

02-13-2003

RECORD
TF



102364572

To the Honorable Commissioner of Patents a

Record the attached original documents or copy thereof.

1. Name of conveying party(ies):

Pennsylvania Crusher Corporation and
Jeffrey Specialty Equipment Corporation
Routes 55 and 553
Pitman, New Jersey 08071-0888

- Individual(s)
- General Partnership
- Corporation-Delaware
- Other
- Association
- Limited Partnership

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

2. Name and address of receiving party(ies):

National City Bank
One South Broad Street, 13th Floor
Philadelphia, Pennsylvania 19107

- Individual(s) citizenship: _____
- Association: National Banking Association
- General Partnership: _____
- Limited Partnership: _____
- Corporation: _____
- Other: _____

3. Nature of Conveyance:

- Assignment
- Security Agreement
- Other: _____
- Merger
- Change of Name

Execution Date: January 3, 2003

2/10/03

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

4. Application number(s) or registration number(s):

A. Trademark Application No.(s): **SEE SCHEDULE A**

B. Trademark Reg. No.(s): **SEE SCHEDULE A**

Additional numbers attached Yes No

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

Stephen J. Meyers, Esq.
Drinker Biddle & Reath LLP
One Logan Square
18th and Cherry Streets
Philadelphia, PA 19103-6996

Attorney Docket No. 180475

6. Total number of applications and registrations involved: 26

7. Total fee (37 CFR 3.41) \$665.00
 Enclosed
 Authorized to be charged to deposit account

8. Deposit Account Number: 50-0573

DO NOT USE THIS SPACE

9. 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.

STEPHEN J. MEYERS

Name of Person Signing

Stephen J. Meyers
Signature

February 4, 2003
Date

Total number of pages including cover sheet, attachments and document: 40

OMB No. 0651-0011 (exp. 4/94)

Do not detach this portion

Mail documents to be recorded with required cover sheet information to:

02/13/2003 LMUELLER 00000007 500573 2416476

01 FC:8521 40.00 CH
02 FC:8522 625.00 CH

Commissioner for Trademarks
Box Assignments
Washington, D.C. 20231

SCHEDULE A – TRADEMARKS**Pennsylvania Crusher Corporation**

Trademark	Registration Number
Big Buster	2,416,476
BMR	1,587,478
Brad-Multi-Roll	1,587,477
Bradpactor	1,192,012
Coalpactor	670,198
FBR	1,590,560
Frozen Coal Cracker	1,152,143
Frozen Coal Cracker	743,722
Koal-KNG	997,887
PC	906,650
PC	1,694,015
Pennsylvania	1,266,879
Pennsylvania (Humpbacked)	565,562
Pennsylvania (House Mark)	1,815,679
Pennsylvania Reversible Impactor	607,919
Penntechinc	1,217,303

Trademark	Application Number
Mountaineer	76/468,177
PC	76/370,510

Jeffrey Specialty Equipment Corporation

Trademark	Registration Number
Consep 2	1,344,064
Duratip	2,644,283
Flexroll	424,439
Flextooth	280,736
Jeffrey	2,360,304

Trademark	Application Number
Chip-sizer	75/706,249
Ultralloy	76/265,236
Slant-Flow	76/265,235

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (this "**Agreement**") is made as of the 3rd day of January, 2003 by and among: NATIONAL CITY BANK, as agent for itself and the other Secured Parties (as that term is defined in the Credit Agreement defined below) (together with its successors and assigns in such capacity, the "**Agent**"); PENNSYLVANIA CRUSHER CORPORATION, a Delaware corporation (together with its successors and permitted assigns, the "**Borrower**"); and JEFFREY SPECIALTY EQUIPMENT CORPORATION, a Delaware corporation (together with their successors and permitted assigns and other Subsidiaries of the Borrower parties hereto from time to time, collectively and jointly and severally, the "**Subsidiary Guarantors**", and together with the Borrower, collectively and jointly and severally, the "**Grantors**").

Background

The Agent, the Borrower and the Lenders (as defined in the Credit Agreement) entered into a certain Credit Agreement dated as of even date herewith (as the same may be amended, modified or supplemented from time to time in accordance with the terms thereof, the "**Credit Agreement**"), pursuant to which the Lenders agreed to extend credit to the Borrower on the terms and conditions described therein. The Borrower may, among other things, use the proceeds of the loans thereunder to extend credit to, and make capital contributions in, the Subsidiary Guarantors. Therefore, as a result of the Credit Agreement, the Subsidiary Guarantors can obtain capital on terms more favorable to them as part of this borrowing group than they could acting alone. The Subsidiary Guarantors have guaranteed the obligations of the Borrower arising out of the Credit Agreement and related agreements and instruments.

One of the conditions to the extension of credit under the Credit Agreement is that payment shall be secured by, among other things, a security interest in favor of the Agent and other Secured Parties in the Collateral (defined below). In order to induce the Lenders to extend the credit to the Borrower, the Borrower and Subsidiary Guarantors are willing to grant to the Agent (for the benefit of the Secured Parties) a security interest in the Collateral.

Accordingly, each Grantor, intending to be legally bound, hereby agrees with the Agent as follows.

1. DEFINITIONS. Unless otherwise defined herein, terms used herein shall be used as defined in the Credit Agreement or as defined in the Uniform Commercial Code.

"Account" shall be used herein as defined in the Uniform Commercial Code, but in any event shall include, but not be limited to, credit card receivables, lottery winnings, health-care-insurance receivables, any right to payment arising out of goods or other property (including, without limitation, intellectual property) sold or leased, licensed, assigned or disposed of or for services rendered which is not evidenced by an instrument or chattel paper, whether or not it has been earned by performance including all rights to payment of rents under a lease or license and payment under a charter or other contract and all rights incident to such lease, charter or contract.

“Chattel Paper” shall be used herein as defined in the Uniform Commercial Code, but in any event shall include, but not be limited to, a writing or writings which evidence both a monetary obligation and a security interest in, or a lease of, specific goods.

“Collateral” shall have the meaning ascribed to such term in Section 2 below.

“Commercial Tort Claims” shall be used herein as defined in the Uniform Commercial Code and shall specifically include those listed on Schedule 1 hereto.

“Deposit Account” shall be used herein as defined in the Uniform Commercial Code, but in any event shall include, but not be limited to, any demand, time, savings, passbook or similar account.

“Document” shall be used herein as defined in the Uniform Commercial Code, but in any event shall include, but not be limited to, a bill of lading, dock warrant, dock receipt, warehouse receipt or order for the delivery of goods, and also any other document which in the regular course of business or financing is treated as adequately evidencing that the Person in possession of it is entitled to receive, hold and dispose of the document and the goods it covers.

“Equipment” shall be used herein as defined in the Uniform Commercial Code, but in any event shall include, but not be limited to, tangible personal property held by any Grantor for use primarily in business and shall include equipment, machinery, furniture, vehicles, fixtures, furnishings, dyes, tools, and all accessories and parts now or hereafter affixed thereto as well as all attachments, replacements, substitutes, accessories, additions and improvements to any of the foregoing but Equipment shall not include Inventory.

“Event of Default” shall be used herein as defined in the Credit Agreement, but in any event shall include, but not be limited to, the following:

(i) any occurrence of an Event of Default as defined in the Credit Agreement, the other Loan Documents or any agreement, document or instrument incidental to or executed pursuant to any of the foregoing, or as an amendment or modification to, or in substitution for, any of the foregoing;

(ii) if any representation or warranty made by any Grantor in this Agreement or any document, certificate or statement furnished pursuant to this Agreement or in connection herewith or therewith, shall be false or misleading in any material respect; or

(iii) an occurrence of a default in the due performance or observance of any term, covenant or agreement required to be performed or observed pursuant hereto.

“Fixtures” shall be used herein as defined in the Uniform Commercial Code.

“General Intangibles” shall be used herein as defined in the Uniform Commercial Code but in any event shall include, but not be limited to, all personal property of every kind and description of any Grantor other than goods, Accounts, Chattel Paper, Deposit Accounts,

Documents, Instruments, Investment Property, and Letter-of-Credit Rights, and shall include, without limitation, payment intangibles, contract rights (other than Accounts), franchises, licenses, choses in action, books, records, customer lists, goodwill, tax, insurance and other kinds of refunds, patents, trademarks, copyrights, trade names, other intellectual property rights or applications for intellectual property rights, plans, licenses, software (to the extent it does not constitute Goods) and other rights in personal property.

“Goods” shall be used herein as defined in the Uniform Commercial Code, but in any event shall include all computer programs imbedded in goods and any supporting information provided in connection with the transaction relating to the program and all other things that are movable.

“Instruments” shall be used herein as defined in the Uniform Commercial Code, but in any event shall include, but not be limited to, promissory notes, negotiable certificates of deposit, a negotiable instrument or a security or any other writing which evidences a right to the payment of money and is not itself a security agreement or lease and is of a type which is, in the ordinary course of business, transferred by delivery with any necessary endorsement or assignment.

