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09-23-2004

Docket No.:

04-123



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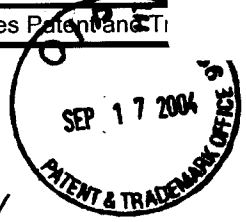
original documents or copy thereof.

Tab settings

To the Director of the United States Patent and Trademark Office

1. Name of conveying party(ies):

M&R Marking Systems, Inc.



- Individual(s)
- General Partnership
- Corporation-State Delaware
- Other

Additional names(s) of conveying party(ies) Yes No

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

Name: National City Bank of Pennsylvania

Internal Address:

Street Address: 20 Stanwix Street

City: Pittsburgh State: PA ZIP: 15222

- Individual(s) citizenship
- Association
- General Partnership
- Limited Partnership
- Corporation-State
- Other Pennsylvania Financial Institution

If assignee is not domiciled in the United States, a domestic designation is Yes N
(Designations must be a separate document from Additional name(s) & address(es) Yes N

3. Nature of conveyance:

- Assignment
- Security Agreement
- Other Amended Collateral Assignment & Security Agt.
- Merger
- Change of Name

Execution Date: August 7, 2001

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

A. Trademark Application No.(s)

B. Trademark Registration No.(s)

2236425	1505821	1328065
1957332	1456184	2838697
1898872	1320628	

Additional numbers Yes No

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

Name: Christine W. Trebilcock

Internal Address: Cohen & Grigsby, P.C.

15th Floor

Street Address: 11 Stanwix Street

City: Pittsburgh State: PA ZIP: 15222

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

8

7. Total fee (37 CFR 3.41):.....\$ \$215.00

- Enclosed
- Authorized to be charged to deposit account

8. Deposit account number:

03-2026

2236425

DO NOT USE THIS SPACE

9. Statement and signature.

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document.

Christine W. Trebilcock
Name of Person Signing

Signature

September 17, 2004

Date

Total number of pages including cover sheet, attachments, and

44

Mail documents to be recorded with required cover sheet information to:
Mail Stop Recordation Services
Director of the United States Patent and Trademark Office
P.O. Box 1450, Alexandria, VA 22313-1450

TRADEMARK
REEL: 003051 FRAME: 0781

09/22/2004 610M11 0000030 012006

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**AMENDMENT TO COLLATERAL ASSIGNMENT
OF INTELLECTUAL PROPERTY**

This Amendment to the Collateral Assignment of Intellectual Property (the "Amendment"), dated as of June ²⁷____, 2001, is entered into by and between M&R MARKING SYSTEMS INC., a Delaware corporation (the "Debtor"), for itself and as successor to M&R Acquisition Corp., a Delaware corporation, and NATIONAL CITY BANK OF PENNSYLVANIA (the "Secured Party"), as Agent for the Lenders (as defined below).

WHEREAS, the Debtor and the Secured Party are parties to that certain Collateral Assignment of Intellectual Property dated as of August 18, 1999 (the "Agreement") in which Debtor granted Secured Party a security interest in certain Patents and Trademarks.

WHEREAS, the collateral assignment of the patents in favor of the Secured Party was recorded in the United States Patent and Trademark Office on August 20, 1999, at Reel 010175, Frame 0551 and the collateral assignment of the trademarks in favor of the Secured Party was recorded in the United States Patent and Trademark Office on August 22, 1999, at Reel 001947, Frame 0363.

WHEREAS, the Credit Agreement referred to in the Agreement has been amended and restated pursuant to an Amended and Restated Credit Agreement (as amended, restated, modified or supplemented from time to time, the "Credit Agreement") of even date herewith by and among Debtor, as borrower, the Lenders party thereto (the "Lenders") and the Secured Party, as agent for the Lenders. Pursuant to the Credit Agreement, the Lenders have agreed to provide and continue to provide certain loans to the Borrower, and the Debtor has agreed, among other things, to collaterally assign and continue the collateral assignment to the Secured Party for the benefit of the Lenders of the patents, trademarks, copyrights and other property as security for such loans and other obligations as more fully described in the Credit Agreement.

