

06-27-2002



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To the Honorable Commissioner of Patents and Trademarks, al documents or copy thereof.

6-27-02

1. Name of conveying party(ies): Strategic Management Group, Inc. University City Science Center 3624 Market Street Philadelphia, PA 19104

2. Name and address of receiving party(ies) Name: Comerica Bank - California Internal Address: 2701 Renaissance Boulevard, Suite 150 City: King of Prussia State: PA ZIP: 19406

3. Nature of conveyance: Security Agreement Execution Date: May 21, 2002

B. Trademark Registration No. 2569300; 2455257; 2357478; 2357477; 1646522; 1635063; 1534876; 1546797; 1434381; 1385834; 1537719; 1350445; 2062370; 2210330; 1444945; 2154861; 1450452; 1436640; 2309783; 1724377

5. Name and address of party to whom correspondence concerning document should be mailed: Name: Jamie B. Bischoff Internal Address: Ballard Spahr Andrews & Ingersoll, LLP Street Address: 1735 Market Street, 51st Floor City: Philadelphia State: PA Zip: 19103

6. Total number of applications and registrations involved: 38 7. Total Fee (37 CFR 3.41) \$965.00 8. Deposit account number: 020755

06/27/2002 JJA/AMZ 00000020 020755 76229692 40.00 CH 925.00 CH

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. Jamie B. Bischoff Signature Date: 6/26/02 Total number of pages including cover sheet, attachments, and document: 35

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

## SECURITY AGREEMENT

This SECURITY AGREEMENT is made and entered into as of May 21, 2002, by and between STRATEGIC MANAGEMENT GROUP, INC. (the "Debtor"), COMERICA BANK – CALIFORNIA ("Comerica"), as agent (in such capacity, the "Agent") for the banks and other financial institutions (the "Banks") from time to time parties to the Credit Agreement, dated as of the date hereof (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement") among the Debtor, the Banks and the Agent.

### WITNESSETH:

WHEREAS, the Debtor, the Banks and the Agent are parties to the Credit Agreement;

WHEREAS, pursuant to the provisions of the Credit Agreement and upon the terms and subject to the conditions set forth therein, the Banks have severally agreed to make certain loans (the "Loans") to the Debtor to be evidenced by the notes issued by the Debtor thereunder (the "Notes"); and

WHEREAS, it is a condition precedent to the obligation of the Banks to make their respective Loans to the Debtor under the Credit Agreement, that the Debtor shall have executed and delivered this Security Agreement to the Agent for the ratable benefit of the Banks.

NOW, THEREFORE, in consideration of the premises and to induce the Agent and the Banks to enter into the Credit Agreement and to induce the Banks to make their respective Loans to the Debtor under the Credit Agreement, the Debtor hereby agrees with the Agent, for the ratable benefit of the Banks, 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 Code 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:

"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 the Debtor 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 Debtor to receive moneys due and to become due to it thereunder or in connection therewith, (b) all rights of the Debtor to damages arising out of, or for, breach or default in respect thereof and (c) all rights of the Debtor 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 the Debtor of any right in any Copyright, including, without limitation, any thereof referred to in Schedule I hereof.

**"Obligations"** shall mean the unpaid principal amount of, and interest on (including, without limitation, interest accruing after the maturity of the Loans and interest accruing after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, relating to the Debtor, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding) the Notes and all other obligations and liabilities of the Debtor to the Agent or to the Banks, whether direct or indirect, absolute or contingent, due or to become due, or now existing or hereafter incurred, which may arise under, out of, or in connection with, the Credit Agreement, the Notes, this Security Agreement, the Guaranty, the other Loan Documents, and any other document made, delivered or given in connection therewith or herewith, whether on account of principal, interest, reimbursement obligations, fees, indemnities, costs, expenses (including, without limitation, all fees and disbursements of counsel to the Agent or to the Banks that are required to be paid by the Debtor pursuant to the terms of the Credit Agreement or any other Loan Document) or otherwise.

**"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 II 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 II hereto.

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

“Security Agreement” shall mean this 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 III hereto, and (b) all reissues, extensions or renewals thereof.

“Trademark License” shall mean any agreement, written or oral, providing for the grant by the Debtor of any right to use any Trademark, including, without limitation, any thereof referred to in Schedule III 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 Debtor hereby grants to the 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 Debtor or in which the Debtor now has 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;
- (vi) all Documents;

- (vii) all Equipment;
- (viii) all General Intangibles and Commercial Tort Claims;
- (ix) all Instruments;
- (x) all Inventory;
- (xi) all Investment Property, (including Securities Entitlements, Securities Accounts, Commodity Accounts, and Commodity Contracts);
- (xii) all Letter-of-Credit Rights;
- (xiii) all Patents and Patent Licenses;
- (xiv) all Payment Intangibles;
- (xv) all Software (in whatever form);
- (xvi) Supporting Obligations;
- (xvii) Trademarks and Trademark Licenses; and
- (xviii) to the extent not otherwise included, all Proceeds and products of any and all of the foregoing.