“Inventory” shall be used herein as defined in the Uniform Commercial Code but in any event shall include, but not be limited to, tangible personal property held by or on behalf of any Grantor (or in which any Grantor has an interest in mass or a joint or other interest) for sale or lease or to be furnished under contracts of service, tangible personal property which any Grantor has so leased or furnished, and raw materials, work in process and materials used, produced or consumed in any Grantor’s business, and shall include tangible personal property returned to such Grantor by the purchaser following a sale thereof by such Grantor and tangible personal property represented by Documents. All equipment, accessories and parts at any time attached or added to items of Inventory or used in connection therewith shall be deemed to be part of the Inventory.

“Investment Property” shall be used herein as defined in the Uniform Commercial Code but in any event shall include, but not be limited to, all securities, whether certificated or uncertificated, all financial assets, all security entitlements, all securities accounts, all commodity contracts and all commodity accounts.

“Letter-of-Credit Right” shall be used herein as defined in the Uniform Commercial Code, but in any event shall include, but not be limited to, any 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.

“Proceeds” shall be used herein as defined in the Uniform Commercial Code but, in any event, shall include, but not be limited to, (i) any and all proceeds of any insurance (whether or not the Agent is named as the loss payee thereof), indemnity, warranty or guaranty payable to any Grantor or the Agent from time to time with respect to any of the Collateral, (ii) any and all payments (in any form whatsoever) made or due and payable to any Grantor 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 authority (or any person acting under color of governmental authority), (iii) any and all amounts received when Collateral is sold, leased, licensed, exchanged,

collected or disposed of, (iv) any rights arising out of Collateral, and (v) any and all other amounts from time to time paid or payable under or in connection with any of the Collateral.

“Software” shall be used herein as defined in the Uniform Commercial Code but in any event, shall include, but not be limited to, any computer program or supporting information provided in connection with the transaction relating to the program.

“Supporting Obligations” shall be used herein as defined in the Uniform Commercial Code but in any event shall include guarantees and letters of credit that support payment of another obligation.

“Uniform Commercial Code” shall mean the Uniform Commercial Code in effect on the date hereof and as amended from time to time, and as enacted in the Commonwealth of Pennsylvania or in any state or states which, pursuant to the Uniform Commercial Code as enacted in the Commonwealth of Pennsylvania, has jurisdiction with respect to all, or any portion of, the Collateral or this Security Agreement, from time to time. It is the intent of the parties that the definitions set forth above should be construed in their broadest sense so that Collateral will be construed in its broadest sense. Accordingly if there are, from time to time, changes to defined terms in the Uniform Commercial Code that broaden the definitions, they are incorporated herein and if existing definitions in the Uniform Commercial Code are broader than the amended definitions, the existing ones shall be controlling. Similarly, where the phrase “as defined in the Uniform Commercial Code, but in any event shall include, but not be limited to . . .” is used above, it means as defined in the Uniform Commercial Code except that if any of the enumerated types of items specified thereafter would not fall within the Uniform Commercial Code definition, they shall nonetheless be included in the applicable definition for purposes of this Agreement.

2. **GRANT OF SECURITY INTEREST.** As security for the payment and performance of the Secured Obligations, each Grantor hereby pledges, assigns, hypothecates, delivers and assigns to the Agent, and creates in favor of the Agent, a security interest in and to, all of such Grantor’s right, title and interest in and to all personal property and fixtures of such Grantor or in which such Grantor has any rights including, without limitation, in the following property, in each case whether now or hereafter existing, wherever located and whether now owned or hereafter acquired, created or arising (collectively, but without duplication, the **“Collateral”**).

- (a) All Goods, including without limitation all Inventory, Equipment and Fixtures;
- (b) All Accounts;
- (c) All General Intangibles;
- (d) Intellectual Property (as defined in the Credit Agreement, including without limitation all patents, trademarks, service marks, trade names, copyrights, franchises and licenses identified on Schedule 8 annexed hereto);

- (e) All Documents, Letter-of-Credit Rights and Chattel Paper;
- (f) All Deposit Accounts;
- (g) All Instruments and Investment Property;
- (h) All Commercial Tort Claims;
- (i) All Supporting Obligations; and
- (j) All Proceeds of any and all of the foregoing.

Notwithstanding the foregoing, nothing herein (x) shall be deemed to constitute an assignment of any asset which, in the event of an assignment, becomes void by operation of Applicable Law or the assignment of which is otherwise prohibited by Applicable Law, provided, however, to the extent permitted by Applicable Law, this Agreement shall create a valid security interest in such asset and, to the extent permitted by Applicable Law, this agreement shall create a valid security interest in the proceeds of such asset or (y) shall be deemed to create a security interest in the account maintained with Wachovia Bank designated as account number 20000 1187576 (the "Wachovia Collateral Account").

3. **REPRESENTATIONS AND WARRANTIES OF THE GRANTORS.** Each Grantor represents and warrants as follows. The following representations and warranties shall survive execution of this Agreement and shall not be affected or waived by any examination or inspection made by the Agent:

(a) **Status.** Each Grantor is a duly organized and validly existing corporation, partnership or limited liability company, as applicable under the laws of the respective states as indicated on Schedule 4.1 to the Credit Agreement. Its organizational identification number is also set forth on said Schedule 4.1. Each Grantor has perpetual existence and has the corporate, partnership, or limited liability company, as applicable, power and authority to own its property and assets and to transact the business in which it is engaged or presently proposes to engage. No Grantor has failed to qualify to do business in any state or jurisdiction where the failure to so qualify could result in a Material Adverse Change.

(b) **Authority to Execute Agreement; Binding Agreement.** Each Grantor has the corporate, partnership, or limited liability company, as applicable, power to execute, deliver and carry out the terms and provisions of this Agreement and each of the other Loan Documents to which each is a party and each Grantor has taken all necessary corporate, partnership, or limited liability company, as applicable, action (including, without limitation, any consent of stockholders, members or partners required by Law or by their respective articles of incorporation, bylaws or other organizational documents) to authorize the execution, delivery and performance of this Agreement and the Loan Documents to which it is, a party. This Agreement has been duly executed by each Grantor. This Agreement constitutes the authorized, valid and legally binding obligations of each Grantor, enforceable against each Grantor in accordance with its terms except as such enforceability may be limited by applicable bankruptcy,

insolvency, moratorium or other similar laws affecting the enforcement of creditor's rights generally and by general principles of equity.

(c) Grantors' Title. Except for the security interests granted hereunder, each Grantor is, as to all Collateral presently owned, and shall be as to all Collateral hereafter acquired, the owner or in the case of leased or licensed assets, the lessee or licensee, of said Collateral free from any Lien other than Permitted Liens.

(d) Taxes and Assessments. All assessments and taxes, due or payable by, or imposed, levied or assessed against each Grantor or any of its property, real or personal, tangible or intangible have been paid to the extent required by, and subject to the limitations and exceptions set forth in, the Credit Agreement.

(e) Location of Collateral. The tangible Collateral is located at the locations specified on Schedule 2 hereto. As to each location, the applicable Grantor is (i) the record owner of the real property where such Collateral is located, and there exists no mortgages or other Liens on any such real property except Permitted Liens, (ii) is the lessee of the real property where such Collateral is located and a leasehold mortgage or landlord waiver has been delivered to the Agent or (iii) is listed on Schedule 4.6 to the Credit Agreement (as supplemented from time to time pursuant to the Credit Agreement) and an appropriate bailee letter has been delivered to the Agent.

(f) Location of Grantors. The location of the chief executive office of each Grantor as well as its state of formation or incorporation, as applicable, are specified on Schedule 3 attached hereto.

(g) Instruments and Certificates. All Instruments and all Certificates representing securities that are included in the Collateral, together with all necessary endorsements, have been delivered to the Agent.

(h) Names Used by Grantors. (i) The actual corporate name of each Grantor is the name set forth in the preamble above; (ii) no Grantor has any trade names except as set forth on Schedule 4 hereto; (iii) no Grantor has used any name other than that stated in the preamble hereto or as set forth on Schedule 4 hereto for the preceding five years; and (iv) no entity has merged into any Grantor or been acquired by any Grantor within the past five years except as set forth on Schedule 4 hereto.

(i) Perfected Security Interest. This Agreement creates a valid, first priority security interest in the Collateral securing payment of the Secured Obligations subject only to Permitted Liens. Upon filing of the Uniform Commercial Code financing statements in the offices set forth on Schedule 5 hereto, all security interests which may be perfected by filing under the Uniform Commercial Code shall have been duly perfected. Except for the filing of the Uniform Commercial Code financing statements referred to in the preceding sentence and the delivery of the Instruments referred to in paragraph (g) above and filings in the U.S. Patent and Trademark Office (which filings have been or shall be duly made), no action is necessary to create, perfect or protect such security interest. Without limiting the generality of the foregoing, except for the filing of said financing statements, no consent of any third parties and no

authorization, approval or other action by, and no notice to or filing with any governmental authority or regulatory body is required for (i) the execution, delivery and performance of this Agreement, (ii) the creation or perfection of the security interest in the Collateral or (iii) the enforcement of the Agent's rights hereunder.

