

06-27-2003



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Form PTO-1594

(Rev. 03/01)

OMB No. 0651-0027 (exp. 5/31/2002)

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RECO  
TF3. DEPARTMENT OF COMMERCE  
U.S. Patent and Trademark Office

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

## 1. Name of conveying party(ies):

MATCOM International Corp.  
Materials Communication and Computers, Inc.  
Entek, Inc.

- ☐ Individual(s) ☐ Association  
☐ General Partnership ☐ Limited Partnership  
☒ Corporation-State  
☐ Other \_\_\_\_\_

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

## 3. Nature of conveyance:

- ☐ Assignment ☐ Merger  
☒ Security Agreement ☐ Change of Name  
☐ Other \_\_\_\_\_

Execution Date: 11-21-2002

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

Name: American Capital Financial Services, Inc.

Internal

Address: \_\_\_\_\_

Street Address: 2200 Ross Avenue, Suite 4500W

City: Dallas State: TX Zip: 75201

- ☐ Individual(s) citizenship \_\_\_\_\_  
☐ Association \_\_\_\_\_  
☐ General Partnership \_\_\_\_\_  
☐ Limited Partnership \_\_\_\_\_  
☒ Corporation-State Delaware  
☐ Other \_\_\_\_\_

If assignee is not domiciled in the United States, a domestic representative designation is attached: ☐ Yes ☒ No

(Designations must be a separate document from assignment)

Additional name(s) & address(es) attached? ☐ Yes ☒ No

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

A. Trademark Application No.(s) 76279849

B. Trademark Registration No.(s) 2077083,  
2036170Additional number(s) attached ☐ Yes ☒ No

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

Name: George M. Borababy, Esq.

Internal Address: \_\_\_\_\_

Street Address: Patton Boggs LLP

2550 M Street, NW

City: Washington State: DC Zip: 20037

## 6. Total number of applications and registrations involved: 3

7. Total fee (37 CFR 3.41).....\$ 90.00

- ☐ Enclosed  
☒ Authorized to be charged to deposit account

## 8. Deposit account number:

50-0709

DO NOT USE THIS SPACE

## 9. Signature.

George M. Borababy

Name of Person Signing

Signature

6/20/03

Date

Total number of pages including cover sheet, attachments, and document: 29

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

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**SECURITY AGREEMENT**

SECURITY AGREEMENT, dated as of November 21, 2002, among MATCOM INTERNATIONAL CORP., a Delaware corporation ("Parent"), MATERIALS, COMMUNICATION AND COMPUTERS, INC., a North Carolina corporation ("MCCI"), and ENTEK, INC., a Virginia corporation ("ENTEK," together with MCCI, "Borrower") (Parent and Borrower shall be referred to individually as "Grantor" and collectively, "Grantors") and AMERICAN CAPITAL FINANCIAL SERVICES, INC., a Delaware corporation, as agent for Purchasers ("Agent").

**W I T N E S S T H:**

WHEREAS, pursuant to that certain Note and Equity Purchase Agreement dated as of the date hereof by and among Grantors, Agent, and the purchasers that are now and hereafter parties thereto (each a "Purchaser" and collectively, "Purchasers") (including all annexes, exhibits and schedules thereto, as from time to time amended, restated, supplemented or otherwise modified, the "Purchase Agreement"), Purchasers have agreed to purchase the Notes from the Borrower and Warrants from the Parent;

WHEREAS, in order to induce Agent and Purchasers to enter into the Purchase Agreement and other Transaction Documents to which they are parties and to induce Purchasers to purchase the Notes as provided for in the Purchase Agreement, Grantors have agreed to grant a continuing Lien on the Collateral (as hereinafter defined) to secure all of their respective obligations owing to the Purchasers under the Purchase Documents;

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

1. **DEFINED TERMS.**

(a) All capitalized terms used but not otherwise defined herein have the meanings given to them in the Purchase Agreement. All other terms contained in this Security Agreement, unless the context indicates otherwise, have the meanings provided for by the Code (as defined below) to the extent the same are used or defined therein.

(b) "the Code" shall mean the Uniform Commercial Code as the same may, from time to time, be in effect in the State of New York; or, provided, however, in the event that, by reason of mandatory provisions of law, any or all of the attachment, perfection or priority of the Agent's security interest in any Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of New York, the term "Code" shall mean the Uniform Commercial Code as in effect in such other jurisdiction for purposes of the provisions hereof relating to such attachment, perfection or priority and for purposes of definitions related to such provisions.

Commercial Code, as recommended by the National Conference of Commissioners on Uniform State Laws and the American Law Institute, together with any subsequent amendments or modifications to the Official Text.