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

(a) Debtor Remains Liable under Accounts and Contracts. Anything herein to the contrary notwithstanding, the Debtor 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 Debtor 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 Agent at any time after the occurrence and during the continuance of an Event of Default, the Debtor shall notify account debtors on the Accounts and parties to the Contracts that the Accounts and the Contracts have been assigned to the 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 Agent. The 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 Agent shall have the right to make test verifications of the Accounts through standard bank confirmations and periodic site visits as provided in Section 5.9 of the Credit Agreement, and the Debtor shall furnish all such assistance and information as the Agent may require in connection therewith. At any time and from time to time, upon the Agent's request and at the expense of the Debtor, the Debtor shall cause independent public accountants or others satisfactory to the Agent to furnish to the Agent reports showing reconciliations, aging and test verifications of, and trial balances for, the Accounts.

(d) Collections on Accounts. Subject to the further provisions of this Section 3(d), the Agent hereby authorizes the Debtor to collect the Accounts from the account debtors. Prior to the occurrence of an Event of Default, the Proceeds of Accounts so collected by the Debtor shall be received and held by the Debtor in trust for the Agent and the holders of the Obligations but may be applied by the Debtor in its discretion towards payment of the Obligations or other corporate purposes. Upon the occurrence of an Event of Default which has not been waived by or cured to the satisfaction of the Agent and subject to the direction of the Agent, (i) the authority hereby given to the Debtor to collect the Proceeds of Accounts may be terminated by the Agent at any time and after being notified of such termination, the Debtor shall deliver to the Agent on the date of receipt thereof by the Debtor all Proceeds in the form of cash, checks, drafts, notes and other remittances received in payment of or on account of the Debtor's Accounts; (ii) following receipt by the Agent any such Proceeds shall be deposited in a special bank account (the "Cash Collateral Account") of the Debtor maintained with the Agent over which the Agent alone shall have power of withdrawal; (iii) 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 Debtor when necessary to permit collection of the items, which endorsement the Debtor agrees to make; and (iv) the Debtor will not commingle any such Proceeds with any of the Debtor's other funds or property but will hold them separate and apart from any other funds or property and upon an express trust for the Agent until deposit thereof is made in the Cash Collateral Account.

4. Representations and Warranties. The Debtor hereby represents and warrants that:

(a) Title; No Other Liens. Except for the Lien granted to the 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 Debtor owns 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 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. The Liens granted pursuant to this Security Agreement constitute perfected Liens on the Collateral in favor of the 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 Debtor 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 Debtor to the Agent or the other holders of the Obligations in any accounts receivable aging and in other reports requested by or furnished to the 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 except for normal cash discounts and allowances where applicable. No amount payable to the Debtor under or in connection with any Account is evidenced by any Instrument or Chattel Paper which has not been delivered to the Agent. The Debtor keeps its records concerning the Accounts at the location or locations set forth in Schedule IV.

(d) Contracts. No consent of any party (other than the Debtor) to any material Contract is required, or purports to be required, in connection with the execution, delivery and performance of this Security Agreement. Each material Contract is in full force and effect and constitutes a valid and legally enforceable obligation of the 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 Debtor nor (to the best of the Debtor's knowledge) any other party to any Contract is in default of any material provision thereof or is likely to become in default in the performance or observance of any of the material provisions thereof. The Debtor has fully performed all its material obligations under each Contract. The right, title and interest of the Debtor 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 Debtor as to any Contract. No amount payable to the Debtor under or in connection with any Contract is evidenced by any Instrument or Chattel Paper which had not been delivered to the Agent.

(e) Inventory. The types, amounts and valuations of the Inventory or any other information regarding the same represented by the Debtor in any reports requested by or furnished to the Agent, the Banks or the other holders of the Obligations will at such time be accurate to the best of the Debtor's knowledge. The Debtor keeps records concerning the

Inventory at the location or locations listed on Schedule V. The Inventory is kept at the locations listed on Schedule VI hereto.

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

(g) Chief Executive Office; Place of Organization. The locations of each of the Debtor's chief executive office, chief place of business, form of and place of organization are set forth on Schedule VIII.