WHEREAS, pursuant to the Credit Agreement, the Debtor has issued (i) certain Revolving Credit Notes of even date herewith payable to the Lenders in the aggregate stated principal amount of \$4,000,000, (ii) certain Term Loan A Notes of even date herewith payable to the Lenders in the aggregate stated principal amount of \$9,600,000, and (iii) certain Term Loan B Notes of even date herewith payable to the Lenders in the aggregate stated principal amount of \$2,750,000 (collectively, the "Notes").

WHEREAS, Debtor and the Secured Party have agreed to amend the Agreement to add certain additional patents and trademarks and to provide that the patents and trademarks previously collaterally assigned pursuant to the Agreement as security therein continue to be granted to the Secured Party, in its capacity as agent for the Lenders, to secure the obligations of the Borrowers under the Amended and Restated Credit Agreement.

NOW THEREFORE, intending to be legally bound hereby, the parties hereto agree as follows:

1. Except as otherwise expressly provided herein, capitalized terms used in this Agreement shall have the respective meanings given to them in the Credit Agreement.

2. All references to the "Credit Agreement" in the Agreement shall hereafter be deemed to be references to the Amended and Restated Credit Agreement as described in this Amendment. All references to the "Notes" in the Agreement shall hereafter be deemed to be references to the Notes, as defined in this Amendment.

3. Pursuant to Section 4 of the Agreement, Schedule 1 to the Agreement is hereby supplemented by the addition of the patents and trademarks set forth on Schedule 1 to this Amendment.

4. Except as expressly modified by this Amendment, all of the terms, conditions, representations, warranties and covenants of the Agreement are true and correct and shall continue in full force and effect, including, without limitation, all liens and security interests securing the Debtor's Obligations to the Secured Party for the benefit of the Lenders.

5. This Amendment may be executed in any number of counterparts each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

[REMAINDER OF PAGE LEFT INTENTIONALLY BLANK]

IN WITNESS WHEREOF, the parties hereto, with the intent to be legally bound hereby, have caused this Amendment to Collateral Assignment of Intellectual Property to be duly executed by their respective duly authorized officers or partners as of the date first written above.

WITNESS/ATTEST:

M&R MARKING SYSTEMS, INC., a Delaware corporation

By: Timothy M. Walsh
Name: Timothy M. Walsh
Title: VP Finance

By: [Signature] (Seal)
Name: Marc Spiller
Title: President

NATIONAL CITY BANK OF PENNSYLVANIA

By: [Signature] (Seal)
Name: Ervine H. Belger, III
Title: Vice President
National City Bank of Pennsylvania

ACKNOWLEDGEMENTS

STATE OF New Jersey)
)
COUNTY OF Middlesex) SS:

On this, the 7th day of August, 2001, before me, a Notary Public, personally appeared MARC SCULLER, who acknowledged himself to be the President of M&R MARKING SYSTEMS, INC., a Delaware corporation, and that he in such capacity, being authorized to do so, executed the foregoing instrument for the purposes therein contained, by signing the name of such corporation by himself as such President.

IN WITNESS WHEREOF, I hereunto set my hand and official seal the day and year first above written.

Anna M. Cifelli
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires April 16 2006

Anna M. Cifelli
Notary Public

My Commission expires:

COMMONWEALTH OF PENNSYLVANIA)
)
COUNTY OF ALLEGHENY) SS:

On this the 1st day of August, 2001, before me, a Notary Public, personally appeared Ervin H. Geiger, III, who acknowledged himself to be a Vice President of NATIONAL CITY BANK OF PENNSYLVANIA, and that he as such Vice President, being authorized to do so, executed the foregoing Collateral Assignment of Intellectual Property for the purposes therein contained by signing the name of National City Bank of Pennsylvania by himself as such

IN WITNESS WHEREOF, I hereunto set my hand and official seal the day and year first above written.