2. GRANT OF SECURITY INTEREST.

(a) To secure the prompt and complete payment, performance and observance of all of their obligations owing to the Purchasers under the Purchase Documents, each Grantor hereby grants, assigns, conveys, mortgages, pledges, hypothecates and transfers to Agent, for itself and the ratable benefit of Purchasers, a lien and security interest in all of its right, title and interest in, to and under all of the following personal property, assets, and rights of Grantors, whether now owned by or owing to, or hereafter acquired by or arising in favor of such Grantor (including under any trade names, styles or derivations thereof), and whether owned or consigned by or to, or leased from or to, such Grantor, and regardless of where located (all of which being hereinafter collectively referred to as the "Collateral"), (as defined in Section 9.102 of the Code):

- (i) all Accounts;
- (ii) all Chattel Paper (whether tangible or electronic);
- (iii) all Documents;
- (iv) all General Intangibles (including payment intangibles and Software);
- (v) all Goods (including inventory, equipment and fixtures);
- (vi) all Instruments;
- (vii) all Investment Property;
- (viii) all Deposit Accounts;
- (ix) all money, cash or cash equivalents;
- (x) all Letter-of-Credit Rights (whether or not evidenced by a writing);
- (xi) all supporting obligations; and
- (xii) to the extent not otherwise included, all Proceeds, tort claims, insurance claims and other rights to payments not otherwise included in the foregoing and products of the foregoing and all accessions to, substitutions and replacements for, and rents and profits of, each of the foregoing.

(b) In addition, to secure the prompt and complete payment, performance and observance of their obligations owing to the Purchasers under the Purchase Documents and in order to induce Agent and Purchasers as aforesaid, each Grantor hereby grants to Agent, for

itself and the benefit of Purchasers, a right of setoff against the property of such Grantor held by Agent or any Purchaser, consisting of property described above in Section 2(a) now or hereafter in the possession or custody of or in transit to Agent or any Purchaser, for any purpose, including safekeeping, collection or pledge, for the account of such Grantor, or as to which such Grantor may have any right or power.

### 3. AGENT'S AND PURCHASERS' RIGHTS: LIMITATIONS ON AGENT'S AND PURCHASERS' OBLIGATIONS.

(a) It is expressly agreed by Grantors that, anything herein to the contrary notwithstanding, each Grantor shall remain liable under each of its agreements, contracts, and licenses to observe and perform all the conditions and obligations to be observed and performed by it thereunder. Neither Agent nor any Purchaser shall have any obligation or liability under any contract or license by reason of or arising out of this Security Agreement or the granting herein of a Lien thereon or the receipt by Agent or any Purchaser of any payment relating to any agreement, contract, or license pursuant hereto. Neither Agent nor any Purchaser shall be required or obligated in any manner to perform or fulfill any of the obligations of any Grantor under or pursuant to any agreement, contract, or license, or to make any payment, or to make any inquiry as to the nature or the sufficiency of any payment received by it or the sufficiency of any performance by any party under any agreement, contract, or license, or to present or file any claims, or to take any action to collect or enforce any performance or 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) Agent may at any time after an Event of Default has occurred and is continuing, without prior notice to any Grantor, notify Account Debtors and other Persons obligated on the Collateral that Agent has a security interest therein, and that payments shall be made directly to Agent. Upon the request of Agent, each Grantor shall so notify Account Debtors and other Persons obligated on Collateral. Once any such notice has been given to any Account Debtor or other Person obligated on the Collateral, the affected Grantor shall not give any contrary instructions to such Account Debtor or other Person without Agent's prior written consent.

(c) Agent may at any time after an Event of Default has occurred and is continuing, communicate in Agent's own name, in the name of a nominee of Agent or in the name of any Grantor(s) (by mail, telephone, facsimile or otherwise) with Account Debtors, parties to contracts and obligors in respect of instruments to verify with such Persons, to Agent's reasonable satisfaction, the existence, amount terms of, and any other matter relating to, accounts, payment intangibles, instruments or chattel paper. If a Default or Event of Default shall have occurred and be continuing, each Grantor, at its own expense, to prepare and deliver to Agent and each Purchaser at any time and from time to time promptly upon Agent's request the following reports with respect to each Grantor: (i) a reconciliation of all accounts; (ii) an aging of all accounts; (iii) trial balances; and (iv) a test verification of such accounts as Agent may request. Each Grantor, at its own expense, shall deliver to Agent the results of each physical verification, if any, which such Grantor may in its discretion have made, or caused any other Person to have made on its behalf, of all or any portion of its inventory, all in accordance with Section 7.1(h) of the Purchase Agreement.

4. REPRESENTATIONS AND WARRANTIES. Each Grantor represents and warrants that:

(a) Each Grantor has rights in and the power to transfer each item of the Collateral upon which it purports to grant a lien and security interest hereunder free and clear of any and all Liens other than Permitted Liens.

(b) No effective security agreement, financing statement, equivalent security or Lien instrument or continuation statement covering all or any part of the Collateral is on file or of record in any public office, except such as may have been filed (i) by any Grantor in favor of Agent pursuant to this Security Agreement or the other Purchase Documents, and (ii) in connection with any other Permitted Liens.

(c) This Security Agreement is effective to create a valid and continuing lien and security interest in and, upon the filing of the appropriate financing statements listed on Schedule I hereto, a perfected Lien in favor of Agent, for itself and the benefit of Purchasers, on the Collateral with respect to which a Lien may be perfected by filing pursuant to the Code. Such Lien is prior to all other Liens, except as set forth in the Intercreditor Agreement and Permitted Liens that would be prior to Liens in favor of Agent for the benefit of Agent and Purchasers as a matter of law, and is enforceable as such against any and all creditors of and purchasers from any Grantor except as otherwise provided in the Code.