(j) Absence of Conflicts with Other Agreements, Etc. Neither the pledge of the Collateral hereunder nor any of the provisions hereof (including, without limitation, the remedies provided hereunder) violates any of the provisions of any charter documents or by-laws of any Grantor, or any other agreement to which any Grantor or any of its property is a party or is subject, or any judgment, decree, order or award of any court, governmental body or arbitrator or any applicable law, rule or regulation applicable to the same.

(k) Perfection Certificate. The Grantors have previously delivered to the Agent a perfection questionnaire and the information provided therein was true, complete and correct as of the date of delivery.

(l) Account Debtors. None of the account debtors or other Persons obligated on any of the Collateral is a governmental authority covered by the Federal Assignment of Claims Act or any like federal, state or local statute or rule in respect of such Collateral.

4. COVENANTS OF GRANTORS. Each Grantor covenants that:

(a) Filing of Financing Statements and Preservation of Interests. Immediately upon execution hereof, Each Grantor shall cause to be duly filed in each office set forth on Schedule 5 hereto Uniform Commercial Code financing statements, in form and substance satisfactory to the Agent. Without limiting the obligation of the Grantors set forth in the preceding sentence, the Grantors hereby authorizes the Agent, and appoints the Agent as its attorney-in-fact, to file in such office or offices as the Agent deems necessary or desirable such financing and continuation statements and amendments and supplements thereto, and such other documents as the Agent may require to perfect, preserve and protect the security interests granted herein and ratifies all such actions taken by the Agent.

(b) Delivery of Instruments, Etc. At any time and from time to time that any Collateral consists of Instruments, certificated securities or other items that require or permit possession by the secured party to perfect the security interest created hereby, the applicable Grantor shall deliver such Collateral to the Agent.

(c) Chattel Paper. Each Grantor shall cause all Chattel Paper constituting Collateral to be delivered to the Agent, or, if such delivery is not possible, then to cause such Chattel Paper to contain a legend noting that it is subject to the security interest created by this Agreement. To the extent that any Collateral consists of electronic Chattel Paper, the applicable Grantor shall cause the underlying Chattel Paper to be "marked" within the meaning of Section 9-105 of the Uniform Commercial Code (or successor section thereto).

(d) Investment Property and Deposit Accounts. If there is any Investment Property or Deposit Accounts included as Collateral that can be perfected by

“control” through an account control agreement, the applicable Grantor shall use best efforts to cause such an account control agreement, in form and substance in each case satisfactory to the Agent, to be entered into and delivered to the Agent.

(e) Letter-of-Credit Rights. To the extent that any Collateral consists of Letter-of-Credit Rights, the applicable Grantor shall use best efforts to cause the issuer of each underlying letter of credit to consent to the assignment to the Agent.

(f) Collateral in Possession of Third Parties. To the extent that any Collateral is in the possession of a third party, the applicable Grantor will join with the Agent in notifying such third party of the Agent’s security interest and will make commercially reasonable efforts to obtain an acknowledgement from such third party that it is holding the Collateral for the benefit of the Agent.

(g) Commercial Tort Claims. If any Grantor shall at any time hold or acquire a Commercial Tort Claim, such Grantor shall immediately notify the Agent in a writing signed by such Grantor of the particulars thereof, provide a revised version of Schedule 1 hereto which will replace the one then attached hereto, and take such other action as may be necessary and grant to the Agent in such writing a security interest therein and in the proceeds thereof, and to perfect the same, all upon the terms of this Agreement, with such writing to be in form and substance satisfactory to the Agent.

(h) Notice of Changes in Representations. Each Grantor shall notify the Agent in advance of any event or condition which could cause any representations set forth in Section 3 above applicable to such Grantor to fail to be true, correct and complete. Without limiting the generality of the foregoing,

(i) Without providing at least 30 days prior written notice to the Agent, no Grantor will change its name in any respect, its principal place of business or its chief executive office, its mailing address or its organizational identification number (if it has one).

(ii) If any Grantor does not have an organizational identification number and obtains one after the date of this Agreement, such Grantor will forthwith notify the Agent in writing of such organizational identification number.

(iii) No Grantor will change its type of organization, jurisdiction of organization or other legal structure without prior written notice to the Agent.

(i) Use and Condition of Equipment. Each item of Equipment will be maintained in good operating condition, ordinary wear and tear excepted, and the applicable Grantor will provide all maintenance service and repairs necessary for such purpose. The Agent may examine and inspect the Collateral at any reasonable time or times wherever located.

(j) Insurance. Each Grantor shall maintain with financially sound and reputable insurers, insurance with respect to the Collateral against loss or damage of the kinds

and in the amounts customarily insured against by entities of established reputation having similar properties similarly situated and in such amounts as are customarily carried under similar circumstances by other such Persons and otherwise as is prudent for Persons engaged in similar businesses but in any event sufficient to cover the full replacement cost thereof. Each Grantor shall cause each insurance policy issued in connection herewith to provide, and the insurer issuing such policy to certify to the Agent that (a) the Agent will be named as lender loss payee and additional insured under each such insurance policy; (b) if such insurance be proposed to be cancelled or materially changed for any reason whatsoever, such insurer will promptly notify the Agent and such cancellation or change shall not be effective as to the Agent for at least thirty (30) days after receipt by the Agent of such notice, unless the effect of such change is to extend or increase coverage under the policy; and (c) the Agent will have the right (but no obligation) at its election to remedy any default in the payment of premiums within thirty (30) days of notice from the insurer of such default. Proceeds of insurance policies shall be applied in the manner set forth in the Credit Agreement. Copies of such policies or the related certificates, in each case, naming the Agent as lender loss payee shall be delivered to the Agent at least annually and at the time any new policy of insurance is issued.

(k) Transfer of Collateral. Other than the disposition of Inventory in the ordinary course of the applicable Grantor's business as presently conducted or as otherwise permitted under the terms of the Credit Agreement, no Grantor shall sell, assign, transfer, encumber or otherwise dispose of any Collateral without the prior written consent of the Agent and the Agent does not authorize any such disposition. For purposes of this provision, "dispose of Collateral" shall include, without limitation, the creation of a security interest or other encumbrance (whether voluntary or involuntary) on such Collateral.

(l) Taxes and Assessments. Each Grantor shall promptly pay when due and payable all taxes and assessments imposed upon the Collateral or operations or business of such Grantor, subject to such limitations and exceptions as are set forth in the Credit Agreement.

(m) Inventory. No Grantor shall return any Inventory to the supplier thereof, except for damaged or unsalable Inventory or otherwise in the ordinary course of such Grantor's business. Without limiting the generality of the foregoing, in the event any Grantor becomes a "debtor in possession" as defined in 11 U.S.C. §1101 (or any successor thereto), such Grantor agrees not to move pursuant to 11 U.S.C. §546 (or any successor thereto) for permission to return goods to any creditor which shipped such goods to such Grantor without the Agent's written consent and each Grantor hereby waives any rights to return such Inventory arising under 11 U.S.C. §546(h), or any successor section thereto.¹

(n) Defense of Agent's Rights. Each Grantor warrants and will defend the Agent's right, title and security interest in and to the Collateral against the claims of any Persons.

(o) Cash Management. At any time that the Agent so requests, the Grantors will work with the Agent to set up such lock boxes and segregated accounts as the Agent may request in order to better perfect the security interest created hereunder in Proceeds.

(p) Material Contracts. Each Grantor shall maintain such agreements as shall be necessary in the conduct of business (collectively, "**Material Contracts**"). Schedule 6 hereto lists all such Material Contracts as of the Closing Date. The Grantors shall, from time to time, notify the Agent of any additional Material Contracts.

(q) Additional Grantors. Each Grantor shall cause each Subsidiary of such Grantor (including any Person that shall at any time become a Subsidiary of such Grantor) if not already a party to this Security Agreement, to immediately become a party hereto (an "**Additional Grantor**") by executing and delivering an Additional Grantor Joinder in substantially the form of Annex A attached hereto and thereafter complying with the provisions hereof applicable to Grantors. Concurrent therewith, the Additional Grantor shall deliver replacement schedules for, or supplements to, all other Schedules to (or referred to in) this Agreement, as applicable, which replacement schedules shall supersede, or supplements shall modify, the Schedules then in effect. Upon delivery of the foregoing to the Agent, the Additional Grantor shall be and become a Grantor for all purposes hereof as fully and to the same extent as if it were an original signatory hereto and shall be deemed to have made the representations, warranties and covenants set forth herein as of the date of execution and delivery of such Additional Grantor Joinder and thereafter at any time that such representations and covenants must be restated pursuant to the terms of the Loan Documents.

