirect, absolute, contingent, joint or several, matured or unmatured, liquidated or unliquidated, secured or unsecured, arising by contract, operation of law or otherwise, of Borrower to Lender in respect of the Loans made pursuant to this Agreement or under any one or more of the Loan Documents including, but not limited to, interest, charges and other fees chargeable hereunder to Borrower and all costs and expenses referred to in this Section 5.

Section 6. Interest on Overdue Payments; Default Rate.

(i) If any payment of interest is not paid when due, or upon the occurrence and during the continuance of an Event of Default (as hereinafter defined), in addition to any other remedies of Lender pursuant hereto or the Purchase Agreement, the Lender, at its option, may charge and collect from the Borrower interest at a rate of two percent (2.0%) in excess of the otherwise applicable interest rate on the Loans ("Default Rate") (but in no event more than the rate permitted by applicable law).

(ii) If any payment of principal is not paid on the Loans when due, in addition to any other remedies of Lender pursuant hereto or the Purchase Agreement, the Lender, at its option, may charge and collect from Borrower a

monthly fee equal to one-hundredth of a percent (0.01%) of the outstanding principal balance then due and payable ("Late Fee") until such time as all such outstanding principal is repaid.

Section 7. Application of Funds. Unless otherwise provided in this Section 7, the funds received by the Lender shall be applied toward the Obligations as follows:

(i) First, to the payment of all fees, charges and other sums (with the exception of principal and interest) due and payable to the Lender under the Notes, this Agreement or any other security documents, agreements, instruments, certificates or documents executed in connection with this Agreement, whether concurrently herewith or subsequent hereto (together with the Notes and this Agreement, collectively, the "Loan Documents") at such time including, without limitation, all reasonable costs, expenses, disbursements and losses which shall have been incurred or sustained by the Lender in or incidental to the collection of the Obligations hereunder or the exercise, protection, or enforcement by the Lender of all or any of the rights, remedies, powers and privileges of the Lender under the Loan Documents and in and towards the provision of adequate indemnity to the Lender against all taxes or liens which by law shall have, or may have priority over the rights of the Lender in and to such funds;

(ii) Second, to be distributed to the Lender in satisfaction of the Obligations secured hereby in whatever order and priority as the Lender may determine in its sole discretion.

Section 8. Use of Proceeds. Borrower represents, warrants and covenants to the Lender that all proceeds of (i) the Term Loan shall be used by the Borrower to finance the acquisition of assets pursuant to the Purchase Agreement and the reasonable costs related thereto and (ii) the Revolving Loan shall be used by the Borrower solely for working capital purposes.

Section 9. Security Interest. (i) To secure the prompt repayment of the Notes and performance of all of the Obligations, Borrower hereby grants, and hereby pledges and collaterally assigns, to Lender a first priority lien and security interest in and to all of Borrower's personal property and fixtures, wherever located, whether now or hereafter owned, existing or acquired or hereafter arising including, without limitation, the Collateral described in Exhibit "D" attached hereto ("Collateral") and made a part hereof. To further secure such liabilities and Obligations, Borrower shall, at Lender's request (a) execute and deliver to Lender valid assignments of all other property rights (including, without limitation, rights to receive rents and rights with respect to judgments and claims) which now exist or which may exist or arise hereafter from time to time; (b) execute and deliver to Lender certificates of title and the like as necessary from time to time to secure the Obligations hereunder; and (c) deliver to Lender to the extent required herein or upon Lender's request all instruments, documents and Chattel Paper in which Borrower from time to time has an interest and such other documents as Lender may request to perfect a security interest in the Collateral.

(ii) Immediately upon Borrower's receipt of that portion of the Collateral which is evidenced or secured by an agreement, letter of credit, instrument and/or documents including, without limitation, promissory notes, documents of title, warehouse receipts and trade acceptances (the "Additional Collateral"), Borrower shall deliver the original thereof to Lender, together with appropriate endorsements, the documents required to draw thereunder (as may be relevant to letters of credit) and/or other specific evidence (in form and substance acceptable to Lender) of assignment thereof to Lender.

Section 10. Financing Statements; Additional Documents. Borrower shall take all necessary action or as requested by Lender to continue as perfected the lien and security interest in the Collateral of Lender, except for Collateral in which a first lien can be perfected only by possession and such possession is not required by Lender at this time. Such filings shall be in form and substance required by Lender, and Borrower shall pay all costs of recording and filing the financing statements (and any continuation or termination statements with respect thereto) and any other documents, titles, statements, assignments or the like reasonably required to create, maintain, preserve or perfect the liens or security interests granted under the Loan Documents, together with costs and expenses of any lien or UCC searches required by Lender in connection with the making of the Loans. Borrower irrevocably hereby makes, constitutes and appoints Lender (and anyone designated by Lender for that purpose) as Borrower's true and lawful attorney and agent-in-fact to execute such financing statements, documents and other agreements and instruments and does such other acts and things as may be necessary to preserve and perfect Lender's security interest in the Collateral. At Lender's request, Borrower shall execute and deliver to Lender at any time and from time to time hereafter, all supplemental documentation that Lender may reasonably request to perfect, maintain, preserve or continue the security interest and liens granted Lender hereby and under any of the Loan Documents, in form and substance acceptable to Lender, and pay the costs of preparing and recording or filing of the same. Borrower agrees that a carbon, photographic, or other reproduction of this Agreement or of a financing statement is sufficient as a financing statement. Except as otherwise provided in this Agreement, Borrower, immediately on acquiring Inventory or Accounts or proceeds thereof for which separate perfection is necessary or reasonably considered desirable by Lender, shall deliver to Lender any and all evidence of ownership of any such property and shall take all such action as may be reasonably necessary to perfect Lender's security interest in such property. Lender (by any of its officers, employees or agents) shall have the right, at any time or times during Borrower's usual business hours, to inspect the Collateral, all records related thereto (and to make extracts from such records) and the premises upon which any of the Collateral is located, to discuss Borrower's affairs and finances with any accountant, account debtor or creditor of Borrower and to verify the amount, quality, quantity, value and condition of, or any other matter relating to, the Collateral. Borrower shall perform all reasonable acts and execute or cause to be executed all documents including, without limitation, any assignment of patents or assignment of trademarks for filing with the United States Patent and Trademark Office, state offices and corresponding foreign registries as Lender reasonably deems necessary or desirable, to establish, perfect, record and maintain the security interest in the Intellectual Property and the goodwill symbolized thereby (whether now existing or hereafter acquired).

Section 11. Accounts; Chattel Paper; Lease. Upon the occurrence of an Event of Default and during the continuance thereof, Lender shall have the right at any time to notify any Person obligated to make payments to Borrower with respect to Accounts, Chattel Paper and lease agreements to make such payments directly to Lender. "Person" shall be defined as an individual, a company, a corporation, an association, a partnership, a limited liability company, a joint venture, an unincorporated trade or business enterprise, a trust, an estate, or other legal entity or a government, court, arbitrator or any agency, instrumentality or official of the foregoing.

Section 12. Representations and Warranties of Borrower. In order to induce the Lender to enter into this Agreement, Borrower hereby represents and warrants to the Lender on the date hereof that:

12.1 Corporate Existence; Capital Stock; Subsidiaries (i) Borrower is a limited liability company duly organized, validly existing, and in good standing under the laws of the state of its organization, with full power and authority to conduct its business as presently conducted. Borrower is duly qualified as a foreign limited liability company in all other jurisdictions in which its activities or ownership of property requires such qualification.

(ii) All issued and outstanding membership interests of Borrower are duly authorized and validly issued, fully paid and nonassessable and such membership interests were issued in compliance with all applicable state and federal.