(d) Schedule II hereto lists all instruments, letter of credit rights and chattel paper of each Grantor. All action by any Grantor necessary or desirable to protect and perfect the Lien of Agent on each item set forth on Schedule II (including the delivery of all originals thereof to Agent and the legending of all chattel paper as required by Section 5(b) hereof) has been duly taken. The Lien of Agent, for the benefit of Agent and Purchasers, on the Collateral listed on Schedule II hereto is prior to all other Liens, except as set forth in the Intercreditor Agreement and Permitted Liens that would be prior to the Liens in favor of Agent as a matter of law, and is enforceable as such against any and all creditors of and purchasers from any Grantor.

(e) Each Grantor's name as it appears in official filings in the state of its incorporation or other organization, the type of entity of each Grantor (including corporation, partnership, limited partnership or limited liability company), organizational identification number issued by each Grantor's state of incorporation or organization or a statement that no such number has been issued, each Grantor's state of organization or incorporation, the location of each Grantor's chief executive office, principal place of business, offices, all warehouses and premises where Collateral is stored or located, and the locations of its books and records concerning the Collateral are set forth on Schedule IIIA and Schedule IIIB, respectively, hereto. Each Grantor has only one state of incorporation or organization.

(f) [Intentionally Omitted]

(g) With respect to any Inventory scheduled or listed on the most recent Collateral Report delivered to Agent pursuant to the terms of this Security Agreement or the Purchase Agreement, such Inventory is located at one of the applicable Grantor's locations set forth on Schedule IIIA, Schedule IIIB or Schedule IIIC hereto, as applicable.

(h) No Grantor has any interest in, or title to, any patent, trademark or copyright except as set forth in Schedule IV hereto. This Security Agreement is effective to create a valid and continuing Lien on and, upon filing of the copyright security agreements with the United States Copyright Office and filing of the patent security agreements and the trademark security agreements with the United State Patent and Trademark Office, perfected Liens in favor of Agent on each Grantor's patents, trademarks and copyrights and such perfected Liens are enforceable as such as against any and all creditors of and purchasers from any Grantor. Upon filing of the copyright security agreements with the United States Copyright Office and filing of the patent security agreements and the trademark security agreements with the United State Patent and Trademark Office and the filing of appropriate financing statements listed on Schedule I hereto, all action necessary or desirable to protect and perfect Agent's Lien on each Grantor's patents, trademarks or copyrights shall have been duly taken.

5. **COVENANTS.** Each Grantor covenants and agrees with Agent, for the benefit of Agent and Purchasers, that from and after the date of this Security Agreement and until the termination of the Purchase Documents:

(a) Further Assurances; Pledge of Instruments; Chattel Paper.

(i) At any time and from time to time, upon the written request of Agent and at the sole expense of Grantors, each Grantor shall promptly and duly execute and deliver any and all such further instruments and documents and take such further actions as reasonably requested by the Agent as it may deem desirable to obtain the full benefits of this Security Agreement and of the rights and powers herein granted, including (A) using its efforts to secure all consents and approvals necessary or appropriate for the assignment to or for the benefit of Agent of any license or contract held by such Grantor and to enforce the security interests granted hereunder; and (B) filing any financing or continuation statements under the Code with respect to the Liens granted hereunder or under any other Purchase Document as to those jurisdictions that are not Uniform Commercial Code jurisdictions.

(ii) Subject to the Intercreditor Agreement and unless Agent shall otherwise consent in writing (which consent may be revoked), each Grantor shall deliver to Agent all Collateral consisting of negotiable documents, certificated securities, other than certificated securities of subsidiaries, chattel paper and instruments (in each case, accompanied by stock powers, allonges or other instruments of transfer executed in blank) promptly after such Grantor receives the same.

(iii) If an Event of Default has occurred and is continuing, upon the request of Agent, each Grantor shall obtain authenticated letters of control from each issuer of uncertificated securities, securities intermediary, or commodities intermediary issuing or holding any financial assets or commodities to or for any Grantor.

(iv) Each Grantor that is or becomes the beneficiary of a letter of credit shall promptly, and in any event within two (2) Business Days after becoming a beneficiary, notify Agent thereof and enter into a tri-party agreement with Agent and the issuer and/or confirmation bank with respect to letter-of-credit rights assigning such

letter-of-credit rights to Agent and directing all payments thereunder to Agent, all in form and substance reasonably satisfactory to Agent.

(v) Each Grantor shall take all steps necessary to grant the Agent control of all electronic chattel paper in accordance with the Code and all "transferable records" as defined in each of the Uniform Electronic Transactions Act and the Electronic Signatures in Global and National Commerce Act.

(vi) Each Grantor hereby irrevocably authorizes the Agent at any time and from time to time to file in any filing office in any Uniform Commercial Code jurisdiction any initial financing statements and amendments thereto that (a) indicate the Collateral (i) as all assets of such Grantor or words of similar effect, regardless of whether any particular asset comprised in the Collateral falls within the scope of Article 9 of the Code or such jurisdiction, or (ii) as being of an equal or lesser scope or with greater detail, and (b) contain any other information required by part 5 of Article 9 of the Code for the sufficiency or filing office acceptance of any financing statement or amendment, including (i) whether such Grantor is an organization, the type of organization and any organization identification number issued to such Grantor, and (ii) in the case of a financing statement filed as a fixture filing or indicating Collateral as as-extracted collateral or timber to be cut, a sufficient description of real property to which the Collateral relates. Each Grantor agrees to furnish any such information to the Agent promptly upon request. Each Grantor also ratifies its authorization for the Agent to have filed in any Uniform Commercial Code jurisdiction any initial financing statements or amendments thereto if filed prior to the date hereof.