(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 Copyrights and Copyright Licenses owned by the Debtor in its own name as of the date hereof. Schedule II hereto includes all Patents and Patent Licenses owned by the Debtor in its own name as of the date hereof. Schedule III hereto includes all Trademarks and Trademark Licenses owned by the Debtor in its own name as of the date hereof. To the best of the Debtor's knowledge, each Copyright, Patent and Trademark is valid, subsisting, unexpired, enforceable and has not been abandoned. Except as set forth in any such Schedule, none of such Copyrights, Patents or Trademarks 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 Copyright, Patent or Trademark. Except as set forth in any such Schedule, no action or proceeding is pending (i) seeking to limit, cancel or question the validity of any Copyright, Patent or Trademark, or (ii) which, if adversely determined, would have a material adverse effect on the value of any Copyright, Patent or Trademark.

(j) Power and Authority; Authorization. The Debtor 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 Debtor 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 Debtor and will not result in the creation or imposition of any Lien on any of the properties or revenues of the Debtor pursuant to any Requirement of Law or Contractual Obligation of the Debtor, 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 or creditor of the Debtor), is required in



connection with the execution, delivery, performance, validity or enforceability of this Security Agreement (except for the filing of the UCC financing statements).

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

5. **Covenants.** The Debtor covenants and agrees with the 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, and the Revolving Credit Commitments are terminated it will:

(a) **Notices; Further Documentation; Authorization to File Financing Statements.**

Notify the 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 Agent and the Banks 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 Agent, and at the sole expense of the Debtor, promptly (i) deliver to the 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 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 Agent security agreements, pledge agreements, control agreements, bailee acknowledgments, assignments and waivers, all in form and substance satisfactory to the Agent. The Debtor will mark all Chattel Paper with a legend indicating that the Agent has a security interest in the Chattel Paper.

The Debtor also hereby authorizes the Agent to file any Uniform Commercial Code financing or continuation statement without the signature of the Debtor to the extent permitted by applicable law. The Debtor hereby ratifies any filing by the 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 Agent, the Banks and the other holders of the Obligations harmless from, any and all liabilities, costs and expenses (including, without limitation, reasonable 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 protecting, storing, warehousing, appraising, insuring, handling, maintaining and shipping the Collateral, all costs, fees and expenses of creating, perfecting, maintaining and enforcing the security interests created by this Security Agreement, and any and all excise, property, sales and use taxes imposed by any federal, state, local or foreign authority on any of the Collateral, or with respect to periodic appraisals and inspections of the Collateral, or with respect to the sale or other disposition thereof. In any suit, proceeding or action brought by the 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 Debtor will save, indemnify and keep the 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 the Debtor 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 the Debtor, provided however that such expense, loss or damage does not arise from the gross negligence or willful misconduct of the Agent or any such Bank or other holder.

(c) Maintenance of Records. Keep and maintain at its own cost and expense true, correct and complete records of the Collateral, including, without limitation, a record of all payments received and all credits granted with respect to the Accounts. For the Agent's and the Banks' further security, the Agent, for the ratable benefit of the Banks, shall have a security interest in the Debtor's books and records pertaining to the Collateral, and the Debtor shall turn over any such books and records to the Agent or to its representatives during normal business hours at the request of the Agent.

(d) Right of Inspection and Audit. Give to the Agent and the Banks at all times upon reasonable prior notice full and free access during normal business hours (or following the occurrence of an Event of Default, at any time) to all of its books, correspondence and records and the Agent and the Banks and their respective representatives may examine, inspect or audit the same, take extracts therefrom and make photocopies thereof, and the Debtor agrees to render to the Agent and the Banks, at the Debtor's cost and expense, such clerical and other assistance as may be reasonably requested with regard thereto. The Agent and the Banks and their respective representatives shall at all times during normal business hours (or following the occurrence of an Event of Default, at any time) 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.

(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 Debtor may contest any Requirement of Law in any reasonable manner which shall not, in the sole opinion of the Agent, adversely affect the Agent's or the Banks' 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 material 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 Debtor's 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 the Liens permitted pursuant to Section 6.3 of the Credit Agreement, and will defend the right, title and interest of the 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 or otherwise agreed to in writing by the Agent.

(j) Limitations on Discounts, Compromises, Extensions of Accounts. Not adjust, settle or compromise the amount or payment of any Account, or release wholly or partly any customer or obligor thereof, or allow any credit or discount thereon (other than adjustments, settlements, compromises, releases, credits and discounts in the ordinary course of business and in amounts which are not material to the Debtor) without the prior consent of Agent.

(k) Further Identification of Collateral. Furnish to the 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 Agent may reasonably request, all in reasonable detail.