Karen Mulligan
Notary Public

My Commission expires:

Notarial Seal
Karen Mulligan, Notary Public
Franklin Park Boro. Allegheny County
My Commission Expires May 21, 2002
Member, Pennsylvania Association of Notaries

Schedule 1

Patent Applications		
U.S. PATENT APPLICATION NO.	ITEM	Filing Date
60/146,508	Interactive Website	
60/149,567	Method of Manufacturing Photopolymer Plates	
60/214,632 60/677,153	Method and System for Facilitating Reseller Transactions	
60/237,860	Hand Stamp and Method of Assembling Hand Stamp	

COLLATERAL ASSIGNMENT OF INTELLECTUAL PROPERTY

THIS COLLATERAL ASSIGNMENT OF INTELLECTUAL PROPERTY (this Collateral Assignment of Intellectual Property, together with all extensions, renewals, amendments, substitutions and replacements hereto and hereof, is hereinafter referred to as this "Collateral Assignment") is dated as of August 18, 1999, and is made and entered into by and between M&R MARKING SYSTEMS, INC. (successor by merger to M&R ACQUISITION CORP.), a Delaware corporation (the "Debtor"), and NATIONAL CITY BANK OF PENNSYLVANIA in its capacity as agent for, and on behalf of, itself as Agent, the Co-Agent and the Lenders (the "Agent" and referred to herein as the "Secured Party"). Capitalized terms used herein as defined terms which are not defined herein but which are defined in the Credit Agreement shall have the same meanings herein as are ascribed to them in the Credit Agreement.

WITNESSETH:

WHEREAS, pursuant to that certain Credit Agreement (the Credit Agreement together with all exhibits, schedules, extensions, renewals, amendments, substitutions and replacements thereto and thereof is referred to herein as the "Credit Agreement") dated as of even date herewith by and between the Lenders, the Co-Agent, the Secured Party and the Debtor as the borrower, the Lenders, have agreed to make available to the Debtor credit facilities consisting of (i) a revolving credit commitment (the "Revolving Credit Commitment") evidenced by Revolving Credit Notes dated as of even date herewith (together with all amendments, supplements, renewals or replacements thereto or thereof, the "Revolving Credit Notes"); (ii) a Term Loan which will be evidenced by Term Loan Notes dated as of even date herewith (together with all amendments, supplements, renewals or replacements thereto or thereof, the "Term Loan Note"); and (iii) a multiple draw term loan commitment (the "MDTL Commitment") which will be evidenced by either (A) a Multiple Draw Term Notes (together with all amendments, supplements, renewals or replacements thereto and thereof, the "Multiple Draw Term Notes"; such Multiple Draw Term Notes, together with the Revolving Credit Notes and the Term Loan Notes, all collectively referred to herein as the "Notes");

WHEREAS, to secure the prompt payment in full to the Secured Party for, and on behalf of the Secured Party, the Co-Agent and the Lenders, of the Obligations, as such term is defined in the Credit Agreement, the Debtor has agreed to execute and deliver to the Secured Party this Collateral Assignment.

NOW, THEREFORE, in consideration of the premises (each of which is incorporated herein by reference) and the mutual promises contained herein and other valuable consideration, the receipt and adequacy of which are hereby acknowledged, and with the intent to be legally bound hereby, and for the purpose of securing:

(a) the performance of all of the terms and provisions contained in the Notes, including, but not limited to, the payment of the aggregate unpaid principal balance of the Notes (including all advances heretofore and hereafter made and evidenced by the Notes and interest thereon to the Secured Party its successors and assigns, according to the provisions and conditions of the Notes and in discharge thereof;

(b) the performance by the Debtor of all of the terms and provisions contained in the Credit Agreement, this Collateral Assignment and all of the other Loan Documents to which it is a party (including, without limitation, any lease entered into pursuant to the MDTL

Commitment), as they may be amended, modified or supplemented from time to time, the terms and provisions of all of such documents being specifically incorporated herein by reference as though set forth herein; and

(c) the Debtor's payment of any and all of the Obligations owed by it to the Secured Party whether now or hereafter existing or incurred and whether direct or indirect as guarantor, by virtue of any assignment, pledge or other transfer or disposition of Indebtedness and other obligations of the Debtor to one or more third parties, or otherwise, (the foregoing collectively referred to herein as the "Secured Obligations").