(iii) Borrower has no subsidiaries.

(iv) Borrower does not own or hold of record (whether directly or indirectly) any shares of any class in the capital of any corporation, nor does Borrower own or hold (whether directly or indirectly) any legal and/or beneficial equity interest in any partnership, business trust or joint venture or in any other unincorporated trade or business enterprise.

12.2 Corporate Power; Authorization. Borrower has the requisite power and authority to make, deliver and perform this Agreement and other Loan Documents to which it is a party. No consent or authorization of, or filing with, any Person (including, without limitation, any governmental authority) is required in connection with the borrowings hereunder or the execution, delivery and performance by the Borrower, and the validity or enforceability (with respect to the Borrower) of this Agreement or other Loan Documents to which Borrower is a party, other than consents, authorizations or filings contemplated hereto.

12.3 Enforceable Obligations. Each of this Agreement and the other Loan Documents has been duly executed and delivered on behalf of the Borrower, and constitutes a legal, valid and binding obligation of the Borrower, enforceable against it in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws affecting the enforcement of creditors' rights

generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

12.4 No Legal Bar. The execution, delivery and performance of this Agreement and the Loan Documents and the consummation of the transactions contemplated thereby will not in any respect violate any applicable law or any material contractual obligation of Borrower.

12.5 Litigation. There are no claims of any kind or any actions, suits, proceedings or investigations pending or, to the knowledge of Borrower, threatened by or against Borrower.

12.6 No Default. Borrower is not in default under or with respect to any of its material contractual obligations. No Default or Event of Default has occurred and is continuing.

12.7 Ownership of Property; Liens. Borrower has good and marketable title to all of its Collateral, and none of such Collateral is subject to any lien, encumbrance or security interest.

12.8 Intellectual Property. Borrower possesses all licenses, patents, permits, trademarks, trade names, copyrights, technology, know-how and processes necessary for the conduct of its businesses as currently conducted and all such licenses, patents, permits, trademarks, trade names, and copyrights are listed on Exhibit "E" attached hereto and made a part hereof. No claim has been asserted and is pending by any Person challenging or questioning the use of any such property or rights or the validity or effectiveness of any such property or rights, nor is there any known basis for any such claim. The use of such property and rights by the Borrower does not infringe on the rights of any Person.

12.9 Compliance with Laws. Borrower is in compliance with any and all applicable laws with respect to the operation of its business.

12.10 Place of Business. The Borrower maintains a place of business and owns Collateral only at 9101 Parkers Landing, Orlando, Florida 32824 (the "Principal Office"). Borrower maintains its books of account and records, including all records concerning the Collateral, only at the Principal Office.

12.11 General Collateral Representation.

(i) The Borrower is the sole owner of and has good and marketable title to the Collateral, free from all liens, encumbrances, security interests and has full right and power to grant the Lender a security interest therein. All information which has been furnished to the Lender concerning the Collateral was complete, accurate and correct in all material respects when furnished, and all information which may be furnished to the Lender in the future concerning the



Collateral will be complete, accurate and correct in all material respects when furnished. No security agreement, financing statement, equivalent security or lien instrument or continuation statement covering all or any part of the Collateral is on file or of record in any public office, except such as may have been filed by Borrower in favor of Lender pursuant to this Agreement.

(ii) The provisions of this Agreement are sufficient to create in favor of the Lender, as of the Closing Date, a valid and continuing lien on, and security interest in, the types of the Collateral hereunder in which a security interest may be created under Article 9 of the UCC. Financing Statements on Form UCC-1 have been duly executed on behalf of Borrower and the description of such Collateral set forth therein is sufficient to perfect security interests in such Collateral in which a security interest may be perfected by the filing of Financing Statements under the UCC. When such Financing Statements are duly filed in the respective filing offices, and the requisite filing fees are paid, such filings will be sufficient to perfect security interests in such of the Collateral described in the Financing Statements as can be perfected by filing, which perfected security interests will be prior to all other liens in favor of others and rights of others, and as against any owner of real estate where any of the Equipment is located and as against any purchaser of such real property and any present or future creditor obtaining a lien on such real estate. All action necessary to protect and perfect a security interest in each item of the Collateral has been or will be duly taken, or in the case of Equipment covered by certificates of title will be taken within ninety (90) days of the Closing Date.

12.12 Accounts. As to each and every Account of Borrower, Borrower has the full right and power to grant the Lender a security interest therein, and the security interest granted in such Account to the Lender in Article 12.12 hereof, when perfected, will be a valid security interest.

12.13 Equipment and Inventory. All Equipment and Inventory is located at Borrower's Principal Office. No Equipment or Inventory is now stored with a bailee, warehouseman or similar party. All Equipment and Inventory of Borrower is currently usable or currently saleable in the normal course of Borrower's business. Borrower has no obsolete Equipment or Inventory.

12.14 Undisclosed Liabilities. Borrower has no material obligation or liability (whether accrued, absolute, contingent, unliquidated, or otherwise, whether due or to become due) arising out of transactions entered into at or prior to the Closing Date, or any action or inaction at or prior to the Closing Date.

12.15 Disclosure. All factual information furnished by or on behalf of Borrower in writing to Lender on or before the Closing Date (including all information contained in the Loan Documents) for purposes of or in connection with this Agreement or any transaction

contemplated hereby is true and complete in all material respects on the date as of which such information is dated or certified and does not contain any untrue statement of a material fact or omits to state any material fact which is known by Borrower.

12.16 Survival of Representations and Warranties. The foregoing representations and warranties are made by the Borrower with the knowledge and intention that the Lender will rely thereon, and shall survive the execution and delivery of this Agreement and the making of the Loans hereunder until such Obligations are paid in full.

Section 13. Affirmative Covenants. So long as the Notes remain outstanding and unpaid or any other Obligation is due and owing to the Lender, the Borrower agrees as follows:

13.1 Financial Statements.

(a) Year End Report. (i) As soon as available, but in any event within ninety (90) days after the end of each fiscal year of Borrower, Borrower shall deliver to the Lender copies of the audited financial statements of Borrower, including the balance sheet, as at the end of such year and the related statements of income, retained earnings and cash flow for such year, in each case containing in comparative form the figures for the previous year. The audited financial statements of Borrower shall be accompanied by an audit opinion of an independent certified public accountant reasonably acceptable to Lender, stating that such financial statements fairly present the financial position of Borrower and the results of operations and changes in cash flows for the fiscal year then ended in conformity with GAAP. and (ii) as soon as available, but in any event thirty (30) days prior to the last day of each fiscal year of Borrower, Borrower shall deliver financial projections and a management-prepared budget prepared on a monthly basis for the next year.

(b) Monthly Reports. As soon as available, but in any event not later than thirty (30) days after the end of each month, the Borrower shall deliver to the Lender copies of the balance sheet of Borrower as of the end of such month and the related unaudited statements of income, retained earnings and cash flow for such month and the portion of the fiscal year through the end of such month, setting forth in each case in comparative form the figures for the previous year, certified by Shane Dolohanty or other employee approved by Lender and prepared in accordance with GAAP applied on a basis consistent with the preceding years' statement (subject to normal year-end audit adjustments).

(c) Reports to Management. Simultaneously with the delivery of the financial statements described in Sections 13.1(a) and 13.1(b), the Borrower shall also deliver to Lender copies of reports to management and management letters prepared by the accountants to the Borrower, each certified as true and correct by Shane Dolohanty or other employee approved by Lender.