(l) Notices. Advise the Agent promptly, in reasonable detail, at its address set forth in the Credit Agreement, (i) of any Lien (other than Permitted Liens or Liens permitted pursuant to Section 6.3 of the Credit Agreement) 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.

(m) Changes in Locations, Name, Place of Organization, etc. Unless it shall have given the Agent at least 30 days prior written notice thereof the Debtor will not (i) change the location of its chief executive office or chief place of business from that specified in Schedule VIII attached hereto or remove its books and records from the location specified in Section 4(g), (ii) permit any of the Inventory or Equipment to be kept at a location other than those listed on

Schedules VI and VII hereto, (iii) change its name, identity or corporate structure to such an extent that any financing statement filed by the Agent in connection with this Security Agreement would become seriously misleading or (iv) change the state of its organization.

(n) Patents, Trademarks and Copyrights.

(i) Unless the Debtor deems it appropriate in the exercise of its reasonable business judgment to do otherwise and, if after the occurrence of an Event of Default which has not been waived or cured to the satisfaction of Agent with the prior written consent of the Agent, the Debtor will (i) continue to use each Trademark on each and every trademark class of goods applicable to its current line as reflected in its current catalogs, brochures and price lists in order to maintain such Trademark in full force free from any claim of abandonment for non-use, (ii) maintain as in the past the quality of products and services offered under such Trademark, (iii) employ such Trademark or Copyright with the appropriate notice of registration, (iv) not adopt or use any mark which is confusingly similar or a colorable imitation of such Trademark unless the 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 (v) 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, unless the Debtor deems it appropriate in the exercise of its reasonable business judgment to do otherwise and, if after the occurrence of an Event of Default which has not been waived by or cured to the satisfaction of Agent with the prior written consent of the Agent, do any act, or omit to do any act, whereby any Patent may become abandoned or dedicated.

(iii) Notify the 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 the Debtor, 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 Agent and the Banks within five Business Days after the last day of the fiscal quarter in which such filing occurs. Upon request of the Agent, the Debtor shall execute and deliver any and all agreements, instruments, documents, and papers as the Agent may request to evidence the Agent's and the Banks' security interest in any Patent, Trademark or Copyright and the goodwill and general intangibles of the Debtor relating thereto or represented thereby, and the Debtor hereby constitutes the 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 Revolving Credit 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 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 Agent and the Banks, 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.

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

(a) Powers. The Debtor hereby irrevocably constitutes and appoints the 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 the Debtor and in the name of the Debtor or in its own name, from time to time in the 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, the Debtor hereby gives the Agent the power and right, on behalf of the Debtor, without notice to or assent by the Debtor, to do the following:

(i) in the case of any Account, at any time when the authority of the Debtor 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 the Debtor 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 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 Agent or as the 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 the Debtor 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 Agent may deem appropriate; (G) to assign any Patent 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 Agent shall in its sole discretion determine; and (H) subject to the terms of Section 19, 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 Agent were the absolute owner thereof for all purposes, and to do, at the Agent's option and the Debtor's expense, at any time, or from time to time, all acts and things which the Agent deems necessary to protect, preserve or realize upon the Collateral and the Agent's and the Banks' Liens thereon and to effect the intent of this Security Agreement, all as fully and effectively as the Debtor might do; and

(iv) execute in its own name or on behalf of the Debtor such UCC financing Statements forms and similar instruments as the 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.

The Debtor 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. The Debtor also authorizes the 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 Agent or Holders' Part. The powers conferred on the Agent, the Banks and the other holders of the Obligations hereunder are solely to protect the Agent's and the Banks' interests in the Collateral and shall not impose any duty upon the Agent or any Bank to exercise any such powers. The 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 Debtor for any act or failure to act hereunder, except for their own gross negligence or willful misconduct.

7. Performance by Agent of Debtor's Obligations. If the Debtor fails to perform or comply with any of its agreements contained herein and the 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 Agent incurred in connection with such performance or compliance, together with interest thereon at a rate per annum equal to the Default Rate, shall be payable by the Debtor to the 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 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 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 Debtor 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 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 Debtor, which right or equity is hereby waived or released. The Debtor further agrees, at the Agent's request, to assemble the Collateral and make it available to the Agent at places which the Agent shall reasonably select, whether at the Debtor's premises or elsewhere. The Agent shall apply the net proceeds 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 Agent may elect, and only after such application and after the payment by the Agent of any other amount required by any provision of law, including, without limitation, Section 9615 of the Code, need the Agent account for the surplus, if any, to the Debtor. To the extent permitted by applicable law, the Debtor 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 Debtor 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 Agent or any Bank to collect such deficiency.