(vii) Each Grantor shall promptly, and in any event within ten (10) Business Days after the same is acquired by it, notify Agent of any commercial tort claim (as defined in the Code) acquired by it and unless otherwise consented by Agent, such Grantor shall enter into a supplement to this Security Agreement, granting to Agent a Lien in such commercial tort claim.

(b) Maintenance of Records. Grantors shall keep and maintain, at their own cost and expense, satisfactory and complete records of the Collateral, including a record of any and all payments received and any and all credits granted with respect to the Collateral and all other dealings with the Collateral. Grantors shall mark their books and records pertaining to the Collateral to evidence this Security Agreement and the Liens granted hereby. If any Grantor retains possession of any chattel paper or instruments with Agent's consent, such chattel paper and instruments shall be marked with the following legend: "This writing and the obligations evidenced or secured hereby are subject to the security interest of American Capital Financial Services, Inc., as Agent, for the benefit of Agent and certain Purchasers."

(c) Covenants Regarding Patent, Trademark and Copyright Collateral.

(i) Grantors shall notify Agent promptly if they know or have reason to know that any application or registration they have filed relating to any patent, trademark or copyright (now or hereafter existing) may become abandoned or dedicated, or of any adverse determination or development (including 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) regarding any Grantor's ownership of any patent, trademark or copyright, its right to register the same, or to keep and maintain the same.

(ii) A grantor shall provide Agent with prompt notice in the event that a Grantor, either itself or through any agent, employee, licensee or designee, 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 without giving Agent prior written notice thereof, and, upon request of Agent, Grantor shall execute and deliver any and all patent security agreements, copyright security agreements or trademark security agreements as Agent may request to evidence Agent's Lien on such patent, trademark or copyright, and the general intangibles of such Grantor relating thereto or represented thereby.

(iii) Grantors shall take all actions they deem necessary or as reasonably requested by Agent to maintain and pursue each application, to obtain the relevant registration and to maintain the registration of each of the patents, trademarks and copyrights (now or hereafter existing), including the filing of applications for renewal, affidavits of use, affidavits of noncontestability and opposition and interference and cancellation proceedings, unless the applicable Grantor shall determine that such patent, trademark or copyright is not material to the conduct of the Business.

(d) Indemnification. In any suit, proceeding or action brought by Agent or any Purchaser relating to any Collateral for any sum owing with respect thereto or to enforce any rights or claims with respect thereto, each Grantor will save, indemnify and keep Agent and Purchasers harmless from and against all expense (including reasonable attorneys' fees and expenses), loss or damage suffered by reason of any defense, setoff, counterclaim, recoupment or reduction of liability whatsoever of the Account Debtor or other Person obligated on the Collateral arising out of a breach by any Grantor of any obligation thereunder, except in the case of Agent or any Purchaser, to the extent such expense, loss, or damage is attributable solely to the gross negligence or willful misconduct of Agent or such Purchaser as finally determined by a court of competent jurisdiction. All such obligations of Grantors shall be and remain enforceable against and only against Grantors and shall not be enforceable against Agent or any Purchaser.

(e) Compliance with Terms of Accounts, etc. In all material respects, each Grantor will perform and comply with all obligations in respect of the Collateral and all other agreements to which it is a party or by which it is bound relating to the Collateral.

(f) Limitation on Liens on Collateral. No Grantor will create, permit or suffer to exist, and each Grantor will defend the Collateral against, and take such other action as is necessary to remove, any Lien on the Collateral except Permitted Liens, and will defend the right, title and interest of Agent and Purchasers in and to any of such Grantor's rights under the Collateral against the claims and demands of all Persons whomsoever.



(g) Limitations on Disposition. No Grantor will sell, license, lease, transfer or otherwise dispose of any of the Collateral, or attempt or contract to do so except as permitted by the Purchase Agreement.

(h) Further Identification of Collateral. Grantors will, if so requested by Agent, furnish to Agent, as often as Agent requests, statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as Agent may reasonably request, all in such detail as Agent may specify.

(i) Notices. Grantors will advise Agent promptly, in reasonable detail, (i) of any Lien (other than Permitted Liens) or claim made or asserted against any of the Collateral, and (ii) of the occurrence of any other event which would have a material adverse effect on the aggregate value of the Collateral or on the Liens created hereunder or under any other Purchase Document.

(j) No Reincorporation. Without limiting the prohibitions on mergers involving the Grantors contained in the Purchase Agreement, no Grantor shall reincorporate or reorganize itself under the laws of any jurisdiction other than the jurisdiction in which it is incorporated or organized as of the date hereof without the prior written consent of Agent.

(k) Terminations; Amendments Not Authorized. Each Grantor acknowledges that it is not authorized to file any financing statement or amendment or termination statement with respect to any financing statement without the prior written consent of Agent and agrees that it will not do so without the prior written consent of Agent, subject to such Grantor's rights under Section 9-509(d)(2) of the Code.