1. **Grant of Security Interests.** The Debtor hereby grants, bargains, assigns, mortgages, pledges, sells, creates and grants a security interest in, transfers, and conveys to the Secured Party, and its successors and assigns for, and on behalf of, the Secured Party, as and by way of a first lien and security interest having priority over all other security interests, with power of sale, to the extent permitted by law or by the Licenses (as defined below) referred to herein, all of the Debtor's right, title and interest in and to all of its now existing and hereafter created or acquired:

(i) patents and patent applications, including, without limitation, the inventions and improvements described and claimed therein, and those patents listed on Schedule 1 attached hereto and hereby made a part hereof, and (a) the reissues, divisions, continuations, renewals, extensions and continuations-in-part thereof, (b) all income, damages and payments now and hereafter due or payable under or with respect thereto, including, without limitation, damages and payments for past or future infringements thereof, (c) the right to sue for past, present and future infringements thereof, and (d) all rights corresponding thereto throughout the world (all of the foregoing patents and applications, together with the items described in clauses (a) through (d) of this subsection 1(i), are hereinafter referred to individually as a "Patent" and collectively as the "Patents");

(ii) trademarks, trademark registrations, trademark applications, tradenames and tradestyles, service marks, service mark registrations and service mark applications, including, without limitation, the trademarks, tradenames, service marks and applications and registrations thereof listed on Schedule 1 attached hereto and hereby made a part hereof, and (a) all renewals or extensions thereof, (b) all income, damages and payments now and hereafter due or payable with respect thereto, including, without limitation, damages and payments for past or future infringements thereof, (c) the right to sue for past, present and future infringements thereof, and (d) all rights corresponding thereto throughout the world (all of the foregoing trademarks, tradenames and tradestyles, service marks and applications and registrations thereof and therefor, together with the items described in clauses (a) through (d) of this subsection 1(ii), are sometimes hereinafter referred individually as a "Trademark" and collectively as the "Trademarks");

(iii) copyrights, copyright registrations and copyright applications, including, without limitation, the copyrights and applications and registrations thereof and therefore listed on Schedule 1 attached hereto and hereby made a part hereof, and (a) all renewals or extensions thereof, (b) all income, damages and payments now and hereafter due or payable with respect thereto, including, without limitation, damages and payments for past or future infringements thereof, (c) the right to sue for past, present and future infringements thereof, and (d) all rights corresponding thereto throughout the world (all of the foregoing copyrights and applications and registrations thereof and therefor, together with the items described in clauses

(a) through (d) of this subsection 1(iii), are sometimes hereinafter referred individually as a "Copyright" and collectively as the "Copyrights");

(iv) all license agreements with respect to any of the Patents, Trademarks or Copyrights, or any other patent, trademark, copyright, service mark or any application or registration thereof or any other tradename or tradestyle between the Debtor and any other party, whether the Debtor is a licensor or licensee under any such license agreement, including, without limitation, the licenses listed on Schedule 1 attached hereto and hereby made a part hereof (all of the foregoing license agreements and the Debtor's rights thereunder are referred to collectively as the "Licenses");

(v) all other drawings, blueprints, designs, know-how, show-how, inventions and other intellectual property related to the manufacture of marking products and accessories; and

(vi) the goodwill of the Debtor's business connected with and symbolized by the Trademarks.

All of the Patents, Trademarks, Copyrights and Licenses described in items (i) through (iv) above are hereinafter referred to collectively as the "Intellectual Property".