(b) The Debtor agrees, upon the occurrence and during the continuation of an Event of Default, to take any actions that the Agent may request in order to enable the Agent to obtain and enjoy the full rights and benefits granted to the 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 Debtor shall upon the occurrence and during the continuation of an Event of Default, at the Debtor's 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 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 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 Debtor 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 Debtor and the Agent, provided that any provision of this Security Agreement may be waived by the Agent in a written letter or agreement executed by the Agent or by telex or facsimile transmission from the Agent. This Security Agreement shall be the joint and several obligations of the Debtor, and if this Security Agreement is executed by more than one Debtor, each of such parties shall have made all of the representations, warranties, covenants and agreements contained herein. This Security Agreement shall be binding upon the successors and permitted assigns of the Debtor and shall inure to the benefit of the 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 Debtor, the Agent or any of the Banks to be effective shall be in writing (including by telecopy), 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 Agent. The Debtor acknowledges that the rights and responsibilities of the Agent under this Security Agreement with respect to any action taken by the Agent or the exercise or non-exercise by the 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 Agent and the holders of the Obligations, be governed by the Credit Agreement and by such other agreement with respect thereto as may exist from time to time among them, but, as between the Agent and the Debtor, the 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 Debtor shall not be under any obligation, or entitlement, to make any inquiry respecting such authority.

17. Submission to Jurisdiction; Waivers.

(a) The Debtor 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 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 the Debtor 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 judgement 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) The Debtor 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. A set of the copies of this Security Agreement signed by all the parties shall be lodged with the Debtor and each of the Banks.


19. Further Assurances. The parties acknowledge their intent that, upon the occurrence and during the continuation of an Event of Default, the 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 Agent's rights of access to, or use or sale of, the Collateral, or the procedures necessary to enable

the Agent to obtain such rights of access, use or sale, the Agent and the Debtor shall amend this Agreement in such manner as the Agent shall request, in order to provide to the Agent such rights to the greatest extent possible consistent with all Requirements of Law and governmental policy.

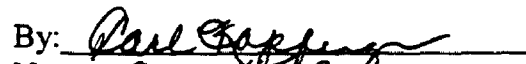
20. Release. This Security Agreement and related instruments delivered to the Agent hereunder shall be released by the Agent upon the date on which the Obligations are paid in full and the Revolving Credit Commitments are terminated. This Security Agreement shall continue to be effective, or be reinstated, as the case may be, if at any time payment, or any part thereof, of any of the Obligations is rescinded or must otherwise be restored or returned by the Agent or any holder of the Obligations upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of the Debtor or upon or as a result of the appointment of a receiver, intervenor or conservator of, or trustee or similar officer for the Debtor or any substantial part of its property, or otherwise, all as though such payments had not been made. Upon such release, Agent will, at the expense of Debtor, execute and deliver to the Debtor such documents as Debtor shall reasonably request to evidence the termination of the security interests created pursuant to this Agreement or the release of the Collateral, as the case may be.

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

**STRATEGIC MANAGEMENT GROUP, INC.**

By:   
Name: James J. Christino  
Title: Chief Executive Officer

**COMERICA BANK – CALIFORNIA,  
as Agent**

By:   
Name: CARL KORFINGER  
Title: VICE PRESIDENT

COPYRIGHTS AND COPYRIGHT LICENSES

See attached.