#### 6. AGENT'S APPOINTMENT AS ATTORNEY-IN-FACT.

On the Closing Date each Grantor shall execute and deliver to Agent a power of attorney (the "Power of Attorney") substantially in the form attached hereto as Exhibit A. The power of attorney granted pursuant to the Power of Attorney is a power coupled with an interest and shall be irrevocably until the termination of the Purchase Documents. The powers conferred on Agent, for the benefit of Agent and Purchasers, under the Power of Attorney are solely to protect Agent's interests (for the benefit of Agent and Purchasers) in the Collateral and shall not impose any duty upon Agent or any Purchaser to exercise any such powers. Agent agrees that (a) except for the powers granted in clause (h) 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 Purchaser shall have any duty as to any Collateral except as provided in the Code, and Agent and Purchasers shall be accountable only for amounts that they actually receive as a result of the exercise of such powers. NONE OF AGENT, PURCHASERS OR THEIR RESPECTIVE AFFILIATES, OFFICERS, DIRECTORS, EMPLOYEES, AGENTS OR REPRESENTATIVES SHALL BE RESPONSIBLE TO ANY 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.

7. REMEDIES: RIGHTS UPON DEFAULT.

(a) In addition to all other rights and remedies granted to it under this Security Agreement, the Purchase Agreement, the other Purchase Documents and under any other instrument or agreement securing, evidencing or relating to any of their obligations owing to the Purchasers under the Purchase Documents, if any Event of Default shall have occurred and be continuing, Agent may exercise all rights and remedies of a secured party under the Code. Without limiting the generality of the foregoing, each Grantor expressly agrees that in any such event Agent, without demand of performance or other demand, advertisement or notice of any kind (except the notice specified below of time and place of public or private sale) to or upon such Grantor or any other Person (all and each of which demands, advertisements and notices are hereby expressly waived to the maximum extent permitted by the Code and other applicable law), may forthwith enter upon the premises of such Grantor where any Collateral is located through self-help, without judicial process, without first obtaining a final judgment or giving such Grantor or any other Person notice and opportunity for a hearing on Agent's claim or action and may collect, receive, assemble, process, and realize upon the Collateral, or any part thereof, and may forthwith sell, lease, license, assign, give an option or options to purchase, or sell or otherwise dispose of and deliver said Collateral (or contract to do so), or any part thereof, in one or more parcels at a public or private sale or sales, at any exchange at such prices as it may deem acceptable, for cash or on credit or for future delivery without assumption of any credit risk. Agent or any Purchaser 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 for the benefit of Agent and Purchasers, the whole or any part of said Collateral so sold, free of any right or equity of redemption, which equity of redemption each Grantor hereby releases. Such sales may be adjourned and continued from time to time with or without notice. Agent shall have the right to conduct such sales on any Grantor's premises or elsewhere and shall have the right to use any Grantor's premises without charge for such time or times as Agent deems necessary or advisable.

If any Event of Default shall have occurred and be continuing, each Grantor further agrees, at Agent's request, to assemble the Collateral and make it available to Agent at a place or places designated by Agent which are reasonably convenient to Agent and such Grantor, whether at such Grantor's premises or elsewhere. Until Agent is able to effect a sale, lease, or other disposition of Collateral, Agent shall have the right to hold or use Collateral, or any part thereof, to the extent that it deems appropriate for the purpose of preserving Collateral or its value or for any other purpose deemed appropriate by Agent. Agent shall have no obligation to any Grantor to maintain or preserve the rights of such Grantor as against third parties with respect to Collateral while Collateral is in the possession of Agent. Agent may, if it so elects, seek the appointment of a receiver or keeper to take possession of Collateral and to enforce any of Agent's remedies (for the benefit of Agent and Purchasers), with respect to such appointment without prior notice or hearing as to such appointment. Agent shall apply the net proceeds of any such collection, recovery, receipt, realization or sale to their obligations owing to the Purchasers under the Purchase Documents as provided in the Purchase Agreement, and only after so paying over such net proceeds, and after the payment by Agent of any other amount required by any provision of law, need Agent account for the surplus, if any, to any Grantor. To the

maximum extent permitted by applicable law, each Grantor waives all claims, damages, and demands against Agent or any Purchaser arising out of the retention or sale of the Collateral except such as arise out of the gross negligence or willful misconduct of Agent or such Purchaser as finally determined by a court of competent jurisdiction. Each Grantor agrees that ten (10) days prior notice by Agent of the time and place of any public sale or of the time after which a private sale may take place is reasonable notification of such matters. Grantors shall remain liable for any deficiency if the proceeds of any sale or disposition of the Collateral are insufficient to pay all or their obligations owing to the Purchasers under the Purchase Documents, including any reasonable attorneys' fees and other expenses incurred by Agent or any Purchaser to collect such deficiency.

(b) Except as otherwise specifically provided herein, each Grantor hereby waives presentment, demand, protest or any notice (to the maximum extent permitted by applicable law) of any kind in connection with this Security Agreement or any Collateral.