(d) Compliance Certificates. As soon as available, but in any event not later than thirty (30) days after the end of each quarterly period, the Borrower shall furnish to the Lender a compliance certificate in a form approved by Lender, executed by Shane Dolohanty or other employee approved by Lender (i) setting forth in reasonable detail the calculations supporting and used to determine Borrower's compliance with the financial covenants contained in Article 8 hereof, along with supporting schedules; and (ii) stating that Shane Dolohanty or such other employee approved by Lender has, after due inquiry, obtained no knowledge of any Default or Event of Default, except as specified in such compliance certificate.

13.2 Conduct of Business and Maintenance of Existence. Borrower shall continue to engage in business of the same general type as now conducted by it and preserve, renew and keep in full force and effect its corporate existence and take all reasonable action to maintain all rights, privileges and franchises necessary for the normal conduct of its business. Borrower shall comply with all contractual obligations and requirements of applicable law.

13.3 Maintenance of Property; Insurance. Borrower shall keep all property useful and necessary in its business in good working order and condition; maintain all worker's compensation insurance required by law; maintain with financially sound and reputable insurance companies insurance on all of its real and personal property in amounts consistent with past practices of Borrower (in amounts sufficient to insure one hundred percent (100%) of the actual replacement costs thereof) (subject to normal deductibles and/or self-insured retentions in amounts not in excess of the amounts in place as of the date of this Agreement) and against at least such risks as are usually insured against in the same general area by companies engaged in the same or a similar business, or, in case of an Event of Default, as the Lender may reasonably specify from time to time, that Lender may reasonably request from time to time, and furnish to the Lender, promptly after written request, any information as to the insurance carried. If Borrower fails to do so, the Lender may obtain such insurance and charge the cost thereof to the Borrower's account and add it to the Obligations. The Borrower agrees that, if any loss should occur, the proceeds of all such insurance policies may be applied to the payment of all or any part of the Obligations, as the Lender may direct. The Lender shall be named an additional named insured, lender loss payee and mortgagee on such insurance policies, as the case may be, to the extent that such policies insure the Collateral. In the event of any casualty for which the proceeds of insurance are less than Fifty Thousand and 00/100 Dollars (\$50,000.00), however, the Borrower shall be entitled to retain such proceeds for the purpose of repairing or replacing the insured property; provided, that the Borrower promptly executes and delivers to the Lender such documents, instruments, financing statements or other agreements as may be necessary to perfect the security interest of the Lender in all such property. All policies shall provide for at least thirty (30) days' written notice of cancellation to the Lender, except premium nonpayment cancellation which shall be ten (10) days' written notice.

13.4 Liability Insurance. Borrower shall, at all times, maintain in full force and effect such liability insurance with respect to its activities and other insurance as may be reasonably required by the Lender, such insurance to be provided by insurer(s) reasonably

acceptable to the Lender and, if requested by the Lender, such insurance shall name the Lender as an additional insured.

13.5 Inspection of Property; Books and Records. Borrower shall maintain complete and accurate books of accounts and records in which full, true and correct entries in conformity with GAAP and all applicable laws shall be made of all dealings and transactions in relation to the Collateral and the operations of the Borrower; and grant to the Lender, or its representatives, full and complete access to the Collateral and all books of account, records, correspondence and other papers relating to the Collateral during normal business hours and Borrower grants to Lender the right to inspect, examine, verify and make abstracts from the copies of such books of account, records, correspondence and other papers, and to investigate during normal business hours such other records, activities and business of the Borrower as it may deem reasonably necessary or appropriate at the time, as long as such inspections do not unreasonably interfere with Borrower's business.

13.6. Notices. Borrower shall promptly give notice to the Lender of:

- (i) the occurrence of any Default or Event of Default;
- (ii) any (a) default or event of default under any material contractual obligation relating to any Obligation of Borrower, and any (b) litigation, investigation or proceeding which may exist at any time between Borrower and any governmental authority;
- (iii) the commencement, existence or written threat of any action or proceeding by or before any governmental or political subdivision or any agency, authority, bureau, central bank, commission, department or instrumentality of either, or any court, tribunal, grand jury or arbitrator. in each case whether foreign or domestic, against or affecting Borrower; and
- (iv) any change in the business, operations, property, condition (financial or otherwise) of Borrower which would reasonably be expected to have a material adverse effect.

Each notice pursuant to this Section 13.5 shall be accompanied by a statement of a responsible officer of Borrower setting forth details of the occurrence referred to therein and stating what action the Borrower proposes to take with respect thereto.

13.7 Licenses and Permits. Borrower owns or possesses any and all Licenses and Permits and rights with respect thereto, necessary for the conduct of its business as presently conducted and proposed to be conducted, without any known conflict with the rights of others and, in each case, free of any lien. All of the foregoing are in full force and effect, and Borrower is in compliance with the foregoing without any known conflict with the valid rights of others. No event has occurred which permits or, after notice or lapse of time or both, would permit the

revocation or termination of any such License or Permit, or affect the rights of Borrower thereunder. "Licenses and Permits" shall mean all licenses, permits, registrations and recordings thereof and all applications incorporated into for such licenses, permits and registrations now owned or hereafter acquired by Borrower and required from time to time for the business operations of Borrower.

13.8 Inventory. With respect to the Inventory, Borrower shall:

(i) sell or dispose of the Inventory only to buyers in the ordinary course of business and consistent with past practice (which may include disposing of obsolete Inventory in the ordinary course of business and in accordance with past practices of Borrower); and

(ii) promptly notify the Lender of any change in location of any of the Inventory and, prior to any such change, execute and deliver to the Lender such UCC Financing Statements satisfactory to the Lender as the Lender may request.

13.9 Equipment. Borrower shall:

(i) keep and maintain the Equipment in good operating condition and repair, excluding normal wear and tear, and shall make all necessary replacements thereof so that the value, utility and operating efficiency thereof shall at all times be maintained and preserved in materially the same condition as on the Closing Date, except to the extent items of Equipment become obsolete in the ordinary course of business, and not permit any such items to become a fixture to real estate or accession to other personal property; and

(ii) upon an Event of Default or as requested by Lender, immediately on demand thereof by Lender, deliver to Lender any and all evidence of ownership of any of the Equipment (including, without limitation, certificates of title and applications for the title).

13.10 Collateral. Borrower shall maintain the Collateral, as the same is constituted from time to time, free and clear of all liens, and defend the Collateral against all claims and demands of all Persons at any time claiming the same or any interest therein and pay all costs and expenses (including reasonable attorney's fees) incurred in connection with such defense.

13.11 Further Documents. Borrower shall, at or prior to the Closing Date:

(i) subject to the terms of the Intercreditor Agreement, cause Lender's lien to be noted on each document of ownership or title as to which evidence of Lender's lien is necessary or, in Lender's or Lender's counsel's opinion, advisable to be shown in order to perfect Lender's lien on the Collateral covered by such document; and

(ii) execute and deliver such financing statements, documents and instruments, and perform all other acts as the Lender deems reasonably necessary or desirable, to carry out and perform the intent and purpose of this Agreement, and pay, upon demand, all expenses (including reasonable attorney's fees) incurred by the Lender in connection therewith.

13.12 Trademarks, Copyrights and Other Intellectual Property. Promptly upon the filing by Borrower of any application for letters patent or the registration of any trademarks, trade names or copyrights, Borrower shall notify Lender in writing and furnish such documentation as Lender may request to perfect Lender's security interest in such property.

13.13 Other Information. Borrower shall furnish to the Lender such other financial and business information and reports in form and substance satisfactory to the Lender as and when the Lender may from time to time request.