2. Representations and Warranties. The Debtor warrants and represents to the Secured Party that:

(a) Except for Intellectual Property no longer used by the Debtor in its business no Intellectual Property has been adjudged invalid or unenforceable or have been cancelled, in whole or in part;

(b) To the best of the Debtor's knowledge, all of the Intellectual Property is valid and enforceable;

(c) Except as described in the Licenses, the Debtor is the sole and exclusive owner of the entire and unencumbered right, title and interest in and to all of the Intellectual Property, free and clear of any Encumbrances (other than Permitted Encumbrances), including without limitation licenses, shop rights and covenants by the Debtor not to sue third persons;

(d) Except for Intellectual Property no longer used by the Debtor in its business, the Debtor has adopted, used and is currently using all of the Intellectual Property in a manner sufficient to protect the Borrower's rights therein;

(e) The Debtor has no notice of any suits or actions commenced or threatened with reference to any of the Intellectual Property;

(f) The execution and delivery of this Collateral Assignment by the Debtor, and the performance by the Debtor of its obligations hereunder, will not conflict with the terms of, or cause a default under, any License, any contract or agreement to which the Debtor is a party or by which it is bound, or any Governmental Rule to which the Debtor, its business or properties, is subject;

(g) All of the Intellectual Property owned, used or licensed by the Debtor and its Subsidiaries is owned, used or licensed by the Debtor and not by any Subsidiary of the Debtor; and

(h) The execution, delivery and performance by Debtor of this Collateral Assignment has been authorized by all necessary action of the Debtor.

3. **Restrictions on Future Agreements.** The Debtor agrees that until the Obligations shall have been satisfied in full and the Revolving Credit Commitment shall have been terminated, the Debtor shall not sell or assign its interest in, or grant any additional Licenses with respect to any of the Intellectual Property or enter into any other agreement with respect to any of the Intellectual Property which is inconsistent with the Debtor's obligations under this Collateral Assignment, without the prior written consent of the Secured Party and the Debtor further agrees that it shall not take any action, or permit any action to be taken by others subject to its control, including licensees, or fail to take any action which would affect the validity or enforcement of the rights transferred to the Secured Party under this Collateral Assignment.

4. **New Patents, Trademarks, Copyrights and Licenses.** The Debtor represents and warrants that the Intellectual Property listed on Schedule 1 constitutes all of the Patents, Trademarks and Copyrights now owned by the Debtor. If before the Obligations shall have been satisfied in full or before the Credit Agreement has been terminated, the Debtor shall (i) become aware of any existing Patents, Trademarks or Copyrights of which the Debtor has not previously informed the Secured Party or (ii) obtain rights to any new Patents, Trademarks or Copyrights, the provisions of this Collateral Assignment shall automatically apply thereto and the Debtor shall give to the Secured Party prompt written notice thereof. The Debtor hereby authorizes the Secured Party to modify this Collateral Assignment from time to time by amending Schedule 1 to include any such new or after acquired Patents, Trademarks or Copyrights.

5. **Royalties: Terms.** The term of the collateral assignment and security interest granted herein shall extend until the earlier of (i) the expiration of each of the respective items of Intellectual Property assigned hereunder and (ii) the Obligations have been indefeasibly paid in full and the Revolving Credit Commitment and the MDTL Commitment have each been terminated. Upon the occurrence of an Event of Default, the Debtor agrees that the use by the Secured Party of all Intellectual Property shall be worldwide and without any liability for royalties or other related charges from the Secured Party to the Debtor until the Secured Obligations are indefeasibly paid in full.

6. **Events of Default.** From and after the occurrence of and during the continuance of an Event of Default, the Secured Party shall have, in addition to all other rights and remedies given it by this Collateral Assignment and the other Loan Documents, those rights and remedies allowed by law and the rights and remedies of a secured party under the Uniform Commercial Code as enacted in any of the jurisdictions in which the Intellectual Property may be located or by which the rights thereto may be governed.

7. **Release of Collateral Assignment.** This Collateral Assignment is made for collateral purposes only. Upon the Obligations being indefeasibly paid in full and the termination of the Revolving Credit Commitment and the MDTL Commitment, the Secured Party shall execute and deliver to the Debtor all deeds, assignments and other instruments, and shall take such other actions, as may be necessary or proper to re-vest in the Debtor full title to the

Intellectual Property, subject to any disposition thereof which may have been made by the Secured Party pursuant hereto and pursuant to the Credit Agreement or the other Loan Documents.