(c) To the extent that applicable law imposes duties on the Agent to exercise remedies in a commercially reasonable manner, each Grantor acknowledges and agrees that it is not commercially unreasonable for the Agent (i) to fail to incur expenses reasonably deemed significant by the Agent to prepare Collateral for disposition or otherwise to complete raw material or work in process into finished goods or other finished products for disposition, (ii) to fail to obtain third party consents for access to Collateral to be disposed of, or to obtain or, if not required by other law, to fail to obtain governmental or third party consents for the collection or disposition of Collateral to be collected or disposed of, (iii) to fail to remove Liens on or any adverse claims against Collateral, (iv) to exercise collection remedies against Account Debtors and other Persons obligated on Collateral directly or through the use of collection agencies and other collection specialists, (v) to advertise dispositions of Collateral through publications or media of general circulation, whether or not the Collateral is of a specialized nature, (vi) to contact other Persons, whether or not in the same business as the Grantor, for expressions of interest in acquiring all or any portion of such Collateral, (vii) to hire one or more professional auctioneers to assist in the disposition of Collateral, whether or not the Collateral is of a specialized nature, (viii) to dispose of Collateral by utilizing internet sites that provide for the auction of assets of the types included in the Collateral or that have the reasonable capacity of doing so, or that match buyers and sellers of assets, (ix) to dispose of assets in wholesale rather than retail markets, (x) to disclaim disposition warranties, such as title, possession or quiet enjoyment, (xi) to purchase insurance or credit enhancements to insure the Agent against risks of loss, collection or disposition of Collateral or to provide to the Agent a guaranteed return from the collection or disposition of Collateral, or (xii) to the extent deemed appropriate by the Agent, to obtain the services of other brokers, investment bankers, consultants and other professionals to assist the Agent in the collection or disposition of any of the Collateral. Each Grantor acknowledges that the purpose of this Section 7(c) is to provide non-exhaustive indications of what actions or omissions by the Agent would not be commercially unreasonable in the Agent's exercise of remedies against the Collateral and that other actions or omissions by the Agent shall not be deemed commercially unreasonable solely on account of not being indicated in this Section 7(c). Without limitation upon the foregoing, nothing contained in this Section 7(c) shall be construed to grant any rights to any Grantor or to impose any duties on Agent that would not have been granted or imposed by this Security Agreement or by applicable law in the absence of this Section 7(c).

(d) Neither the Agent nor the Purchasers shall be required to make any demand upon, or pursue or exhaust any of their rights or remedies against, any Grantor, any other obligor, guarantor, pledgor or any other Person with respect to the payment of their obligations owing to the Purchasers under the Purchase Documents or to pursue or exhaust any of their rights or remedies with respect to any Collateral therefor or any direct or indirect guarantee thereof. Neither the Agent nor the Purchasers shall be required to marshal the Collateral or any guarantee of their obligations owing to the Purchasers under the Purchase Documents or to resort to the Collateral or any such guarantee in any particular order, and all of its and their rights hereunder or under any other Purchase Document shall be cumulative. To the extent it may lawfully do so, each Grantor absolutely and irrevocably waives and relinquishes the benefit and advantage of, and covenants not to assert against the Agent or any Purchaser, any valuation, stay, appraisal, extension, redemption or similar laws and any and all rights or defenses it may have as a surety now or hereafter existing which, but for this provision, might be applicable to the sale of any Collateral made under the judgment, order or decree of any court, or privately under the power of sale conferred by this Security Agreement, or otherwise.

8. GRANT OF LICENSE TO USE INTELLECTUAL PROPERTY COLLATERAL. For the purpose of enabling Agent to exercise rights and remedies under Section 7 hereof (including, without limiting the terms of Section 7 hereof, in order to take possession of, hold, preserve, process, assemble, prepare for sale, market for sale, sell or otherwise dispose of Collateral) at such time as Agent shall be lawfully entitled to exercise such rights and remedies pursuant to Section 7 hereof, each Grantor hereby grants to Agent, for the benefit of Agent and Purchasers, an irrevocable, nonexclusive license (exercisable without payment of royalty or other compensation to such Grantor) to use, license or sublicense 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.

9. LIMITATION ON AGENT'S AND PURCHASERS' DUTY IN RESPECT OF COLLATERAL. Agent and each Purchaser shall use reasonable care with respect to the Collateral in its possession or under its control. Neither Agent nor any Purchaser shall have any other duty as to any Collateral in its possession or control or in the possession or control of any agent or nominee of Agent or such Purchaser, or any income thereon or as to the preservation of rights against prior parties or any other rights pertaining thereto.

10. REINSTATEMENT. This Security Agreement shall remain in full force and effect and continue to be effective should any petition be filed by or against any Grantor for liquidation or reorganization, should any Grantor become insolvent or make an assignment for the benefit of any creditor or creditors or should a receiver or trustee be appointed for all or any significant part of any Grantor's assets, and shall continue to be effective or be reinstated, as the case may be, if at any time payment and performance of their obligations owing to the Purchasers under the Purchase Documents, or any part thereof, is, pursuant to applicable law, rescinded or reduced in amount, or must otherwise be restored or returned by any obligee of their obligations owing to the Purchasers under the Purchase Documents, whether as a "voidable preference," "fraudulent conveyance," or otherwise, all as though such payment or performance had not been made. In the event that any payment, or any part thereof, is rescinded, reduced,

restored or returned, their obligations owing to the Purchasers under the Purchase Documents shall be reinstated and deemed reduced only by such amount paid and not so rescinded, reduced, restored or returned.