Section 14. Negative Covenants. So long as the Notes remain outstanding and unpaid or any other Obligation is due and owing to the Lender, the Borrower agrees as follows:

14.1 Limitations on Indebtedness. The Borrower will not at any time create, incur or assume, or become or be liable (directly or indirectly) in respect of, any indebtedness, other than:

(i) the Obligations incurred pursuant to this Agreement;

(ii) current liabilities of Borrower incurred in the ordinary course of business not incurred through the borrowing of money, or the obtaining of credit except for credit on an open account basis customarily extended and in fact extended in connection with normal purchases of goods and services;

(iii) Indebtedness in respect of taxes, assessments, governmental charges or levies and claims for labor, worker's compensation, materials and supplies to the extent any of the foregoing shall not otherwise be payable in accordance herewith;

(iv) Indebtedness of Borrower in an aggregate amount not exceeding Fifty Thousand and 00/100 Dollars (\$50,000.00) outstanding at any one time and incurred in the ordinary course of business consisting of unsecured indebtedness, and (a) obligations under capitalized leases and (b) purchase money indebtedness incurred in connection with the acquisition after the date hereof of any real or personal property by Borrower; and

(v) Indebtedness in respect of performance, surety, statutory, insurance, appeal or similar bonds obtained in the ordinary course of business.

14.2 Limitation on Fundamental Changes. Borrower shall not merge, consolidate or amalgamate, or liquidate, wind up or dissolve itself (or suffer any liquidation or dissolution), or make any material change in its business or its present method of conducting business.

14.3 Limitation on Nature of Business. Borrower will not at any time make any material change in the nature of its business as carried on at the date hereto or undertake, conduct or transact any business in a manner prohibited by applicable law. Borrower shall not create, capitalize or acquire any subsidiary after the Closing Date

14.4 Limitation on Dispositions of Assets. The Borrower shall not convey, sell, lease, license, assign, transfer or otherwise dispose of a substantial part (more than five percent (5%) in the aggregate during the term hereof) of its property, business or assets (including, without limitation, receivables and leasehold interests), whether now owned or hereafter acquired, except for the sale of Inventory and obsolete Equipment in the ordinary course of business. Notwithstanding anything herein to the contrary, Borrower shall have the right to make its monthly management fee payment to HillStreet Capital Partners, Ltd.

14.5 Limitation on Investments, Loans and Advances. The Borrower shall not make or permit to exist any advances or loans to, or guarantee or become contingently liable, directly or indirectly, in connection with the obligations, leases, stock or dividends of, or own, purchase or make any commitment to purchase any stock, bonds, notes, debentures or other securities of, or any interest in, or make any capital contributions to (all of which are sometimes collectively referred to herein as "Investments") any Person except for purchases of direct obligations of the federal government, deposits in commercial banks, commercial paper of any U.S. corporation having the highest ratings then given by the Moody's Investors Services, Inc. or Standard & Poor's Corporation, endorsement of negotiable instruments for collection in the ordinary course of business, advances to employees for business travel and other expenses incurred in the ordinary course of business, any extension of trade credit in the ordinary course of business and investments in customer accounts for Inventory sold or services rendered in the ordinary course of business, any investments in cash equivalents, and investments received in connection with the bankruptcy of suppliers and customers or received pursuant to a plan of reorganization, in each case, in settlement of delinquent obligations or disputes.

14.6 Limitation on Capital Expenditures. Without the prior written consent of Lender, Borrower shall not make or incur any Capital Expenditures in the aggregate during any calendar year in excess of Fifty Thousand and 00/100 Dollars (\$50,000.00).

14.7 Limitations on Restricted Payments. Without the prior written consent of Lender, the Borrower shall not, at any time, enter into, participate in, or make any Restricted Payment. "Restricted Payments" shall mean any distribution, direct or indirect, on account of any membership interest of Borrower now or hereafter outstanding.

14.8 Limitation on Guarantee Obligations. Without the prior written consent of Lender, the Borrower shall not create, incur, assume or suffer to exist any Guarantee Obligation except in the ordinary course or for product warranties; or return or replacement guaranties and similar assurances made by Borrower with respect to products sold to customers in the ordinary course of business and in accordance with the past practices of Borrower. "Guarantee Obligations" shall mean, with respect to any Person, any direct or indirect liability, contingent or otherwise, with respect to any indebtedness, lease or other obligation of another if the primary purpose or intent thereof in incurring the Guarantee Obligation is to provide assurance to the obligee of such obligation of another that such obligation of another will be paid or discharged, or that any agreements relating thereto will be complied with, or that the holders of such obligation will be protected (in whole or in part) against loss in respect thereof. The amount of any Guarantee Obligation shall be deemed to be the maximum amount for which the guaranteeing Person may be liable pursuant to the terms of the instrument embodying such Guarantee Obligation, or if not stated or determinable, the maximum reasonably anticipated liability in respect thereof.

14.9 Distributions and Similar Transactions. Without the prior written consent of Lender, and except as otherwise permitted under Section 14.7, Borrower shall not: declare or pay any distributions or make any other payments on its membership interests; issue, redeem, or repurchase any of its membership interests, other than membership interests owned by Lender; or make any distribution to its members in their capacities as such. Notwithstanding anything herein to the contrary, Borrower shall pay back Lender its preferred membership share interest in the Borrower.

14.10 Additional Financial Covenants. Commencing with the fiscal quarter ending on December 31, 2001 and at the end of each quarterly period thereafter, Lender and Borrower agree to reexamine the financial covenants herein and make amendments and additions hereto as necessary.

Section 15. Risk of Loss; Insurance. Risk of loss of, damage to, or destruction of, the Collateral is with the Borrower to the extent that the Borrower now or hereafter owns or acquires such Collateral. If the Borrower fails to obtain and keep in full force and effect insurance covering the Collateral as may be reasonable or fails to pay the premiums thereon when due, the Lender may do so for the account of the Borrower and add the cost thereof to the obligations secured hereby. The Borrower shall cause the Lender to be given thirty (30) days prior notice of the cancellation of any insurance policy covering the Collateral. The Borrower hereby assigns and sets over unto the Lender all moneys which may become payable on account of such insurance, including without limitation any return or unearned premiums which may be due upon cancellation of any such insurance, and directs the insurers to pay the Lender any amount so due. The Lender, its officers, employees and authorized agents are hereby irrevocably appointed the attorneys-in-fact of the Borrower to endorse any draft or check which may be payable to the Borrower in order to collect the proceeds of such insurance or any return or unearned premiums. Any balance of insurance proceeds remaining in the possession of the Lender after payment in full of the obligations secured hereby shall be paid to the Borrower or to its order.



Notwithstanding the foregoing, provided no Event of Default then exists, the Lender shall permit any insurance proceeds received to be used by the Borrower to replace or repair the equipment effected by such casualty event provided that the insurance proceeds (together with other proceeds provided by the Borrower) are sufficient to repair or replace the Collateral so damaged or destroyed.

Section 16. Events of Default. For purposes of this Agreement, an Event of Default shall mean the occurrence of any one or more of the following events:

16.1 Payments.

(i) Failure by the Borrower to pay principal or interest on the Loans for any reason other than restrictions under applicable law or under this Agreement or lack of funds legally available therefor, in each case when due and payable, as the case may be; or

(ii) Failure by the Borrower to pay any other Obligation hereunder when due and payable and such default goes unremedied for a period of ten (10) days following receipt of written notice from Lender.

16.2 Representations and Warranties. Any representation or warranty made by the Borrower or any officer of Borrower in any Loan Document, including any certificate, document or financial or other statement furnished by Borrower at any time in connection herewith or therewith shall prove to have been untrue in any material respect.