1. Chrysler dealership management simulation. LC RETRIEVAL CODE: C (Machine-readable works) STATUS: Registered REGISTRATION NUMBER: TXu373670 DATE REGISTERED: May 12, 1989 (19890512) AUTHOR(s): Strategic Management Group, Inc OWNER(s): Strategic Management Group, Inc. REGISTRATION DEPOSIT: printout.
2. Strategic management game : health care simulation. LC RETRIEVAL CODE: C (Machine-readable works) STATUS: Registered REGISTRATION NUMBER: TXu373566 DATE REGISTERED: May 12, 1989 (19890512) AUTHOR(s): Strategic Management Group, Inc OWNER(s): Strategic Management Group, Inc. REGISTRATION DEPOSIT: sheets & printout.
3. Stevewa admin.for. APPLICATION TITLE: Strategic management game: costings & resins version LC RETRIEVAL CODE: C (Machine-readable works) STATUS: Registered REGISTRATION NUMBER: TXu371498 DATE REGISTERED: May 12, 1989 (19890512) AUTHOR(s): Strategic Management Group, Inc OWNER(s): Strategic Management Group, Inc. REGISTRATION DEPOSIT: printout.
4. Strategic management games : telecommunication simulation. LC RETRIEVAL CODE: C (Machine-readable works) STATUS: Registered REGISTRATION NUMBER: TXu370361 DATE REGISTERED: May 12, 1989 (19890512) AUTHOR(s): Strategic Management Group, Inc OWNER(s): Strategic Management Group, Inc. REGISTRATION DEPOSIT: 1 v. & printout.
5. Competitive manufacturing excellence program / designed and implemented by Richard Eastburn and John Granieri. LC RETRIEVAL CODE: C (Machine-readable works) STATUS: Registered REGISTRATION NUMBER: TXu365909 DATE REGISTERED: January 30, 1989 (19890130) AUTHOR(s): Eastburn, Richard; Granieri, John; Strategic Management Group, Inc APPLICATION AUTHOR(s): Strategic Management Group, Inc., employer for hire. OWNER(s): Strategic Management Group, Inc. REGISTRATION DEPOSIT: sheets & printout.
6. Distribution simulation 3.12. APPLICATION TITLE: Strategic management game: distribution simulation version 3.12 LC RETRIEVAL CODE: C (Machine-readable works) STATUS: Registered REGISTRATION NUMBER: TXu365908 DATE REGISTERED: January 30, 1989 (19890130) AUTHOR(s): Strategic Management Group, Inc OWNER(s): Strategic Management Group, Inc. REGISTRATION DEPOSIT: sheets & printout.
7. STOCK.FOR. APPLICATION TITLE: Strategic Management game: AIRCO simulation LC RETRIEVAL CODE: C (Machine-readable works) STATUS: Registered REGISTRATION NUMBER: TXu358911 DATE REGISTERED: February 21, 1989 (19890221) AUTHOR(s): Strategic Management Group, Inc OWNER(s): Strategic Management Group, Inc. REGISTRATION DEPOSIT: printout.
8. JOURNAL.FOR. APPLICATION TITLE: Strategic Management game: supermarket version LC RETRIEVAL CODE: C (Machine-readable works) STATUS: Registered REGISTRATION NUMBER: TXu358910 DATE REGISTERED: February 21, 1989 (19890221) AUTHOR(s): Strategic Management Group, Inc OWNER(s): Strategic Management Group, Inc. REGISTRATION DEPOSIT: printout.
9. The Complete manager. LC RETRIEVAL CODE: C (Machine-readable works) STATUS: Registered REGISTRATION NUMBER: TXu357441 DATE REGISTERED: January 30, 1989 (19890130) AUTHOR(s): Strategic Management Group, Inc OWNER(s): Strategic Management Group, Inc. REGISTRATION DEPOSIT: printout.

usions List  
base: COPYRIGHT

10. [Strategic management game : organizational simulation] LC RETRIEVAL CODE: C (Machine-readable works) STATUS: Registered REGISTRATION NUMBER: TXu357301 DATE REGISTERED: January 30, 1989 (19890130) AUTHOR(s): Strategic Management Group, Inc OWNER(s): Strategic Management Group, Inc. REGISTRATION DEPOSIT: printout, multiple volumes & sheets.
11. [Strategic management game : Ford Motor Company simulation. LC RETRIEVAL CODE: C (Machine-readable works) STATUS: Registered REGISTRATION NUMBER: TXu348563 DATE REGISTERED: November 15, 1988 (19881115) AUTHOR(s): Strategic Management Group, Inc OWNER(s): Strategic Management Group, Inc. REGISTRATION DEPOSIT: printout.
12. [Strategic management game : services industry simulation] LC RETRIEVAL CODE: C (Machine-readable works) STATUS: Registered REGISTRATION NUMBER: TXu348562 DATE REGISTERED: November 15, 1988 (19881115) AUTHOR(s): Strategic Management Group, Inc OWNER(s): Strategic Management Group, Inc. REGISTRATION DEPOSIT: printout.
13. [Strategic management game : products industry simulation] LC RETRIEVAL CODE: C (Machine-readable works) STATUS: Registered REGISTRATION NUMBER: TXu348561 DATE REGISTERED: November 15, 1988 (19881115) AUTHOR(s): Strategic Management Group, Inc OWNER(s): Strategic Management Group, Inc. REGISTRATION DEPOSIT: printout.
14. [Strategic management game : distribution simulation] LC RETRIEVAL CODE: C (Machine-readable works) STATUS: Registered REGISTRATION NUMBER: TXu348560 DATE REGISTERED: November 15, 1988 (19881115) AUTHOR(s): Strategic Management Group, Inc OWNER(s): Strategic Management Group, Inc. REGISTRATION DEPOSIT: printout.
15. [Strategic management game : Competitive Electric Company] LC RETRIEVAL CODE: C (Machine-readable works) STATUS: Registered REGISTRATION NUMBER: TXu348559 DATE REGISTERED: November 15, 1988 (19881115) AUTHOR(s): Strategic Management Group, Inc OWNER(s): Strategic Management Group, Inc. REGISTRATION DEPOSIT: printout.
16. [Strategic management game : Competitive Gas & Electric Company] LC RETRIEVAL CODE: C (Machine-readable works) STATUS: Registered REGISTRATION NUMBER: TXu348558 DATE REGISTERED: November 15, 1988 (19881115) AUTHOR(s): Strategic Management Group, Inc OWNER(s): Strategic Management Group, Inc. REGISTRATION DEPOSIT: printout.
17. [Strategic management game : Ford Motor Company simulation, middle level management] LC RETRIEVAL CODE: C (Machine-readable works) STATUS: Registered REGISTRATION NUMBER: TXu348557 DATE REGISTERED: November 15, 1988 (19881115) AUTHOR(s): Strategic Management Group, Inc OWNER(s): Strategic Management Group, Inc. REGISTRATION DEPOSIT: printout.
18. The Strategic Management Game / designed by Douglas Alexander ; tutorials developed by Michael B. Aronson and Leslie Spero ; chief programmers, Michael J. Baum, Alex T. Chum, Kevin R. Jay, Meryle N. Mishkin. LC RETRIEVAL CODE: C (Machine-readable works) STATUS: Registered REGISTRATION NUMBER: TX2544290 DATE REGISTERED: February 21, 1989 (19890221) DATE OF PUBLICATION: February 21, 1985 AUTHOR(s): Alexander, Douglas; Aronson, Michael B.; Spero, Leslie ; Baum, Michael J.; Chum, Alex T.; Jay, Kevin R.; Mishkin, Meryle N.; [Strategic Management Group, Inc]; [Strategic Management, Inc] APPLICATION AUTHOR(s): Strategic