(r) Inspections. Each Grantor will permit the Agent, or its designee, to inspect the Collateral at any reasonable time, wherever located, upon reasonable prior notice.

(s) Intellectual Property. Without limiting the generality of the other obligations of the Grantors hereunder, each Grantor agrees that (i) it will promptly give the Agent notice whenever it acquires (whether absolutely or by license) or creates any additional Intellectual Property material to the conduct of the business, (ii) upon request of the Agent, (which request shall not be commercially unreasonable) it will cause to be registered at the United States Copyright Office all of its copyrights material to the conduct of the business and will cause the security interest contemplated hereby with respect to such Intellectual Property to be duly recorded at such office, and (iii) upon request of the Agent, after acquisition by Grantor of any Intellectual Property material to the conduct of the business it will cause the security interest contemplated hereby with respect to all such Intellectual Property registered at the United States Copyright Office or United States Patent and Trademark Office to be duly recorded at the applicable office.

(t) Power of Attorney. Each Grantor has duly executed and delivered to the Agent a power of attorney (a "Power of Attorney") in substantially the form attached hereto as Annex B. The power of attorney granted pursuant to the Power of Attorney is a power coupled with an interest and shall be irrevocable until all of the Secured Obligations are indefeasibly paid in full and the Commitment is terminated. The powers conferred on Agent (for the benefit of Agent and Secured Parties) under the Power of Attorney are solely to protect

Agent's interests (for the benefit of Agent and Secured Parties) in the Collateral and shall not impose any duty upon Agent or any Secured Party to exercise any such powers. Agent agrees that (a) except for the powers granted in clause (i) of the Power of Attorney, it shall not exercise any power or authority granted under the Power of Attorney unless a Default or an Event of Default has occurred and is continuing, and (b) Agent shall account for any moneys received by Agent in respect of any foreclosure on or disposition of Collateral pursuant to the Power of Attorney provided that none of Agent or any Lender shall have any duty as to any Collateral, and Agent and Lenders shall be accountable only for amounts that they actually receive as a result of the exercise of such powers. NONE OF AGENT, LENDERS, OTHER SECURED PARTIES OR THEIR RESPECTIVE AFFILIATES, OFFICERS, DIRECTORS, EMPLOYEES, AGENTS OR REPRESENTATIVES SHALL BE RESPONSIBLE TO GRANTOR FOR ANY ACT OR FAILURE TO ACT UNDER ANY POWER OF ATTORNEY OR OTHERWISE, EXCEPT IN RESPECT OF DAMAGES ATTRIBUTABLE SOLELY TO THEIR OWN GROSS NEGLIGENCE OR WILLFUL MISCONDUCT AS FINALLY DETERMINED BY A COURT OF COMPETENT JURISDICTION, NOR FOR ANY PUNITIVE, EXEMPLARY, INDIRECT OR CONSEQUENTIAL DAMAGES.

(u) Wachovia Collateral Account. At such time as all letters of credit issued as of the date of this Agreement have been drawn upon, cancelled or otherwise terminated (or as soon thereafter as is practicable), the Grantor shall close the Wachovia Collateral Account.

(v) Other Assurances. Each Grantor agrees that from time to time, at the joint and several expense of the Grantors, it will promptly execute and deliver all such further instruments and documents, and take all such further action as may be necessary or desirable, or as the Agent may reasonably request, in order to perfect and protect any security interest granted or purported to be granted hereby or to enable the Agent to exercise and enforce its rights and remedies hereunder and with respect to any Collateral or to otherwise carry out the purposes of this Agreement.

5. REMEDIES UPON DEFAULT. (a) Upon the occurrence and during the continuation of an Event of Default, the Agent may exercise, in addition to any other rights and remedies provided herein, under other contracts and under law, all the rights and remedies of a secured party under the Uniform Commercial Code. Without limiting the generality of the foregoing, upon the occurrence and during the continuation of an Event of Default, (i) at the request of the Agent, each Grantor shall assemble the Collateral owned or used by it as directed by the Agent; (ii) the Agent shall have the right (but not the obligation) to notify any account debtors and any obligors under Instruments or Accounts to make payments directly to the Agent and to enforce the Grantors' rights against account debtors and obligors; (iii) the Agent may (but is not obligated to), without notice except as provided below, sell the Collateral at public or private sale, on such terms as the Agent deems to be commercially reasonable; (iv) the Agent may (but is not obligated to) direct any financial intermediary or any other Person holding Investment Property to transfer the same to Agent or its designee; and (v) the Agent may (but is not obligated to) transfer any or all Intellectual Property registered in the name of any Grantor at the United States Patent and Trademark Office and/or Copyright Office into the name of the Agent or any designee or any purchaser of any Collateral. Each Grantor agrees that ten (10) days notice of any sale referred to in clause (iii) above shall constitute sufficient notice. The Agent or

any Lender may purchase Collateral at any such sale. The Grantors shall be liable to the Agent and other Secured Parties for any deficiency amount.

(b) The Agent may comply with any applicable law in connection with a disposition of Collateral and compliance will not be considered adversely to affect the commercial reasonableness of any sale of the Collateral. The Agent may sell the Collateral without giving any warranties and may specifically disclaim such warranties. If the Agent sells any of the Collateral on credit, the Borrower will only be credited with payments actually made by the purchaser. Any Secured Party may purchase Collateral at any such sale. In addition, each Grantor waives any and all rights that it may have to a judicial hearing in advance of the enforcement of any of the Agent's rights and remedies hereunder, including, without limitation, its right following an Event of Default to take immediate possession of the Collateral and to exercise its rights and remedies with respect thereto.

(c) For the purpose of enabling Agent to further exercise rights and remedies under this Section 5 or elsewhere provided by agreement or applicable Law, each Grantor hereby grants to Agent, for the benefit of Agent and Secured Parties, an irrevocable, nonexclusive license (exercisable without payment of royalty or other compensation to such Grantor) to use, license or sublicense following a Default or Event of Default, any Intellectual Property now owned or hereafter acquired by such Grantor, and wherever the same may be located, and including in such license access to all media in which any of the licensed items may be recorded or stored and to all computer software and programs used for the compilation or printout thereof.

(d) Notwithstanding the foregoing or anything else in this Agreement to the contrary, the parties acknowledge and agree that before the agreements listed on Schedule 7 hereto may be assigned and before certain other remedies provided herein or under Law may be exercised with respect to those agreements listed on Schedule 7, the consent of certain parties to those agreements must be obtained; nothing herein shall be construed to permit an assignment of those agreements or the exercise of remedies with respect to those agreements in violation of the express terms thereof. This paragraph (d) shall not serve as a limitation on the grant of the security interest in those agreements or the perfection of that security interest.

6. OBLIGATIONS ABSOLUTE.

(a) Change of Circumstance. THE RIGHTS OF THE AGENT HEREUNDER AND THE OBLIGATIONS OF THE GRANTORS HEREUNDER SHALL BE ABSOLUTE AND UNCONDITIONAL. SHALL NOT BE SUBJECT TO ANY COUNTERCLAIM, SETOFF, RECOUPMENT OR DEFENSE BASED UPON ANY CLAIM THAT ANY GRANTOR OR ANY OTHER PERSON MAY HAVE AGAINST ANY SECURED PARTY AND SHALL REMAIN IN FULL FORCE AND EFFECT UNTIL FULL AND INDEFEASIBLE SATISFACTION OF THE SECURED OBLIGATIONS AFTER OR CONCURRENT WITH THE EXTINCTION OF ANY COMMITMENT. Without limiting the generality of the foregoing, the obligations of the Grantors shall not be released, discharged or in any way affected by any circumstance or condition (whether or not the applicable Grantor shall have any notice or knowledge thereof) including, without limitation, any amendment or

modification of or supplement to the Credit Agreement, the Notes or any other Loan Document (including, without limitation, increasing the amount or extending the maturity of the Secured Obligations); any waiver, consent, extension, indulgence or other action or inaction under or in respect of any such agreements or instruments, or any exercise or nonexercise of any right, remedy, power or privilege under or in respect of any such agreements or instruments, or any exercise or nonexercise of any right, remedy, power or privilege under or in respect of any such agreements or instruments; any invalidity or unenforceability, in whole or in part, of any term hereof or of the Credit Agreement, the Notes or any other Loan Document; any failure on the part of Borrower or any other person for any reason to perform or comply with any term of the Credit Agreement, any Note or any other Loan Document; any furnishing or acceptance of any additional security or guaranty; any release of any Grantor or any other person or any release of any or all security or any or all guarantees for the Secured Obligations, whether any such release is granted in connection with a bankruptcy or otherwise; any bankruptcy, insolvency, reorganization, arrangement, readjustment, composition, liquidation or similar proceeding with respect to any Grantor or any other person or their respective properties or Creditors; the application of payments received by the Agent or any other Secured Party from any source which were lawfully used for some other purpose but which lawfully could have been applied to the payment, in full or in part, of the Secured Obligations; or any other occurrence whatsoever, whether similar or dissimilar to the foregoing. Without limiting the generality of the foregoing, at any time that the Credit Agreement is amended to increase the amount of the Secured Obligations thereunder, the amount of the Secured Obligations secured hereby shall be accordingly increased.