16.3 Covenants. Default by Borrower in the observance or performance of any covenant or agreement contained herein or in any Loan Document and continuance of such default unremedied for a period of ten (10) days following receipt of written notice thereof from Lender.

16.4 Effectiveness of Loan Documents. Any Loan Document shall cease to be legal, valid, binding or enforceable in accordance with the terms thereof in any material respect, or any of the liens intended to be created by any Loan Document ceases to be or are not valid and perfected liens having the priority contemplated thereby.

16.5 Cross-Default to Other Indebtedness. An Event of Default shall be deemed to have occurred in the event of any default by Borrower or any event of default shall occur under any agreement, including, without limitation the Purchase Agreement, any other instrument or contract relating to indebtedness to which Borrower is at any time a party or by which Borrower is at any time bound or affected, or Borrower shall fail to perform or observe any of its agreements or covenants thereunder, and such default, event of default or failure shall continue for such period of time as would permit, or as would have permitted (assuming the giving of appropriate notice), holders of indebtedness of Borrower to accelerate the maturity of all or any part of such indebtedness under any such document.

16.6 Commencement of Bankruptcy or Reorganization Proceeding.

(i) Borrower shall commence any case, proceeding or other action under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it as bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, wind-up, liquidation, dissolution, composition or other relief with respect to it or its debts, or seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or any substantial part of its assets; or

(ii) There shall be commenced against Borrower any such case, proceeding or other action which results in the entry of an order for relief or any such adjudication or appointment or remains undismitted, undischarged or unbonded for a period of sixty (60) days; or

(iii) There shall be commenced against Borrower any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its assets which results in the entry of an order for any such relief which shall not have been vacated, discharged, or stayed or bonded pending appeal within sixty (60) days from the entry thereof; or

(iv) Borrower shall suspend the operation of its business or take any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth above in this Section ; or

(v) Borrower shall generally not, or shall be unable to, or shall admit in writing its inability to, pay its debts as they become due.

16.7 Material Judgments. One or more judgments or decrees shall be entered against Borrower involving in the aggregate a liability (not covered by insurance) of Fifty Thousand and 00/100 Dollars (\$50,000.00) or more and all such judgments or decrees shall not have been vacated, satisfied, discharged or bonded pending appeal within thirty (30) days from the entry thereof.

16.8 Remedies. Upon the occurrence of an Event of Default described in this Article , the Lender, at its option, may:

(i) declare the Obligations of the Borrower immediately due and payable, without presentment, notice, protest or demand of any kind for the payment of all or any part of the Obligations (all of which are expressly waived by the Borrower) and exercise all of its rights and remedies against the Borrower and any Collateral provided

herein or in any other agreement among the Borrower and the Lender or any other party;  
and

(ii) exercise all rights granted to a secured party under the Uniform Commercial Code or otherwise.

Upon the occurrence of an Event of Default, the Lender may take possession of the Collateral, or any part thereof, and Borrower hereby grants the Lender authority to enter upon any premises on which the Collateral may be situated and remove the Collateral from such premises or use such premises, together with the materials, supplies, books and records of the Borrower, to maintain possession and/or the condition of the Collateral and to prepare the Collateral for sale. The Borrower shall, upon demand by the Lender, assemble the Collateral and make it available at a place designated by the Lender which is reasonably convenient to all parties. Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, the Lender will give the Borrower reasonable notice of the time and place of any public sale thereof or of the time after which any private sales or other intended disposition thereof is to be made. The requirement of reasonable notice shall be met if such notice is mailed, postage prepaid, to the address of the Borrower set forth in Section 21 hereof at least ten (10) days prior to the time of such sale or disposition.

The Lender shall have the right to enter upon the premises of the Borrower where the Collateral is located (or is believed to be located) without any obligation to pay rent to the Borrower, or any other place or places where the Collateral is believed to be located and kept, and render the Collateral unusable or remove the Collateral therefrom to the premises of the Lender or any agent of the Lender, for such time as the Lender may desire, in order effectively to collect or liquidate the Collateral, and/or the Lender may require the Borrower to assemble the Collateral and make it available to the Lender at a place or places to be designated by the Lender and reasonably convenient to the Borrower. The Lender shall have the right to obtain access to Borrower's data processing equipment, computer hardware and software relating to the Collateral and to use all of the foregoing and the information contained therein in any manner the Lender deems appropriate; and the Lender shall have the right to notify post office authorities to change the address for delivery of the Borrower's mail to an address designated by the Lender and to receive and open all mail addressed to Borrower.

The Borrower, to the extent that it has any right, title or interest in the Collateral, waives and releases any right to require the Lender to collect any of the obligations secured hereby from any other of the Collateral under any theory of marshaling of assets, or otherwise, and specifically authorizes the Lender to apply any of its Collateral against any of the obligations secured hereby in any manner that the Lender may determine. Demand, presentment, protest and notice of nonpayment are hereby waived by the Borrower. The Borrower also waives the benefit of all valuation, appraisal and exemption laws; provided, however, nothing in this sentence shall excuse the Lender from acting in a commercially reasonable manner.

16.10 Set-off. Lender shall have the right, without prior notice to the Borrower, any such notice being expressly waived to the extent permitted by applicable law, to set-off and apply against any of the Obligations, whether matured or unmatured, any amount owing from the Lender to the Borrower at, or at any time after, the happening of any Event of Default, and such right of set-off may be exercised by the Lender against the Borrower or against any trustee in bankruptcy, debtor in possession, assignee for the benefit of creditors, receiver, custodian or execution, judgment or attachment creditor of Borrower, or against anyone else claiming through or against Borrower or such trustee in bankruptcy, debtor in possession, assignee for the benefit of creditors, receivers, or execution, judgment or attachment creditor, notwithstanding the fact that such right of set-off shall not have been exercised by the Lender prior to the making, filing or issuance, or service upon the Lender of, or of notice of, any such petition, assignment for the benefit of creditors, appointment or application for the appointment of a receiver, or issuance of execution, subpoena, order or warrant. The Lender agrees promptly to notify the Borrower after any such set-off and application made by the Lender; provided, that the failure to give such notice shall not affect the validity of such set-off and application.

16.11 Rights Cumulative; Waiver. The rights, options and remedies of the Lender shall be cumulative and no failure or delay by the Lender in exercising any right, option or remedy shall be deemed a waiver thereof or of any other right, option or remedy, or waiver of any Event of Default hereunder, nor shall any single or partial exercise of any such right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy hereunder. The Lender shall not be deemed to have waived any of the Lender's rights hereunder or under any other agreement, instrument or paper signed by Borrower unless such waiver shall be in writing and signed by the Lender.

Section 17. Notification of Debtors; Grant of Powers. Lender shall have the right at any time after the occurrence of an Event of Default to notify Account Debtors of its security interest in the Accounts and to require payments to be made directly to the Lender at such address or in such manner as the Lender may deem appropriate. Upon request of the Lender at any time after the occurrence of an Event of Default, the Borrower will so notify the Account Debtors and will indicate on all billings to the Account Debtors that the Accounts are payable to the Lender. To facilitate direct collection, Borrower hereby appoints the Lender and any officer or employee of the Lender, as the Lender may from time to time designate, as attorney-in-fact for Borrower if after the occurrence of an Event of Default to receive, open and dispose of all mail addressed to Borrower and take therefrom any payments on or proceeds of Accounts, take over the Borrower's post office boxes or make other arrangements, in which the Borrower shall cooperate, to receive the Borrower's mail, including notifying the post office authorities to change the address for delivery of mail addressed to Borrower to such address as the Lender shall designate, endorse the name of Borrower in favor of the Lender upon any and all checks, drafts, money orders, notes, acceptances or other evidences or payment or Collateral that may come into the Lender's possession, sign and endorse the name of Borrower on any invoice or bill of lading relating to any of the Accounts, on verifications of Accounts sent to any Account Debtor, to drafts against Account Debtors, to assignments of Accounts and to notices to Debtors, and do all acts and things necessary to carry out this Agreement, including signing the name of

the Borrower on any instruments required by law in connection with the transactions contemplated hereby and on Financing Statements as permitted by the Uniform Commercial Code. The Borrower hereby ratifies and approves all acts of such attorneys-in-fact, and neither the Lender nor any other such attorney-in-fact shall be liable for any acts of commission or omission, or for any error of judgment or mistake of fact or law, excluding acts of the Lender or such attorney-in-fact that are willful, malicious or grossly negligent. This power, being coupled with an interest, is irrevocable if after the occurrence of an Event of Default so long as any of the Obligations remain unsatisfied.