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- Management Group, Inc., employer for hire. OWNER(s): Strategic Management Group, Inc.; [Strategic Management, Inc] REGISTRATION DEPOSIT: sheets & printout.
19. What they don't teach you at Harvard Business School : a management simulation : user's guide. LC RETRIEVAL CODE: C (Machine-readable works) STATUS: Registered REGISTRATION NUMBER: TX2507803 DATE REGISTERED: February 21, 1989 (19890221) DATE OF PUBLICATION: August 03, 1987 AUTHOR(s): Strategic Management Group, Inc OWNER(s): Strategic Management Group, Inc. REGISTRATION DEPOSIT: 76 p. & printout.
20. The Strategic Management Game / designed by Douglas Alexander ; developed by Michael B. Aronson and Joseph Gekoski ; tutorials developed by Michael B. Aronson and Leslie Spero ; chief programmers, Alex T. Chun, Kevin R. Jay, Meryle N. Mishkin. LC RETRIEVAL CODE: C (Machine-readable works) STATUS: Registered REGISTRATION NUMBER: TX1651940 DATE REGISTERED: April 29, 1985 (19850429) DATE OF PUBLICATION: November 14, 1984 AUTHOR(s): Alexander, Douglas; Aronson, Michael B.; Spero, Leslie ; Chun, Alex T.; Jay, Kevin R.; Mishkin, Meryle N.; Gekoski, Joseph H.; Strategic Management Group, Inc APPLICATION AUTHOR(s): text: Strategic Management Group, Inc., employer for hire of Joseph H. Gekoski and Michael B. Aronson and Douglas Alexander and Leslie Spero. OWNER(s): Strategic Management Group, Inc. REGISTRATION DEPOSIT: 1 v. & printout.
21. Introduction to Straplan, the pro forma planner for The Strategic Management Game. LC RETRIEVAL CODE: B (Monographic works of a non-dramatic literary nature) STATUS: Registered REGISTRATION NUMBER: TX1619428 DATE REGISTERED: August 19, 1985 (19850819) DATE OF PUBLICATION: April 08, 1984 AUTHOR(s): Gekoski, Joseph H.; Aronson, Michael B.; Norris, Todd; Heins, William; Strategic Management Group, Inc APPLICATION AUTHOR(s): text, users manual: Strategic Management Group, Inc., employer for hire of Joseph H. Gekoski, Michael B. Aronson, Todd Norris, and William Heins. OWNER(s): Strategic Management Group, Inc. REGISTRATION DEPOSIT: 30 p.
22. The Strategic management game. LC RETRIEVAL CODE: B (Monographic works of a non-dramatic literary nature) STATUS: Registered REGISTRATION NUMBER: TX1239186 DATE REGISTERED: August 09, 1983 (19830809) DATE OF PUBLICATION: April 14, 1982 AUTHOR(s): Gekoski, Joseph H.; Aronson, Michael B.; Strategic Management Group, Inc APPLICATION AUTHOR(s): text: Joseph H. Gekoski and Michael B. Aronson as work made for hire for Strategic Management Group, Inc. OWNER(s): Strategic Management Group, Inc.