11. NOTICES. Except as otherwise provided herein, whenever it is provided herein that any notice, demand, request, consent, approval, declaration or other communication shall or may be given to or served upon any of the parties by any other party, or whenever any of the parties desires to give and serve upon any other party any communication with respect to this Security Agreement, each such notice, demand, request, consent, approval, declaration or other communication shall be in writing and shall be given in the manner, and deemed received, as provided for in the Purchase Agreement.

12. SEVERABILITY. Whenever possible, each provision of this Security Agreement shall be interpreted in a manner as to be effective and valid under applicable law, but if any provision of this Security Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity without invalidating the remainder of such provision or the remaining provisions of this Security Agreement. This Security Agreement is to be read, construed and applied together with the Purchase Agreement and the other Purchase Documents which, taken together, set forth the complete understanding and agreement of Agent, Purchasers and Grantors with respect to the matters referred to herein and therein.

13. NO WAIVER; CUMULATIVE REMEDIES. Neither Agent nor any Purchaser shall by any act, delay, omission or otherwise be deemed to have waived any of its rights or remedies hereunder, and no waiver shall be valid unless in writing, signed by Agent and then only to the extent therein set forth. A waiver by Agent of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which Agent would otherwise have had on any future occasion. No failure to exercise nor any delay in exercising on the part of Agent or any Purchaser, any right, power or privilege hereunder, shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or future exercise thereof or the exercise of any other right, power or privilege. The rights and remedies hereunder provided are cumulative and may be exercised singly or concurrently, and are not exclusive of any rights and remedies provided by law. None of the terms or provisions of this Security Agreement may be waived, altered, modified or amended except by an instrument in writing, duly executed by Agent and Grantors.

14. LIMITATION BY LAW. All rights, remedies and powers provided in this Security Agreement may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law, and all the provisions of this Security Agreement are intended to be subject to all applicable mandatory provisions of law that may be controlling and to be limited to the extent necessary so that they shall not render this Security Agreement invalid, unenforceable, in whole or in part, or not entitled to be recorded, registered or filed under the provisions of any applicable law.

15. TERMINATION OF THIS SECURITY AGREEMENT. Subject to Section 10 hereof, this Security Agreement and the security interests hereunder shall terminate upon the later of (a) the date on which all the obligations have been indefeasibly paid in full

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under the Notes or (b) the date on which all obligations have been indefeasibly paid in fully under the Put Notes. Upon any sale, transfer or other disposition by any Grantor of any Collateral that is permitted under the Note Purchase Agreement, the security interest in such Collateral shall be automatically released. In connection with any termination or release pursuant to this Section, the Agent shall execute and deliver to the Grantors, at the Grantors' expense, all Uniform Commercial Code termination statements and similar documents which the Grantors shall reasonably request to evidence such termination or release.

16. SUCCESSORS AND ASSIGNS. This Security Agreement and all obligations of Grantors hereunder shall be binding upon the successors and assigns of each Grantor (including any debtor-in-possession on behalf of such Grantor) and shall, together with the rights and remedies of Agent, for the benefit of Agent and Purchasers, hereunder, inure to the benefit of Agent and Purchasers, all future holders of any instrument evidencing any of their obligations owing to the Purchasers under the Purchase Documents and their respective successors and assigns. No sales of participations, other sales, assignments, transfers or other dispositions of any agreement governing or instrument evidencing their obligations owing to the Purchasers under the Purchase Documents or any portion thereof or interest therein shall in any manner impair the Lien granted to Agent, for the benefit of Agent and Purchasers, hereunder. No Grantor may assign, sell, hypothecate or otherwise transfer any interest in or obligation under this Security Agreement.

17. COUNTERPARTS. This Security Agreement may be authenticated in any number of separate counterparts, each of which shall collectively and separately constitute one agreement. This Security Agreement may be authenticated by manual signature, facsimile or, if approved in writing by Agent, electronic means, all of which shall be equally valid.

18. GOVERNING LAW. EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN ANY OF THE TRANSACTION DOCUMENTS, IN ALL RESPECTS, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, THIS SECURITY AGREEMENT AND THE OBLIGATIONS ARISING HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND PERFORMED IN THAT STATE, AND ANY APPLICABLE LAWS OF THE UNITED STATES OF AMERICA. EACH GRANTOR HEREBY IRREVOCABLY AND UNCONDITIONALLY SUBMIT, FOR THEMSELVES AND THEIR PROPERTY, TO THE NONEXCLUSIVE JURISDICTION OF ANY NEW YORK STATE COURT OR FEDERAL COURT OF THE UNITED STATES OF AMERICA SITTING IN THE STATE OF NEW YORK, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER PURCHASE DOCUMENT, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY AGREES THAT, TO THE EXTENT PERMITTED BY APPLICABLE LAW, ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK COURT OR, TO THE EXTENT PERMITTED BY LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER

JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS AGREEMENT SHALL AFFECT ANY RIGHT THAT AGENT AND PURCHASERS MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER PURCHASE DOCUMENT AGAINST ANY GRANTOR OR THEIR PROPERTIES IN THE COURTS OF ANY JURISDICTION. EACH GRANTOR HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVE, TO THE FULLEST EXTENT THEY MAY LEGALLY AND EFFECTIVELY DO SO, ANY OBJECTION THAT THEY MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER PURCHASE DOCUMENT IN ANY NEW YORK OR FEDERAL COURT LOCATED IN THE STATE OF NEW YORK. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT. EACH PARTY TO THIS AGREEMENT IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 13.6 OF THE PURCHASE AGREEMENT. NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY TO THIS AGREEMENT TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW.