Section 18. Disclaimer of Liability. The Lender shall not, under any circumstances, be liable for any error or omission or delay of any kind occurring in the settlement, collection or payment of any Accounts or any instruments received in payment thereof or for any damage resulting therefrom, unless caused by the Lender's willful, malicious or grossly negligent acts. Subject to the terms of the Intercreditor Agreement, the Lender may, without notice to or consent from the Borrower, sue upon or otherwise collect, extend the time of payment of, or compromise or settle for cash, credit or otherwise upon any terms, any of the Accounts or any securities, instruments or insurance applicable thereto and/or release the obligor thereon. Subject to the terms of the Intercreditor Agreement, the Lender is authorized to accept the return of the goods represented by any of the Accounts, without notice to or consent by the Borrower, or without discharging or in any way affecting the Obligations hereunder. The Lender shall not be liable for or prejudiced by any loss, depreciation or other damage to Accounts or other Collateral unless caused by the Lender's willful, malicious or grossly negligent act, and the Lender shall have no duty to take any action to preserve or collect any Account or other Collateral.

Section 19. Borrowing Resolutions. Simultaneously with the execution hereof by Borrower, Lender shall receive from Borrower copies, certified by a duly authorized officer to be true and complete on and as of the Closing Date, of records of all action taken by Borrower to authorize (a) the execution and delivery of this Agreement, and (b) the performance of all of its obligations hereunder.

Section 20. Defeasance. Except as specifically set forth herein, upon payment in full of the obligations secured hereby, this Agreement shall terminate and be of no further force and effect; and in such event, the Lender will, at the expense of the Borrower, redeliver and reassign the Collateral to the Borrower and take all action necessary to terminate the security interests of the Lender in the Collateral. Until such time, however, this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

Section 21. Notices. All notices, consents, requests and demands to or upon the respective parties hereto shall be in writing and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered by hand, or when deposited in the mail, postage prepaid, or, in the case of facsimile, telex or telegraphic notice, when sent, addressed as follows:

If to the Lender:      The HillStreet Fund, L.P.  
300 Main Street  
Cincinnati, Ohio 45202  
Telephone:      (513) 651-0800  
Facsimile:      (513) 412-3680  
Attention:      John P. Vota

With a copy to:      Keating, Muething & Klekamp, P.L.L.  
1400 Provident Tower  
Cincinnati, Ohio 45202  
Telephone:      (513) 579-6595  
Facsimile:      (513) 579-6457  
Attention:      Timothy B. Matthews, Esq.

If to the Borrower:      Crawford Industrial Group, LLC  
9101 Parkers Landing  
Orlando, Florida 32824  
Telephone:      (407) 851-0993  
Facsimile:      (407) 851-2406  
Attention:      Shane Dolohanty

Notices of changes of address shall be given in the same manner.

Section 22. Term of Agreement, Successors and Assigns. This Agreement and all covenants, agreements, representations and warranties made herein and in the reports, certificates and other writings delivered pursuant hereto shall survive the execution and delivery of this Agreement, the making by the Lender of the Loans and the execution and delivery to the Lender of the Notes and shall continue in full force and effect until terminated as provided herein. Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; and all terms and provisions of this Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns, whether so expressed or not; provided however, that the Borrower may not assign or transfer its rights or duties under this Agreement without the prior written consent of the Lender.

Section 23. No Implied Rights or Waivers. No notice to or demand on the Borrower in any case shall entitle the Borrower to any other or further notice or demand in the same, similar or other circumstances. Neither any failure nor any delay on the part of the Lender in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall a single or partial exercise thereof preclude any other or further exercise of the same or the exercise of any other right, power or privilege.

Section 24. GOVERNING LAW. AS A SPECIFICALLY BARGAINED INDUCEMENT FOR LENDER TO EXTEND CREDIT TO BORROWER, BORROWER

AGREES THAT ANY ACTION, SUIT OR PROCEEDING IN RESPECT OF OR ARISING OUT OF THIS AGREEMENT, ITS VALIDITY OF PERFORMANCE, AT THE SOLE OPTION OF LENDER, ITS SUCCESSORS AND ASSIGNS, SHALL BE INITIATED AND PROSECUTED AS TO ALL PARTIES AND THEIR HEIRS, SUCCESSORS AND ASSIGNS AT CINCINNATI, OHIO. EACH OF LENDER AND BORROWER HEREBY CONSENTS TO AND SUBMITS TO THE EXERCISE OF JURISDICTION OVER ITS PERSON BY ANY COURT SITUATED AT CINCINNATI, OHIO HAVING JURISDICTION OVER THE SUBJECT MATTER, WAIVES PERSONAL SERVICE OF ANY AND ALL PROCESS UPON IT AND CONSENTS THAT ALL SUCH SERVICE OF PROCESS BE MADE BY REGISTERED MAIL DIRECTED TO THE LENDER AND BORROWER AT THEIR ADDRESSES AS SET FORTH HEREIN AND SERVICE SO MADE SHALL BE DEEMED TO BE COMPLETED FIVE (5) BUSINESS DAYS AFTER SUCH PROCESS SHALL HAVE BEEN DEPOSITED IN THE U.S. MAIL, POSTAGE PREPAID.

Section 25. Amendments. This Agreement may be amended or modified only in a writing executed by each of the parties hereto.

Section 26. Severability. Any provision of this 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 or affecting the validity or enforceability of such provisions in any other jurisdiction.

Section 27. Headings. The headings of the sections and subsections of this Agreement are inserted for convenience only and shall not be deemed to constitute a part hereof.

*[Remainder of page intentionally left blank; signature page to follow.]*

IN WITNESS WHEREOF the parties have executed this Agreement as of the date and year first above written.

**BORROWER:**

CRAWFORD INDUSTRIAL GROUP, LLC

By: Shane Dolohanty  
Name: Shane Dolohanty  
Title: President

**LENDER:**

THE HILLSTREET FUND, L.P.

By: HillStreet Capital, Inc.  
Its: Investment Manager

By: \_\_\_\_\_  
Name: John P. Vota  
Title: Executive Vice President

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IN WITNESS WHEREOF the parties have executed this Agreement as of the date and year first above written.

**BORROWER:**

CRAWFORD INDUSTRIAL GROUP, LLC

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**LENDER:**

THE HILLSTREET FUND, L.P.

By: HillStreet Capital, Inc.  
Its: Investment Manager

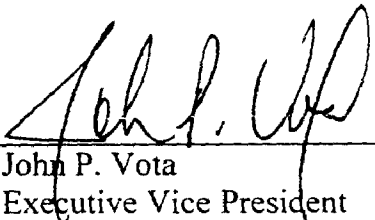
By:  \_\_\_\_\_  
Name: John P. Vota  
Title: Executive Vice President

EXHIBIT C  
TO  
LOAN AND SECURITY AGREEMENT

DEFINED TERMS PURSUANT TO SECTION 4.6

For purposes of this Exhibit C, unless provided otherwise in the Agreement, the capitalized terms used in this Exhibit C shall have the meanings herein assigned to them, and such definitions shall be applicable to both singular and plural forms of such terms. In addition, any capitalized terms defined in the Uniform Commercial Code shall have the meanings given therein unless otherwise defined herein.