PATENTS AND PATENT LICENSES

None

STRATEGIC MANAGEMENT GROUP, INC.  
UNITED STATES TRADEMARK REGISTRATIONS AND APPLICATIONS

See attached.

SERIAL NO.	REG. NO.	MARK	TRANSITIONING TO E	STATUS	COUNTRY
76-229692		TRANSITIONING TO E		Pending	US
76-229689		SHARP TACK		Published	US
76-229090		SIM-CENTRIC LEARNING		Pending, Passed by Examiner	US
76-209605		IQNET		Pending	US
76-207549		IQNETWORK		Pending	US
76-207548		IQNET		Pending	US
76-194345		LEADING FOR BUSINESS RESULTS		Pending, Passed by Examiner	US
76-136747		SIMULETTES		Pending, Passed by Examiner	US
76-136227		SIMAGENT		Published	US
76-117751		COACHING FOR GROWTH		Published	US
76-073133		PERFORMANCE FOCUS		Published	US
76-072936		PERFORMANCE 360		Published	US
76-072935		SMGNET		Pending	US
76-072643		XPERIENCENET		Published	US
76-050172	2,455,257	PEAT		Pending	US
75-925961		PROJECT LEADERSHIP IQNET		Registered	US
75-750831		LEADERSHIP IQNET		Allowed	US
75-750824	2,357,478	BUSINESS IQNET		Allowed	US
75-750823	2,357,477	FINANCE IQNET		Registered	US
75-750822		MARKETING IQNET		Registered	US
75-750821		SALES IQNET		Allowed	US
75-750820		STRATEGY IQNET		Allowed	US
74-095200		FINANCIAL LEARNING SYSTEM		Allowed	US
74-041674		THE COMPLETE PROJECT MANAGER		Renewed	US
73-707458	1,534,876	BUSINESS LEARNING SYSTEM		Renewed	US
73-707457	1,546,797	STRATEGIC BANKER		Registered	US
73-582890	1,434,381	BUSINESS SIMULATOR		Registered	US
73-533735	1,385,834	STRATPLAN		Registered	US
73-507971	1,537,719	SMG STRATEGIC MANAGEMENT GROUP, INC.		Registered	US
73-507970	1,350,445	THE STRATEGIC MANAGEMENT GAME		Registered	US
74-604,880	2,062,370	ASSESSING STRATEGIC COMPETENCIES		Registered	US
75-288,249	2,210,330	CAREER 21		Registered	US
1992684		CAREER POINT		Registered	US
73-608,030	1,444,945	CAREERPOINT		Pending	EU
				Registered	US

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SERIAL NO.	REG. NO.	MARK	STATUS	COUNTRY
75-265,299	2,154,861	CAREEROINT	Registered	US
0593451	TMA349832	CAREERPOINT and Design	Registered	CA
1997378		CAREERPOINT and Design	Published	EU
73-608,028	1,450,452	COMPSCAN	Registered	US
73-608,029	1,436,640	CONCEPTUAL SYSTEMS & Design???	Registered	US
75-409,317	2,309,783	PERFORMANCE 21	Registered	US
1110098		SMG STRATEGIC MANAGEMENT GROUP, INC.	Pending	CA
74-245,034	1,724,377	WORKTEAM ADVANTAGE	Registered	US

171280 v1

LOCATIONS OF ACCOUNT RECORDS

**Strategic Management Group, Inc.**

**Headquarters**

3624 Market Street  
University City Science Center  
Philadelphia, PA 19104  
TEL: (215) 387-4000  
FAX: (215) 387-3653

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LOCATIONS OF INVENTORY RECORDS

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LOCATIONS OF INVENTORY

See Schedule V

LOCATIONS OF EQUIPMENT

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81241 München  
Germany  
TEL: 49 89 - 89 666 110  
FAX: 49 89 - 89 666 123



LOCATIONS OF CHIEF EXECUTIVE OFFICE, STATE OF ORGANIZATION

Chief Executive Office:

3624 Market Street  
University City Science Center  
Philadelphia, PA 19104

Chief Place of Business:

3624 Market Street  
University City Science Center  
Philadelphia, PA 19104

Form of and Place of Organization:

Form: Corporation  
Incorporated under the laws of the Commonwealth of Pennsylvania