19. WAIVER OF JURY TRIAL. BECAUSE DISPUTES ARISING IN CONNECTION WITH COMPLEX FINANCIAL TRANSACTIONS ARE MOST QUICKLY AND ECONOMICALLY RESOLVED BY AN EXPERIENCED AND EXPERT PERSON AND THE PARTIES WISH APPLICABLE STATE AND FEDERAL LAWS TO APPLY (RATHER THAN ARBITRATION RULES), THE PARTIES DESIRE THAT DISPUTES ARISING HEREUNDER OR RELATING HERETO BE RESOLVED BY A JUDGE APPLYING SUCH APPLICABLE LAWS. THEREFORE, TO ACHIEVE THE BEST COMBINATION OF THE BENEFITS OF THE JUDICIAL SYSTEM AND OF ARBITRATION, THE PARTIES HERETO WAIVE ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT OR PROCEEDING BROUGHT TO RESOLVE ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT, OR OTHERWISE, AMONG AGENT, PURCHASERS, AND GRANTORS ARISING OUT OF, CONNECTED WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED IN CONNECTION WITH, THIS SECURITY AGREEMENT OR ANY OF THE OTHER TRANSACTION DOCUMENTS OR THE TRANSACTIONS RELATED HERETO OR THERETO.

20. SECTION TITLES. The Section titles contained in this Security Agreement are and shall be without substantive meaning or content of any kind whatsoever and are not a part of the agreement between the parties hereto.

21. NO STRICT CONSTRUCTION. The parties hereto have participated jointly in the negotiation and drafting of this Security Agreement. In the event an ambiguity or question of intent or interpretation arises, this Security Agreement shall be construed as if drafted jointly by the parties hereto and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provisions of this Security Agreement.

22. ADVICE OF COUNSEL. Each of the parties represents to each other party hereto that it has discussed this Security Agreement and, specifically, the provisions of Section 18 and Section 19, with its counsel.

23. BENEFIT OF PURCHASERS. All Liens granted or contemplated hereby shall be for the benefit of Agent, individually, and Purchasers, and all proceeds or payments realized from Collateral in accordance herewith shall be applied to Grantors' obligations owing to the Purchasers under the Purchase Documents in accordance with the terms of the Purchase Agreement.

24. INTERCREDITOR AND SUBORDINATION AGREEMENT. NOTWITHSTANDING ANY PROVISION OF THIS SECURITY AGREEMENT TO THE CONTRARY, THIS SECURITY AGREEMENT AND THE OTHER PURCHASE DOCUMENTS ARE SUBJECT TO THE PROVISIONS OF THAT CERTAIN INTERCREDITOR AND SUBORDINATION AGREEMENT OF EVEN DATE HEREWITH AMONG CITIZENS BANK OF PENNSYLVANIA, AS AGENT FOR CERTAIN LENDERS, GRANTORS, AGENT, AS AGENT FOR CERTAIN PURCHASERS, AS MAY BE AMENDED, MODIFIED OR SUPPLEMENTED FROM TIME TO TIME.


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IN WITNESS WHEREOF, each of the parties hereto has caused this Security Agreement to be executed and delivered by its duly authorized officer as of the date first set forth above.

**GRANTORS:**


**MATCOM INTERNATIONAL CORP.**

By:   
Name: Louis H. Ray  
Title: President and Chief Executive Officer

**MATERIALS, COMMUNICATION AND  
COMPUTERS, INC.**

By:   
Name: Louis H. Ray  
Title: President and Chief Executive Officer

**ENTEK, INC.**

By:   
Name: Louis H. Ray  
Title: President and Chief Executive Officer

**AGENT:**

**AMERICAN CAPITAL FINANCIAL  
SERVICES, INC., as Agent**

By: \_\_\_\_\_  
Name: Darin Winn  
Title: Senior Vice President

IN WITNESS WHEREOF, each of the parties hereto has caused this Security Agreement to be executed and delivered by its duly authorized officer as of the date first set forth above.

**GRANTORS:**

MATCOM INTERNATIONAL CORP.

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

MATERIALS COMMUNICATION AND  
COMPUTERS, INC.


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

ENTEK, INC.

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

**AGENT:**

AMERICAN CAPITAL FINANCIAL  
SERVICES, INC., as Agent

By:  \_\_\_\_\_  
Name: Darin Winn  
Title: Senior Vice President

**SCHEDULE I**  
**to**  
**SECURITY AGREEMENT**

**FILING JURISDICTIONS**

**MATCOM INTERNATIONAL CORP.**  
**Delaware Secretary of State**

**MATERIALS, COMMUNICATION AND COMPUTERS, INC.**  
**North Carolina Secretary of State**

**ENTEK, INC.**  
**Virginia Secretary of State**