"Eligible Accounts" means any Account of the Borrower (other than an Account determined by Lender to be unrealizable) which meets the following minimum requirements:

(i) The Account is for the delivery of merchandise or rendition of services which has been completed, with respect to which no return, rejection or repossession has occurred, and has been finally accepted by the Account Debtor without dispute, offset, defense or counterclaim;

(ii) The Account is not subject to any threatened or actual claim of breach of contract, warranty or similar claim;

(iii) The Account is not offset, or subject to a claim of offset, by an amount payable from the Borrower to the Account Debtor;

(iv) The Account (i) is due and payable absolutely and unconditionally within (1) Borrower's standard terms of thirty (30) days from the date of the invoice or (2) such extended terms that Lender approves in its discretion exercised in good faith after prior notice from Borrower and (ii) has not aged more than ninety (90) days from the date of the invoice applicable thereto;

(v) The Account (i) is not owed by an employee, director, officer, partner or affiliate of the Borrower, except as approved in writing by Lender, (ii) does not consist of deposits or finance charges or (iii) is not a proceed of consigned inventory;

(vi) The Account is not owed by an Account Debtor in bankruptcy, liquidation, receivership or similar proceedings;

(vii) The Account is not subject to any lien or security interest whatsoever, except for the security interests of Lender hereunder;

(viii) The Account is of a nature that a first security interest in the Account shall have been perfected by Lender by virtue of financing statements filed under the Uniform Commercial Code pursuant to the terms of this Agreement;

(ix) The Account is owed by an Account Debtor with respect to which at least seventy-five percent (75%) or more of the Accounts from the same Account Debtor are eligible pursuant to the criteria set forth herein;

(x) The Account is owed by an Account Debtor which (1) is domiciled in or organized under the laws of the United States or Canada, is qualified to do business in one or more States of the United States of America or Canada, and the finished goods in respect of the Account are delivered by Borrower to a location within the United States of America or Canada or (2) has its principal place of business or chief executive office within the United States of America or Canada; provided that if the Account Debtor does not meet the requirements of this subsection (j), the Account shall not be ineligible if the Account is supported by an irrevocable, clean letter of credit or acceptance issued by a financial institution satisfactory to Lender, on terms acceptable to Lender and, if so requested by Lender, delivered to Lender in pledge for negotiation and presentment;

(xi) The Account is owed by an Account Debtor whose total indebtedness to Borrower (whether evidenced by such Account Debtor's Accounts or otherwise) does not exceed 15% of the face amount (less maximum discounts, credits and allowances which may be taken by, or granted to, such Account Debtor in connection therewith) of the then outstanding Eligible Accounts of Borrower; provided that the Accounts shall be ineligible in such circumstance only to the extent the total amount of such Account Debtor's indebtedness to Borrower (whether evidenced by such Accounts or otherwise) exceeds such 15% threshold;

(xii) The Account is not owed by a governmental authority, unless with respect to such Account, the Assignment of Claims Act of 1940, as amended (41 U.S.C. § 15), or, as applicable, comparable state statute or regulation has been complied with to Lender's satisfaction;

(xiii) The Account is not evidenced by a promissory note, chattel paper or other instrument;

(xiv) The Account is not generated by a sale on approval, a bill and hold sale, a sale on consignment, or other type of conditional sale; and

(xv) The Account is one with respect to which the Account Debtor is not located in New Jersey, Minnesota or West Virginia ("Subject Accounts"), provided that (1) Subject Accounts from any such Account Debtor that in the aggregate do not exceed 5% of the face amount of the then outstanding Eligible Accounts of Borrower and (2) Subject Accounts from all such Account Debtors located in any such states that do not exceed 25% of the face amount of the then outstanding Eligible Accounts of Borrower shall not be ineligible, and provided further, that the applicable Subject Accounts shall be eligible if Borrower has properly qualified to do business in the applicable state or has filed, as applicable, a Notice of Business Activities Report with the New Jersey Division of Taxation, a Notice of Business Activities Report with the Minnesota Division of

Taxation, or a Business Activity Report with the Tax Commissioner of the State of West Virginia, in each case for the then current year.

An Account which was previously an eligible Account will cease to be an Eligible Account if it ceases to comply with the above minimum requirements, which minimum requirements shall be fixed and may be revised from time to time by Lender in its reasonable discretion.

"Eligible Finished Goods" means, as of any date of determination, the value (determined at the lower of cost or market on a first-in, first-out basis) of Eligible Inventory consisting of finished goods owned and held by Borrower at Borrower's facility for sale in the ordinary course of Borrower's business.

"Eligible Inventory" means any Inventory of the Borrower which meet the following minimum requirements:

- (a) is the good and merchantable condition, and is not obsolete or unmarketable;
- (b) meet all standards imposed by any governmental agency or department or division thereof having regulatory authority over such Inventory, its use or sale;
- (c) is currently usable or saleable in the normal course of the Borrower's business without any notice to, or consent of, any third party;
- (d) is located at Borrower's principal place of business and is subject to a properly perfected first priority security interest in favor of Lender;
- (e) is comprised of (i) raw materials owned and held by Borrower at a facility of Borrower that will be converted or fabricated into finished goods or (ii) work in process that is being converted or fabricated into finished goods or (iii) finished goods owned and held by Borrower at a facility of Borrower for sale in the ordinary course of Borrower's business; and
- (f) is not comprised of supplies or packaging materials;
- (g) is not located outside of the United States;
- (h) has not been consigned to Borrower or sold to Borrower in any sale on approval or sale and return transaction;
- (i) is not (1) located on any premises not owned by Borrower or (2) in the possession of any Person other than Borrower except for, subject to any additional requirements imposed by Lender, in its discretion exercised in good faith (A) Inventory in the possession of a

warehouseman or other bailee (including an inventory processor) if Lender has received a bailee waiver letter acceptable to Lender from such warehouseman or bailee and such warehousemen or bailee has not issued a negotiable document of title as to any of the Eligible Inventory to Lender and (B) Inventory located on premises leased by Borrower if Lender has received a landlord waiver acceptable to Lender with respect to such premises;

(j) is not subject to any trademark, trade name, patent or licensing arrangement, any contractual arrangement, or any law, rule or regulation that could, in any instance in Lender's judgment exercised in good faith, limit or impair the ability of Lender to promptly exercise any of its rights with respect thereto; and

(k) is not in transit to or from a facility of Borrower.

Inventory which was previously Eligible Inventory will cease to be Eligible Inventory if it ceases to comply with the above minimum requirements, which minimum requirements shall be fixed and may be revised from time to time by Lender in its reasonable discretion.

"Eligible Raw Materials" means, as of the date of determination, the value (determined at the lower of cost or market on a first-in, first-out basis) of Eligible Inventory consisting of raw materials used in Borrower's manufacturing processes (other than packaging and inserts) which are held as raw materials, and have not been removed from stock for inclusion in the manufacturing process, or inclusion in finished product.

"Eligible Work-in-Process" means, as of any date of determination, the value (determined at the lower of cost or market on a first-in, first-out basis) of Eligible Inventory consisting of work in process that is being converted or fabricated into finished goods at a facility of Borrower in the course of Borrower's business.