(b) No Duty To Marshal Assets. The Agent shall have no obligation to marshal any assets in favor of any Grantor or any other Person or against or in payment of any or all of the Secured Obligations.

(c) Waiver of Right of Subrogation, Etc. Each Grantor hereby waives any and all rights of subrogation, reimbursement, or indemnity whatsoever in respect of such Grantor arising out of remedies exercised by the Agent hereunder.

(d) Other Waivers. Each Grantor hereby waives promptness, diligence and notice of acceptance of this Agreement. In connection with any sale or other disposition of Collateral, each Grantor waives any right of redemption or equity of redemption in the Collateral. Each Grantor further waives presentment and demand for payment of any of the Secured Obligations, protest and notice of protest, dishonor and notice of dishonor or notice of default or any other notice with respect to any of the Secured Obligations, and all other notices to which any Grantor might otherwise be entitled, except as otherwise expressly provided in this Agreement. The Agent is under no obligation to pursue any rights against third parties with respect to the Secured Obligations and each Grantor hereby waives any right it may have to require otherwise. Each Grantor (to the extent that it may lawfully do so) covenants that it shall not at any time insist upon or plead, or in any manner claim or take the benefit of, any stay, valuation, appraisal or redemption now or at any time hereafter in force that, but for this waiver, might be applicable to any sale made under any judgment, order or decree based on this Agreement; and each Grantor (to the extent that it may lawfully do so) hereby expressly waives and relinquishes all benefit of any and all such laws and hereby covenants that it will not hinder,

delay or impede the execution of any power in this Agreement delegated to the Agent, but that it will suffer and permit the execution of every such power as though no such law or laws had been made or enacted.

(e) Each Grantor further waives to the fullest extent permitted by law any right it may have under the constitution of the Commonwealth of Pennsylvania (or under the constitution of any other state in which any of the Collateral or any Grantor may be located), or under the Constitution of the United States of America, to notice (except for notice specifically required hereby) or to a judicial hearing prior to the exercise of any right or remedy provided by this Agreement to the Agent, and waives its rights, if any, to set aside or invalidate any sale duly consummated in accordance with the foregoing provisions hereof on the grounds (if such be the case) that the sale was consummated without a prior judicial hearing.

(f) EACH OF GRANTOR'S WAIVERS UNDER THIS SECTION 6 HAVE BEEN MADE VOLUNTARILY, INTELLIGENTLY AND KNOWINGLY AND AFTER SUCH GRANTOR HAS BEEN APPRISED AND COUNSELED BY ITS ATTORNEY AS TO THE NATURE THEREOF AND ITS POSSIBLE ALTERNATIVE RIGHTS.

7. NON-WAIVER AND NON-EXCLUSIVE REMEDIES.

(a) Non-Exclusive Remedies. No remedy or right herein or in any other Loan Document conferred upon, or reserved to, the Agent is intended to be to the exclusion of any other remedy or right, but each and every such remedy or right shall be cumulative and shall be in addition to every other remedy or right given hereunder or under any other contract or under law.

(b) Delay and Non-Waiver. No delay or omission by the Agent or any other Secured Party to exercise any remedy or right hereunder or under any other Loan Document shall impair any such remedy or right or shall be construed to be a waiver of any Event of Default, or an acquiescence therein, nor shall it affect any subsequent Event of Default of the same or of a different nature.

8. STANDARD OF CARE.

(a) In General. No act or omission of the Agent or any Secured Party (or agent or employee of any of the foregoing) shall give rise to any defense, counterclaim or offset in favor of any Grantor or any claim or action against the Agent or such Secured Party (or agent or employee thereof), in the absence of gross negligence or willful misconduct of the Agent or such Secured Party (or agent or employee thereof) as determined in a final, nonappealable judgment of a court of competent jurisdiction. The Agent shall be deemed to have exercised reasonable care in the custody and preservation of the Collateral in its possession if the Collateral is accorded treatment substantially equal to that which the Agent accords to other Collateral it holds, it being understood that it has no duty to take any action with respect to calls, conversions, exchanges, maturities, tenders or other matters relative to any Collateral or to preserve any rights of any parties and shall only be liable for losses which are a result of its gross

negligence or willful misconduct as determined in a final, nonappealable judgment of a court of competent jurisdiction.

(b) No Duty to Preserve Rights. Without limiting the generality of the foregoing, the Agent has no duty (either before or after an Event of Default) to collect any amounts in respect of the Collateral or to preserve any rights relating to the Collateral.

(c) No Duty to Prepare for Sale. Without limiting the generality of paragraph (a) above, the Agent has no obligation to clean-up or otherwise prepare the Collateral for sale.

(d) Duties Relative to Contracts. Without limiting the generality of the foregoing, each Grantor shall remain obligated and liable under each contract or agreement included in the Collateral to be observed or performed by such Grantor thereunder. The Agent shall not have any obligation or liability under any such contract or agreement by reason of or arising out of this Agreement or the receipt by the Agent of any payment relating to any of the Collateral, nor shall the Agent be obligated in any manner to perform any of the obligations of any Grantor under or pursuant to any such contract or agreement, to make inquiry as to the nature or sufficiency of any payment received by the Agent in respect of the Collateral or as to the sufficiency of any performance by any party under any such contract or agreement, 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 the Agent or to which the Agent may be entitled at any time or times.

(e) Reliance on Advice of Counsel. In taking any action under this Agreement or any other Loan Document, the Agent shall be entitled to rely upon the advice of counsel of Agent's choice and shall be fully protected in acting on such advice whether or not the advice rendered is ultimately determined to have been accurate.

(f) Appointment and Powers of Agent. Without limiting Section 4(t) above, the Grantors each hereby irrevocably constitute and appoint the Agent and any officer or agent thereof, with full power of substitution, as its true and lawful attorneys-in-fact and with full irrevocable power and authority in the place and stead of such Grantor or in the Agent's own name, for the purpose of carrying out the terms of this Agreement, to take any and all appropriate action and to execute any and all documents and instruments that may be necessary or useful to accomplish the purposes of this Agreement.

7. MISCELLANEOUS.

(a) Assignment. Except as otherwise provided in the Credit Agreement, the Agent may assign or transfer this Agreement and any or all rights or obligations hereunder without the consent of any Grantor and without prior notice. No Grantor shall assign or transfer this Agreement or any rights or obligations hereunder without the prior written consent of the Agent or as expressly provided in the Credit Agreement. Notwithstanding the foregoing, if there should be any assignment of any rights or obligations by operation of law or in contravention of the terms of this Agreement or otherwise then all covenants, agreements, representations and warranties made herein or pursuant hereto by or on behalf of any Grantor shall

bind the successors and assigns of such Grantor, together with the preexisting Grantor, whether or not such new or additional Persons execute a joinder hereto or assumption hereof (without the same being deemed a waiver of any default caused thereby) which condition shall not be deemed to be a waiver of any Default or Event of Default arising out of such assignment.

(b) Benefit. The rights and privileges of the Agent under this Agreement shall inure to the benefit of its successors and assigns. All promises, covenants and agreements of each Grantor contained in this Agreement shall be binding upon personal representatives, heirs, successors and assigns of such Grantor.

(c) Joint and Several Liability. All Grantors shall jointly and severally be liable for the obligations of each Grantor to the Agent hereunder.

(d) Notices. Any notice contemplated herein or required or permitted to be given hereunder shall be made in the manner set forth in the Credit Agreement and delivered at the addresses set forth on the signature pages to this Agreement, or to such other address as any party hereto may have last specified by written notice to the other party or parties.

(e) Governing Law. This Agreement shall be construed in accordance with the laws of the Commonwealth of Pennsylvania (without giving effect to the choice of law provisions thereof).

(f) Severability. Every provision of this Agreement is intended to be severable. If any term or provision of this Agreement shall be invalid, illegal or unenforceable for any reason, the validity, legality and enforceability of the remaining provisions shall not be affected or impaired thereby. Any invalidity, illegality or unenforceability in any jurisdiction shall not affect the validity, legality or enforceability of any such term or provision in any other jurisdiction.

(g) Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original and all of which, when taken together, shall constitute one instrument. Delivery of a photocopy, telecopy or facsimile version of an executed counterpart of a signature page to this Agreement shall be as effective as delivery of a manually executed counterpart.