8. Expenses. All expenses incurred in connection with the performance of any of the agreements set forth herein shall be borne by the Debtor. All fees, costs and expenses, of whatever kind or nature, including reasonable attorneys' fees and expenses, incurred by the Secured Party in connection with the filing or recording of any documents (including all taxes in connection therewith) in public offices, the payment or discharge of any taxes, maintenance fees, Encumbrances or otherwise in protecting, maintaining or preserving the Intellectual Property or in defending or prosecuting any actions or proceedings arising out of or related to the Intellectual Property, shall be borne by and paid by the Debtor on demand by the Secured Party and until so paid shall bear interest at the highest applicable rate provided in the Credit Agreement, shall become part of the Obligations secured hereby and, if not paid upon demand, shall bear interest at the Default Rate until paid.

9. Duties of Debtor. The Debtor shall have the duty (i) to prosecute in a commercially reasonable manner any patent, trademark, copyright or service mark applications pending as of the date hereof or thereafter until the Obligations shall have been indefeasibly paid in full and the Revolving Credit Commitment and the MDTL Commitment are terminated, (ii) to make application on unpatented but patentable inventions and on trademarks, copyrights and service marks, as appropriate, and to the extent commercially reasonable, or (iii) to preserve and maintain all rights in the Intellectual Property except where not commercially reasonable. Any expenses incurred in connection with the Debtor's obligations under this Section 9 shall be borne by the Debtor or, to the extent they may be satisfied by the Secured Party shall become part of the Obligations secured hereby. Except where otherwise not commercially reasonable, the Debtor shall not abandon any right to file a patent, trademark, copyright or service mark application, or abandon any pending patent application, or any other Intellectual Property without the consent of the Secured Party for, and on behalf of, the Secured Party, Co-Agent and Lenders.

10. Right to Sue. After the occurrence of and during the continuance of Default or Event of Default, the Secured Party for, and on behalf of, itself, Co-Agent and the Lenders, shall have the right, but shall in no way be obligated, to bring suit in its own name to enforce the Intellectual Property and, if the Secured Party shall commence any such suit, the Debtor shall, at the request of the Secured Party do any and all lawful acts and execute any and all proper documents required by the Secured Party in aid of such enforcement and the Debtor shall promptly, upon demand, reimburse and indemnify the Secured Party for all reasonable costs and expenses incurred by the Secured Party in the exercise of its rights under this Section 10, which shall become part of the Obligations secured hereby.

11. Power of Attorney; Effect on Loan Documents. Upon the occurrence, and during the continuance of, Default or Event of Default, the Debtor hereby makes, constitutes and appoints the Secured Party and any of its officers, directors, employees and authorized agents as the Secured Party may select, in its sole discretion, the true and lawful agent and attorney-in-fact of the Debtor, with full power of substitution, to (i) endorse Debtor's name on all applications, documents, papers and instruments necessary or desirable for the Secured Party in the use of the Intellectual Property, or (ii) take any other actions with respect to the Intellectual Property as the Secured Party deems to be in the best interest of the Secured Party, or (iii) grant or issue any exclusive or non-exclusive license under the Intellectual

Property to anyone, or (iv) assign, pledge, convey or otherwise transfer title in or dispose of the Intellectual Property to anyone. The Secured Party hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney granted under this Section 11 shall be irrevocable until the Obligations shall have been indefeasibly paid in full and the Revolving Credit Commitment and the MDTL Commitment have been terminated, and shall be deemed to be coupled with an interest. The Debtor acknowledges and agrees that this Collateral Assignment is not intended to limit or restrict in any way the rights and remedies of the Secured Party under the Loan Documents but rather is intended to facilitate the exercise of such rights and remedies. The Secured Party shall have, in addition to all other rights and remedies given it by the terms of this Collateral Assignment and the other Loan Documents, all rights and remedies allowed by law and all rights and remedies of a under the Uniform Commercial Code as enacted in any jurisdiction in which the Intellectual Property may be located.