EXHIBIT D  
TO  
LOAN AND SECURITY AGREEMENT

DESCRIPTION OF COLLATERAL

"Collateral" means all assets and property of Borrower, including, but not limited to all Accounts, Inventory, Equipment, General Intangibles, Investment Property, fixtures, Goods, motor vehicles, leasehold improvements, Documents, Instruments, Chattel Paper, Deposit Accounts, Letter of Credit Rights, Intellectual Property, the Pledged Stock, Inventory subject to leases and rights under lease agreements for the leasing of inventory, money, deposit accounts, rights to draw on letters of credit, permits, licenses and the cash or noncash Proceeds (including insurance or other rights to receive payment with respect thereto) of any of the foregoing and all accessions and additions to and replacements of the foregoing, and all books and records (including, without limitation, customer lists, credit files, computer programs, printouts and other computer materials and records of each Borrower) pertaining to any of the foregoing or any of the Premises (herein, together with the real property, leasehold interests, buildings and fixtures described in the Mortgages, and all other property and rights assigned by a Borrower to Lender to secure such Borrower's obligations under the Loan Documents).

For the purposes of this Exhibit, capitalized terms not otherwise defined herein or in the UCC shall have the following meanings:

(a) "Accounts" mean, Borrower's accounts, rental agreements and other contract rights, rights to payment and other forms of obligation for the payment of money, whether now existing or existing in the future, including, without limitation, all (i) accounts receivable (whether or not specifically listed on schedules furnished to the Lender), all accounts created by or arising from all of such Person's sales of goods, financial instruments, documents, permits or other items, or rendition of services, including funds transfer services, made under any of such Person's trade names or styles, or through any of such Person's subsidiaries or divisions, and all accounts acquired by assignment in the ordinary course of business; (ii) unpaid seller's rights (including rescission, replevin, reclamation and stopping in transit) relating to the foregoing or arising therefrom; (iii) rights to any goods represented by any of the foregoing, including returned or repossessed goods; (iv) reserves and credit balances held by such Person with respect to any such accounts receivable or account debtors; (v) guarantees or collateral for any of the foregoing; (vi) insurance policies or rights relating to any of the foregoing; and (vii) any other item described as an account in the UCC.

(b) "Deposit Account" means a demand, time, savings, passbook, or similar account maintained with an organization that is engaged in the business of banking.

(c) "Equipment" means any "equipment," as such term is defined in the UCC, now owned or hereafter acquired and shall include, without limitation, any and all additions,

substitutions, and replacements of any of the foregoing, wherever located, together with all attachments, components, parts and accessories installed thereon or affixed thereto.

(d) "Fee Mortgages" means the real estate mortgages or deeds of trust granted from time to time by Borrower to Lender, and as they may be amended or supplemented from time to time.

(e) "General Intangibles" means any "general intangibles" as such term is defined in the UCC, now owned or hereafter acquired and, in any event, shall include, without limitation, all right, title and interest now in existence or hereafter arising in or to all customer lists, trademarks, patents, rights in intellectual property, trade names, copyrights, trade secrets, proprietary or confidential information, inventions and technical information, procedures, designs, knowledge, know-how, software, data bases, data, processes, models, drawings, materials, and records now owned or hereafter acquired, and any and all goodwill and rights of indemnification.

(f) "Intellectual Property" means all Patents and Trademarks, together with (a) all inventions, processes, production methods, proprietary information, know-how and trade secrets; (b) all licenses or user or other agreements granted to any obligor with respect to any of the foregoing, in each case whether now or thereafter owned or used including, without limitation, the licenses or other agreements with respect to the Patents or Trademarks, on Exhibit E to the Loan Agreement; (c) all information, customer lists, identification of suppliers, data, plans, blueprints, specifications, designs, drawings, recorded knowledge, surveys, engineering reports, test reports, manuals, materials standards, processing standards, performance standards, catalogs, computer and automatic machinery software and programs; (d) all field repair data, sales data and other information relating to sales or service of products now or hereafter manufactured; (e) all accounting information and all media on which or in which any information or knowledge or data or records may be recorded or stored and all computer programs used for the compilation or printout of such information, knowledge, records or data; (f) all licenses, consents, permits, variances, certifications and approvals of governmental agencies now or hereafter held by a Borrower; and (g) all causes of action, claims and warranties now or hereafter owned or acquired by a Borrower in respect of any of the items listed above.

(g) "Inventory" means, Borrower's inventory, including without limitation: (i) all raw materials, work in process, parts, components, assemblies, supplies and materials used or consumed in such Person's business, wherever located and whether in the possession of such Person or any other Person; (ii) all goods, wares and merchandise, finished or unfinished, held for sale or lease or leased or furnished or to be furnished under contracts of service, wherever located and whether in the possession of such Person or any other Person; and (iii) all goods returned to or repossessed by such Person.

(h) "Investment Property" means, Borrower's investment property, including, without limitation: all securities, whether certificated or uncertificated, all security entitlements, all securities accounts, all commodity contracts and all commodity accounts owned by a Borrower

or in which Borrower has an interest, all whether now owned or hereafter acquired by a Borrower.

(i) "Leasehold Mortgages" mean the Leasehold Mortgages granted from time to time by Borrower to Lender, and as they may be amended or supplemented from time to time.

(j) "Letter of Credit Rights" means a right to payment or performance under a letter of credit, whether or not the beneficiary has demanded or is at the time entitled to demand payment or performance.

(k) "Mortgages" means collectively the Fee Mortgages and the Leasehold Mortgages, and each individually a "Mortgage".

(l) "Patents" shall mean all of the following in which Borrower now holds or hereafter acquires any interest: (i) all letters patent of the United States or any country, all registrations and recordings thereof, and all applications for letters patent of the United States or any other country, including registrations, recordings and applications in the United States Patent and Trademark Office or in any similar office or agency of the United States, any state or territory thereof or any other country, and (ii) all reissues, continuations, continuations-in-part or extensions thereof.

(m) "Premises" means collectively, all real property and leasehold interests now or hereafter acquired by a Borrower, including without limitation, all the Premises as defined in the Mortgages.

(n) "Proceeds" means "proceeds," as such term is defined in the UCC and, in any event, shall include, without limitation, (i) any and all proceeds of any insurance, indemnity, warranty, or guaranty payable from time to time with respect to any of the Collateral, and (ii) any and all payments (in any form whatsoever) made or due and payable from time to time in connection with any requisition, confiscation, condemnation, seizure, or forfeiture of all or any part of the Collateral by any governmental body, authority, bureau, or agency (or any Person acting under color of governmental authority).

(o) "Trademarks" shall mean all of the following in which Borrower now holds or hereafter acquires any interest: (i) all trademarks, trade names, corporate names, business names, trade styles, service marks, logos, other source or business identifiers, prints and labels on which any of the foregoing have appeared or appear, designs and general intangibles of like nature, all registrations and recordings thereof, and all applications in connection therewith, including registrations, recordings and applications in the United States Patent and Trademark Office or in any similar office or agency of the United States, any state or territory thereof or any other country, and (ii) all reissues, extensions or renewals thereof.



EXHIBIT E  
TO  
LOAN AND SECURITY AGREEMENT

INTELLECTUAL PROPERTY

TRADEMARKS

<u>Mark</u>	<u>Reg./Serial No.</u>	<u>Registration/Filing Date</u>
STEADY CUT	2,280,718	09-28-1999
STEADMAN STEEL	76/301,209	08-17-2001

PATENTS

4,512,264	Issued: 04/23/85
4,685,403	Issued: 08/11/87
4,890,367	Issued: 01/02/90
5,152,232	Issued: 10/06/92