(h) Costs and Expenses. Whether or not the transactions contemplated by this Agreement are fully consummated and without limiting any other cost and expense reimbursement provisions in any of the Loan Documents, each Grantor shall promptly pay (or reimburse, as the Agent may elect) all costs and expenses which the Agent has incurred or may incur in connection with the negotiation, preparation, reproduction, interpretation, administration and enforcement of this Agreement and all amendments, waivers, modifications and supplements hereto, the perfection and protection of the Collateral, and the collection of all amounts due hereunder.

(i) Indemnification. Whether or not the transactions contemplated hereby are consummated and without limiting any other Indemnification provisions in any Loan

Document, each Grantor shall, jointly and severally, indemnify, reimburse and hold harmless all Indemnitees from and against any and all losses, claims, liabilities, damages, penalties, suits, costs and expenses, of any kind or nature (including fees relating to the cost of investigating and defending any of the foregoing) imposed on, incurred by or asserted against such Indemnitee in any way related to or arising from or alleged to arise from this Agreement or the use or possession of the Collateral or any part thereof excluding any such losses, claims, liabilities, damages, penalties, suits, costs and expenses which result from the gross negligence or willful misconduct of such Indemnitee as determined by a final nonappealable decision of a court of competent jurisdiction. The obligations under this Section shall survive termination of this Agreement. A certification by the Agent or other Indemnitee of the amount of losses, costs, expenses, claims and/or charges payable pursuant to this paragraph shall be conclusive, absent manifest error.

(j) Entire Agreement. This Agreement and the other Loan Documents represent the entire agreement between the parties hereto with respect to the transactions contemplated hereunder and, except as expressly provided herein, shall not be affected by reference to any other documents.

(k) Waivers, Amendments, Etc. The terms of this Agreement may be waived, altered or amended only by an instrument in writing duly executed by the Grantor and the Agent.

10. SPECIFIC PERFORMANCE. Each Grantor hereby authorizes the Agent to demand specific performance of this Agreement at any time when any Grantor shall have failed to comply with any provision hereof, and each Grantor hereby irrevocably waives any defense based on the adequacy of a remedy at law which might be asserted as a bar to the remedy of specific performance hereof in any action brought therefor.

11. RELATIONSHIP WITH CREDIT AGREEMENT. If any of the terms hereof are inconsistent with those of the Credit Agreement, those of the Credit Agreement shall control. Each Grantor that is not a party to the Credit Agreement hereby acknowledges receipt from the Borrower of a correct and complete copy of the Credit Agreement and consents to all of the provisions of the Credit Agreement as in effect on the date hereof and agrees that its consent is not required for any amendments, modifications, restatements or waivers of it or any of the provisions thereof.

12. TERMINATION, EFFECT OF TERMINATION

(a) At such time as (i) no Lender has any Commitment to make further fundings to the Borrower under the terms of the Credit Agreement, and (ii) all the Secured Obligations have been indefeasibly paid and/or performed in full, then the security provided for herein shall terminate, provided, however, that all indemnities of the Borrower and each other Grantor contained in this Agreement or any Loan Document shall survive and remain operative and in full force and effect regardless of the termination of this Agreement.

(b) Effective upon the closing of a disposition of any Collateral in conformity with the provisions of the Credit Agreement, and receipt by the Agent of a certification to such effect from the chief financial officer of the Borrower, the security interest in the Collateral so disposed of shall terminate and Agent shall deliver such releases as may be appropriate, provided, however, the security interest in all remaining Collateral shall remain in full force and effect.

13. JURISDICTION; WAIVER OF JURY TRIAL. For the purpose of any action that may be brought in connection with this Agreement, each Grantor hereby consents to the jurisdiction and venue of the courts of the Commonwealth of Pennsylvania or of any federal court located in such state and waives personal service of any and all process upon it and consents that all such service of process be made by certified or registered mail directed to such Grantor at the address provided for in Section 9(c) and service so made shall be deemed to be completed on actual receipt. Each Grantor waives the right to contest the jurisdiction and venue of the courts located in the Commonwealth of Pennsylvania on the ground of inconvenience or otherwise and, further, waives any right to bring any action or proceeding against the Agent in any court outside the City of Philadelphia in the Commonwealth of Pennsylvania. The provisions of this Section shall not limit or otherwise affect the right of the Agent to institute and conduct an action in any other appropriate manner, jurisdiction or court.

NEITHER THE AGENT NOR ANY GRANTOR NOR ANY OTHER PERSON LIABLE FOR THE INDEBTEDNESS TO THE AGENT, NOR ANY ASSIGNEE, SUCCESSOR, HEIR OR PERSONAL REPRESENTATIVE OF ANY SUCH PERSON SHALL SEEK A JURY TRIAL IN ANY PROCEEDING BASED UPON OR ARISING OUT OF THIS AGREEMENT, ANY NOTE, ANY OTHER DOCUMENT EXECUTED IN CONNECTION HEREWITH, ANY COLLATERAL FOR THE PAYMENT HEREOF OR THE DEALINGS OR THE RELATIONSHIP BETWEEN OR AMONG SUCH PERSONS, OR ANY OF THEM. NO SUCH PERSON WILL SEEK TO CONSOLIDATE ANY SUCH ACTION INTO ONE IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED.

EXCEPT AS PROHIBITED BY LAW, EACH PARTY HERETO WAIVES ANY RIGHTS IT MAY HAVE TO CLAIM OR RECOVER IN ANY LITIGATION REFERRED TO IN THIS SECTION, ANY SPECIAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES. EACH PARTY HERETO (i) CERTIFIES THAT NEITHER ANY REPRESENTATIVE, AGENT OR ATTORNEY OF THE AGENT HAS REPRESENTED, EITHER ORALLY OR OTHERWISE, THAT THE AGENT IS UNABLE TO ENFORCE THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVERS AND (ii) ACKNOWLEDGES THAT IT HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND EACH OTHER DOCUMENT EXECUTED IN CONNECTION HEREWITH, AS APPLICABLE, BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS HEREIN. THE PROVISIONS OF THIS SECTION HAVE BEEN FULLY DISCLOSED BY AND TO THE PARTIES HERETO AND THE PROVISIONS HEREOF SHALL BE SUBJECT TO NO EXCEPTIONS. NO PARTY HAS IN ANY WAY AGREED WITH OR REPRESENTED TO ANY OTHER PARTY THAT THE PROVISIONS OF THIS SECTION WILL NOT BE FULLY ENFORCED IN ALL INSTANCES.

IN WITNESS WHEREOF, the parties hereto have caused this Security Agreement to be executed in the name and on behalf of the parties hereto as of the date first above written.

**PENNSYLVANIA CRUSHER
CORPORATION**

By: Ronald R. Remick
Name: Ronald R. Remick
Title: Vice President and Treasurer

Notice Address: Routes 55 & 553
P.O. Box 888
Pitman, New Jersey 08071-0888
Phone No: 856-589-0500
Fax No.: 856-256-3235
Attention: Ronald R. Remick, Vice
President and Treasurer

**JEFFREY SPECIALTY EQUIPMENT
CORPORATION**

By: Ronald R. Remick
Name: Ronald R. Remick
Title: Vice President and Treasurer

Notice Address: Routes 55 & 553
P.O. Box 888
Pitman, New Jersey 08071-0888
Phone No: 856-589-0500
Fax No.: 856-256-3235
Attention: Ronald R. Remick, Vice
President and Treasurer

NATIONAL CITY BANK, as Agent

By: Lyle Cunningham
Name: Lyle Cunningham
Title: Senior Vice President

Notice Address: One South Broad Street
13th Floor, Locator 01-5997
Philadelphia, PA 19107
Telephone No.: 267-256-4152
Fax No.: 267-256-4001
Attention: Lyle Cunningham

Annex A

ADDITIONAL GRANTOR JOINDER

Reference is made to the Security Agreement dated as of January __, 2003 from PENNSYLVANIA CRUSHER CORPORATION and its Subsidiaries party thereto as Grantors, from time to time, to and in favor of National City Bank, as agent for itself and the other Secured Parties (as amended, restated or otherwise supplemented from time to time in accordance with the terms thereof, the "Security Agreement"). Capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in, or by reference in, the Security Agreement.

The undersigned hereby agrees that upon delivery of this Additional Grantor Joinder to the Agent referred to above or its successor, the undersigned shall be and become a Grantor for all purposes of the Security Agreement as fully and to the same extent as if it were an original signatory thereto and shall be deemed to have made the representations and warranties set forth in Section 3 therein as of the date of execution and delivery of this Additional Grantor Joinder and at any future dates that such representations must be restated pursuant to the terms of the Loan Documents. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, THE UNDERSIGNED SPECIFICALLY GRANTS TO THE AGENT FOR THE BENEFIT OF THE SECURED PARTIES A SECURITY INTEREST IN THE COLLATERAL AS MORE FULLY SET FORTH IN THE SECURITY AGREEMENT and acknowledges and agrees to the waiver of jury trial provisions set forth therein.

Attached hereto are supplemental and/or replacement Schedules to the Security Agreement, as applicable.