12. Further Assurances. The Debtor agrees to execute and deliver such further agreements, instruments and documents, and to perform such further acts, as the Secured Party shall reasonably request from time to time in order to carry out the purpose of this Collateral Assignment and the agreements set forth herein.

13. Secured Party's Ability to Deal With Security. The Secured Party may have or in the future may hold other security and/or guaranties to secure all or any part of the Obligations but it is specifically understood and agreed by the Secured Party that neither the execution and delivery of this Collateral Assignment nor the holding of any other security and/or guaranty shall at any time or in any respect operate to prevent or hinder the Secured Party from resorting first to such other security and/or guaranty or first to any of the Intellectual Property or first from time to time to both. In addition, the Secured Party may from time to time as it sees fit, in its sole and uncontrolled discretion, resort to all or any part of the Intellectual Property, without resorting to all or any other security and/or guaranty securing the Obligations, or to all or any part of any other security and/or guaranty securing the Obligations without resorting to all or any part of the Intellectual Property, and such action on the Secured Party's part shall not in any respect be considered as a waiver of any of the benefits or rights of the Secured Party relating to the Intellectual Property or such other security and/or guaranties.

14. Amendments and Waivers. The Secured Party and the Debtor may from time to time enter into amendments, extensions, supplements and replacements to and of this Collateral Assignment and the Secured Party may from time to time waive compliance with a provision hereof. No amendment, extension, supplement, replacement or waiver shall be effective unless it is in writing and is signed by the Secured Party and the Debtor. All waivers shall be effective only for the specific instance and for the specific purpose for which they may be given.

15. Exercise of Remedies; Remedies Cumulative. No delay on the part of the Secured Party or failure of the Secured Party to exercise any power, right or remedy under this Collateral Assignment and any other Loan Document shall operate as a waiver hereof, nor shall any single or partial exercise of any power, right or remedy or any abandonment or discontinuance of steps to enforce such right, power or remedy preclude other or further exercises thereof, or the exercise of any other power, right or remedy. The rights and remedies in this Collateral Assignment are cumulative and not exclusive of any rights or remedies (including, without limitation, the right of specific performance) which the Secured Party would otherwise have.

16. **Taxes.** The Debtor shall pay any and all stamp, document, transfer or recording taxes, filing fees and similar impositions payable or hereafter determined by the Secured Party to be payable in connection with this Collateral Assignment and any other documents, instruments and transactions pursuant to or in connection with any of the Loan Documents. The Debtor agrees to save the Secured Party harmless from and against any and all present and future claims or liabilities with respect to, or resulting from, any delay in paying or failure to pay any such taxes or similar impositions. The joint and several obligations of the Debtor pursuant to this Section 16 shall survive the termination of this Collateral Assignment and the repayment of the Obligations.

17. **Notices.** All notices required to be delivered pursuant to this Collateral Assignment shall be in writing and shall be delivered in accordance with, and to the addresses set forth in, and shall become effective in accordance with, Section 10.3 of the Credit Agreement.

18. **Successors and Assigns.** This Collateral Assignment shall be binding upon the Debtor and the Secured Party and their respective successors and assigns, and shall inure to the benefit of the Secured Party and its successors and assigns; provided, however, that the Debtor shall not assign its rights or duties hereunder or under any of the other Loan Documents without the prior written consent of the Secured Party.

19. **Severability.** Any provision of this Collateral Assignment which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining portions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

20. **Survival.** All representations, warranties, covenants and agreements of the Debtor contained herein or in the other Loan Documents or made in writing in connection herewith shall survive the issuance of the Notes and shall continue in full force and effect so long as the Debtor may borrow under the Credit Agreement and so long thereafter until the Notes and the Obligations are indefeasibly paid in full.

21. **GOVERNING LAW.** THIS COLLATERAL ASSIGNMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE COMMONWEALTH OF PENNSYLVANIA, WITHOUT REGARD TO THE PRINCIPLES THEREOF REGARDING CONFLICT OF LAWS, EXCEPTING APPLICABLE FEDERAL LAW AND EXCEPT ONLY TO THE EXTENT PRECLUDED BY THE MANDATORY APPLICATION OF THE LAW OF ANOTHER JURISDICTION.