An executed copy of this Joinder shall be delivered to the Agent, and the Agent and the Secured Parties may rely on the matters set forth herein on or after the date hereof. This Joinder shall not be modified, amended or terminated without the prior written consent of the Agent.

[Name of New Grantor]

By: _____
Name:
Title:

Phone No.:
Fax No.:
Attention:

Dated: _____

Annex B

POWER OF ATTORNEY

This Power of Attorney is executed and delivered by _____, a _____ (“Grantor”), to National City Bank, as agent for itself and the other Secured Parties as such term is defined in the Credit Agreement referred to below (“Attorney”). This Power of Attorney is delivered in connection with and pursuant to a certain Credit Agreement dated as of even date herewith (as the same may be amended, modified, restated and/or supplemented from time to time in accordance with the terms thereof, the “Credit Agreement”) and that certain Security Agreement delivered in connection therewith. No person to whom this Power of Attorney is presented, as authority for Attorney to take any action or actions contemplated hereby, shall be required to inquire into or seek confirmation from Grantor as to the authority of Attorney to take any action described below, or as to the existence of or fulfillment of any condition to this Power of Attorney, which is intended to grant to Attorney unconditionally the authority to take and perform the actions contemplated herein, and Grantor irrevocable waives any right to commence any suit or action, in law or equity, against any person or entity which acts in reliance upon or acknowledges the authority granted under this Power of Attorney. The power of attorney granted hereby is coupled with an interest, and may not be revoked or canceled by Grantor without Attorney’s written consent.

Grantor hereby irrevocably constitutes and appoints Attorney (and all officers, employees or agents designated by Attorney), with full power of substitution, as Grantor’s true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of Grantor and in the name of Grantor or in its own name, from time to time in Attorney’s discretion, to take any and all appropriate action and to execute and deliver any and all documents and instruments which may be necessary or desirable to accomplish the purposes of the Credit Agreement, the Security Agreement and any and all agreements, documents and instruments executed, delivered or filed in connection therewith from time to time (collectively, the “Loan Documents”) and, without limiting the generality of the foregoing, Grantor hereby grants to Attorney the power and right, on behalf of Grantor, without notice to or assent by Grantor, and at any time, to do the following:

(a) change the mailing address of Grantor, open a post office box on behalf of Grantor, open mail for Grantor, and ask, demand, collect, give acquittances and receipts for, take possession of, endorse any invoices, receipts or express bills of lading, receipts, or bills of lading, receipts, drafts, bills of exchange, promissory notes, checks, and other instruments, and all other property of Grantor;

(b) effect any repairs to any asset of Grantor, or continue or obtain any insurance and pay all or any part of the premiums therefor and costs thereof, and make, settle and adjust all claims under such policies of insurance, and make all determinations and decisions with respect to such policies;

(c) pay or discharge any taxes, liens, security interests, or other encumbrances levied or placed on or threatened against Grantor or its property;

(d) defend any suit, action or proceeding brought against Grantor if Grantor does not defend such suit, action or proceeding or if Attorney believes that Grantor is not pursuing such defense in a manner that will maximize the recovery to Attorney, and settle, compromise or adjust any suit, action, or proceeding described above and, in connection therewith, give such discharges or releases as Attorney may deem appropriate;

(e) file or prosecute any claim, litigation, suit or proceeding in any court of competent jurisdiction or before any arbitrator, or take any other action otherwise deemed appropriate by Attorney for the purpose of collecting any and all such moneys due to Grantor whenever payable and to enforce any other right in respect of Grantor's property;

(f) cause the certified public accountants then engaged by Grantor to prepare and deliver to Attorney at any time and from time to time, promptly upon Attorney's request, the following reports: (1) a reconciliation of all accounts, (2) an aging of all accounts, (3) trial balances, (4) test verifications of such accounts as Attorney may request, and (5) the results of each physical verification of inventory;

(g) communicate in its own name with any party to any contract with regard to the assignment of the right, title and interest of Grantor in and under the contracts and other matters relating thereto;

(h) to the extent that Grantor's authorization given in the Security Agreement is not sufficient, to file such financing statements with respect to the Security Agreement, with or without Grantor's signature, as the Agent may deem appropriate and to execute in Grantor's name such financing statements and amendments thereto and continuation statements which may require the Grantor's signature; and

(i) execute, deliver and/or record, as applicable, in connection with any sale or other remedy provided for in any Loan Document, any endorsements, assignments or other applications for or instruments of conveyance or transfer with respect to the Collateral and to otherwise direct such sale or resale, all as though Attorney were the absolute owner of the property of Grantor for all purposes, and to do, at Attorney's option and Grantor's expense, at any time or from time to time, all acts and other things that Attorney reasonably deems necessary to perfect, preserve or realize upon Grantor's property or assets and Attorney's liens thereon, and to do all that said Attorney might do or cause to be done by virtue hereof, to the extent permitted by law, all that said Attorney shall lawfully do or cause to be done by virtue hereof. Without limiting the generality of the foregoing, the Agent is specifically authorized to execute and file any applications for or instruments of transfer and assignment of any patents, trademarks, copyrights or other Intellectual Property with the United States Patent and Trademark Office and the United States Copyright Office.

IN WITNESS WHEREOF, this Power of Attorney is executed by Grantor, and Grantor has caused its seal to be affixed pursuant to the authority of its board of directors this ____ day of _____, 200_.

[_____]

By: _____

Name: _____

Title: _____

TRADEMARK
REEL: 002667 FRAME: 0348

Schedule 1

Commercial Tort Claims

None.

Schedule 2

Location of Collateral

1. 600 Abbott drive, P.O. Box 100, Broomhall, PA 19008 (Delaware County)
Pennsylvania Crusher Corporation
2. 398 Willis Road, Woodruff, SC 29388 (Spartanburg County)
Jeffrey Specialty Equipment Corporation
3. 607 Munroe Falls Ave., Cuyahoga Falls, OH 44221 (Summit County)
Pennsylvania Crusher Corporation
4. Two Early Street, Ellwood City, PA 16117 (Lawrence County)
Industrial Equipment Fab
5. 1900 Garden Street, Laredo, TX 78040 (Webb County)
A-1 Warehouse
6. 7th & Larkin Streets, New Castle, DE 19720 (New Castle County)
Amsco Wear Products (tenant)
7. P.O. Box 257, New Brighton, PA 15066 (Beaver County)
Damascus Steel Casings
8. 3901 9th Ave. South, Seattle, WA 98108 (King County)
North Star Casteel
9. RD#1, Box 292E, Chicora, PA 16025 (Butler County)
Allegheny Heat Treating
10. 411 W. Exchange Street, Akron, OH 44309 (Summit County)
Sackman Stamp and Pencil Co., Inc.
11. P.O. Box 459-D, Meadville, PA 16335 (Crawford County)
Meadville Forge Co.
12. P.O. Box 111, Meadville, PA 16335 (Crawford County)
Terminal Distribution Center
13. P.O. Box 330, Mount Union, PA 27066 (Huntingdon County)
Bonney Forge
14. 1010 Wile Road, Meridian, MS (Lauderdale County)
Southern Cast Products

15. 4 Industrial Drive, P.O. Box 66, Crystal City, MO 63019 (Jefferson County)
Good Earth Tools, Inc.
16. Lisbon Road, Columbiana, OH 44408 (Columbiana County)
Columbiana Foundry
17. 838 Rice Avenue Ext., Union, SC 29379 (Union County)
H&H Metal Products
18. 3701 Gribble Road, Matthews, NC 28105 (Mecklenburg County)
Agency Alloys, Inc.
19. 601-607 Munroe Falls Avenue, Cuyahoga Falls, OH 44221 (Summit County)
Pennsylvania Crusher Corporation

Schedule 3

Location of Grantors

1. Pennsylvania Crusher Corporation, a Delaware corporation, 600 Abbott Drive, Box 100, Broomall, Pennsylvania 19008.
2. Jeffrey Specialty Equipment Corporation, a Delaware corporation, 600 Abbott Drive, Box 100, Broomall, Pennsylvania 19008.

Schedule 4

Names Used by Grantors

1. Within the last five years, Jeffrey Specialty Equipment Corporation has operated under the name Global Processing Systems, Inc.
2. PCC Acquisition Co., a Delaware corporation, merged with and into Pennsylvania Crusher Corporation pursuant to a Certificate of Ownership and Merger, dated as of January 2, 2003, which was filed with the Secretary of State of the State of Delaware on January 3, 2003.

Schedule 5

**Filing of Financing Statements and Preservation
of Interests**

State of Delaware

Schedule 6

Material Contracts

1. Shareholder's Agreement, dated as of December 11, 1987, by and among Max Norman, John D. Whalen, Donald J. Carrozzino, Carl R. Graf, Nancy S. Hansen and Frank Wallitsch, Jr., as amended by that certain Amendment Agreement dated October 31, 1990.
2. Contribution and Release Agreement, dated as of December 31, 2002, by and among the Borrower, John D. Whalen, Donald J. Carrozzino, Frank Wallitsch, Jr., Nancy S. Hansen and Donald W. Melchiorre.
3. American Express One Business Travel Services Agreement, dated September 15, 2000, between the Borrower and American Express Travel Related Services Company, Inc., d/b/a American Express One, as amended.
4. Purchase Agreement dated October 2002 between the Company and OCE-USA, Inc. (purchase of copying/folding equipment and computer equipment).
5. Lease Agreement #100-28949, dated October 2002, between the Borrower and NEC Financial Services, Inc. (telephone system lease). In connection with the foregoing, the Borrower made a Progress Payment Note in favor of NEC in the maximum principal amount of \$61,673.98.
6. Lease Agreement #911105, dated on or about June 10, 2002, between Jeffrey Specialty Equipment Corporation and U.S. Bancorp Business Equipment Finance Group (office equipment lease).
7. The Company leases trucks and automobiles from Enterprise Leasing Company of Philadelphia, d/b/a Enterprise Fleet Services, pursuant to that certain Master Equity Lease Agreement (Open-End) dated June 21, 1997.
8. All of the Intellectual Property Agreements set forth on Schedule 7 are hereby incorporated by reference herein.
9. Lease Agreement dated as of February 1, 1999 by and between Corporate Property
10. The Borrower has entered into manufacturer's representative agreement or distributorship agreement (which substantially conform to the Borrower's standard form of such agreements) with the following parties:
 - APA, Inc.
 - Applied Technologies Services, Inc.
 - Arnold Associates
 - Barnard-Boe Company
 - BCN, Inc.

- Burro Engineering Sales, Inc.
- Cassier Engineering Sales Ltd.
- CEECO Equipment Company of Michigan
- Competitive Management Associates, Inc.
- Energy & Environmental Technologies, Inc.
- EPI Technical Sales, Inc.
- Fluid Engineering Sales, Inc.
- Hagedorn & Gannon Co., Inc.
- J & B Industrial Sales Company
- Mechanical Enterprises, Inc.
- Morris-Coker, Inc.
- North-Monsen Company
- Nosun Engineering Sales, Inc.
- Process Machinery Company
- The Tennant Company
- Tompkins & Kinner Co., Inc.
- Western States Industrial Technologies, Inc.
- Arcon Overseas Ltd.
- Camfer Engineering Services
- Ecomin
- Fastech S.L.
- Ferronikel, C.A.
- Gilon Supply (1946) Ltd.
- Kingtech Engineering Corporation
- Maser (M) Sdn. Bhd.
- Metrans Makina Endustrisi Urunleri San. Ve Tic. Ltd. Sti.
- P. T. Mecotra Permai
- RPC Engineering Co., Ltd.
- Russell Benussi Associates
- SCI Management LLC
- Sookias International, Pvt. Ltd.
- Sturton-Gill Engineering, Pty., Ltd.
- Sungwon Magnetics Company
- Ventura Process Equipment Co.
- VS Energetics, Inc.

- Acrodyne
- Adams Brothers, Inc.
- Aggregate & Mining Equipment
- Allegheny Process Systems
- APA Inc.
- Banyan Chains, Inc.
- Butler & Associates Inc.
- Bystrom Conveying & Processing

- Interstate Bearing Technologies
- J&L Professional Sales
- John Chandler & Associates, Inc.
- Material Control Solutions L.L.C.
- PBE Inc.
- Power Techniques Inc.
- Quaker Equipment Group
- Rair Systems Sales Inc.
- Tons Per Hour
- VIB/Con Inc.
- Western States Equipment & Engineering
- Zeigler Sales, Inc.
- Astrac, S.A. de C.V.
- Ingenieria y Equipos Ltda.
- Vangara Engineering Ltd.

Schedule 7

Intellectual Property Agreements

1. License Agreement, dated May 15, 2000, between the Borrower and Stamet, Incorporated.
2. License Agreement, dated January 1, 1989, between the Borrower and Bateman Engineered Technologies, a division of Bateman Products Limited (f/k/a Bateman Equipment Ltd.), as amended by letter agreement, dated October 27, 1999.
3. License Agreement, dated November 28, 1978 between the Borrower and Siebtechnik GMBH.
4. License Agreement, dated September 21, 1999, between QAD, Inc. and Jeffrey Specialty Equipment Corporation.

Schedule 8

Intellectual Property

Licenses:

- License Agreement, dated May 15, 2000, between the Borrower and Stamet, Incorporated.
- License Agreement, dated January 1, 1989, between the Borrower and Bateman Engineered Technologies, a division of Bateman Products Limited (f/k/a Bateman Equipment Ltd.), as amended by letter agreement, dated October 27, 1999.
- License Agreement, dated November 28, 1978 between the Borrower and Siebtechnik GMBH.
- License Agreement, dated September 21, 1999, between QAD, Inc. and Jeffrey Specialty Equipment Corporation.

Patents:

Pennsylvania Crusher Corporation

Active Patents

Patent and Number	Date of Expiration
Comminutor with Impact, Shear & Screening Sections #5,062,575	Expiration: 11/05/08
Mill Screen Apparatus #5,062,601	Expiration: 11/05/08
Variable Density Grinding Media #5,076,507	Expiration: 12/31/08
Tumbling Media Mill & Control System #5,251,826	Expired for failure to pay maintenance fees
Apparatus and Method for Sealing Shafts #6,234,414 B1	Expiration: 06/03/19
Excavator Teeth, Apparatus and Method	U.S. Application
Excavator Teeth, Apparatus and Method	Canadian Application
Excavator Teeth, Apparatus and Method	Mexican Application

Jeffrey Specialty Equipment Corporation

Active Patents

Patents	Country	Patent Number	Date of Expiration
Hold Down Mechanism for Reduction Apparatus	United States	4,625,924	8/27/05
Hold Down Mechanism for Reduction Apparatus	Canada	1,243,991	11/01/05
Slow Speed Hammermill for Size Reduction of Wood Chips	United States	5,842,653	01/24/17
Slow Speed Hammermill for Size Reduction of Wood Chips	United States (Divisional)	5,904,306	1/24/17
Slow Speed Hammermill for Size Reduction of Wood Chips	Canada	2,226,045	12/30/17

Trademarks:

Pennsylvania Crusher Corporation

Registered Trademarks

Trademark	Registration Number	Date of Expiration
BIG BUSTER	2,416,476	12/26/10
BMR	1,587,478	03/20/10
BRAD-MULTI-ROLL	1,587,477	03/20/10
BRADPACTOR	1,192,012	03/16/12
COALPACTOR	670,198	11/25/08
FBR	1,590,560	04/10/10
FROZEN COAL CRACKER (Principal)	1,152,143	04/28/11
FROZEN COAL CRACKER	743,722	1/17/03
KOAL-KNG	997,887	11/12/04
PC	906,650	01/26/11
PC LOGO (China)	1415013	01/21/10
PENNSYLVANIA	1,266,879	6/27/10
PENNSYLVANIA (Humpbacked)	565,562	10/21/12
PENNSYLVANIA & PC LOGO (India)	560297	10/14/05
PENNSYLVANIA (Canada)	322,621	01/19/17
PENNSYLVANIA (House Mark)	1,815,679	01/11/04
PENNSYLVANIA REVERSIBLE IMPACTOR	607,919	06/28/05
PENNTECHNIC	1,217,303	11/23/12
PENNTECHNIC (Canada)	539,993	01/22/16

Trademark Applications

Trademark Pending	Country	Application Number	Application Date	Status
MOUNTAINEER	United States	76/468,177	N/A	Pending
PC	United States	76/370,510	N/A	Pending

Jeffrey Specialty Equipment Corporation

Registered Trademarks

Trademark	Country	Registration Number	Registration Date	Renewal Dates
CONSEP 2	United States	1,344,064	06/25/85	06/25/05
DURATIP	United States	2,644,283	10/29/02	10/29/08
FLEXROLL	United States	424,439	10/08/46	10/08/06
FLEXTOOTH	United States	280,736	02/24/31	02/24/11
FLEXTOOTH	Canada	UCA637	02/27/33	02/27/08
JEFFREY	Australia	680,530	12/18/98	12/12/05
JEFFREY	France	99,812,577	09/16/99	09/16/09
JEFFREY	United States	2,360,304	06/20/00	06/20/05

Trademark Applications

Trademark Pending	Country	Application Number	Application Date	Status
CHIP-SIZER	United States	75/706,249	N/A	Abandoned 1/17/02
JEFFREY	South Africa	99/156,39	08/26/99	Pending
ULTRALLOY	United States	76/265,236	05/31/01	Allowed
ULTRALLOY	Canada	1,123,554	11/29/01	Pending
SLANT-FLOW	United States	75/265,235	05/31/01	Allowed
SLANT-FLOW	Canada	1,123,555	11/29/01	Pending