22. **FORUM.** THE PARTIES HERETO AGREE THAT ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS COLLATERAL ASSIGNMENT MAY BE COMMENCED IN THE COURT OF COMMON PLEAS OF ALLEGHENY COUNTY, PENNSYLVANIA OR IN THE UNITED STATES DISTRICT COURT FOR THE WESTERN DISTRICT OF PENNSYLVANIA AND THE PARTIES HERETO AGREE THAT A SUMMONS AND COMPLAINT COMMENCING AN ACTION OR PROCEEDING IN EITHER OF SUCH COURTS SHALL BE PROPERLY SERVED AND SHALL CONFER PERSONAL JURISDICTION IF SERVED PERSONALLY OR BY CERTIFIED MAIL TO THE PARTIES AT THEIR ADDRESSES DESCRIBED IN SECTION 17, OR AS OTHERWISE PROVIDED UNDER THE LAWS OF THE COMMONWEALTH OF PENNSYLVANIA. FURTHER, THE DEBTOR

HEREBY SPECIFICALLY CONSENTS TO THE PERSONAL JURISDICTION OF THE COURT OF COMMON PLEAS OF ALLEGHENY COUNTY, PENNSYLVANIA AND THE UNITED STATES DISTRICT COURT FOR THE WESTERN DISTRICT OF PENNSYLVANIA AND WAIVES AND HEREBY ACKNOWLEDGES THAT IT IS ESTOPPED FROM RAISING ANY OBJECTION BASED ON FORUM NON CONVENIENS, ANY CLAIM THAT EITHER SUCH COURT LACKS PROPER VENUE OR ANY CLAIM THAT EITHER SUCH COURT LACKS PERSONAL JURISDICTION OVER THE DEBTOR SO AS TO PROHIBIT EITHER SUCH COURT FROM ADJUDICATING ANY ISSUES RAISED IN A COMPLAINT FILED WITH EITHER SUCH COURT AGAINST THE DEBTOR BY THE SECURED PARTY CONCERNING THIS COLLATERAL ASSIGNMENT OR PAYMENT TO THE SECURED PARTY. THE DEBTOR HEREBY ACKNOWLEDGES AND AGREES THAT THE CHOICE OF FORUM CONTAINED IN THIS SECTION 22 SHALL NOT BE DEEMED TO PRECLUDE THE ENFORCEMENT OF ANY JUDGMENT OBTAINED IN SUCH FORUM OR THE TAKING OF ANY ACTION UNDER THE LOAN DOCUMENTS TO ENFORCE THE SAME IN ANY APPROPRIATE JURISDICTION.

23. **Construction.** In this Collateral Assignment (except as otherwise expressly provided or unless the context otherwise requires), (i) the singular shall include the plural, and vice-versa, (ii) the masculine and feminine genders shall include the neuter gender, and vice-versa, (iii) the words "hereof", "herein" and "hereunder" and words of similar import shall refer to this Collateral Assignment as a whole and not to any particular provision of this Collateral Assignment and (iv) all references to particular Sections, items, clauses, exhibits and schedules are references to the Sections, items, clauses, exhibits and schedules of and to this Collateral Assignment.

24. **Integration.** This Collateral Assignment is the entire agreement between the parties relating to this security transaction and it supersedes all prior understandings and agreements, whether written or oral, between the parties hereto relating to the transactions provided for herein.

25. **Headings.** Section headings used in this Collateral Assignment are intended for convenience only and shall not affect the meaning or construction of this Collateral Assignment.

26. **Counterparts.** This Collateral Assignment and any amendment hereto may be executed in several counterparts and by each party on a separate counterpart, each of which, when so executed and delivered, shall be an original, but all of which together shall constitute but one and the same instrument. In proving this Collateral Assignment or any amendment hereto, it shall not be necessary to produce or account for more than one such counterpart signed by the party against whom enforcement is sought.

27. **Good Faith and Commercial Reasonableness.** The parties acknowledge that this Collateral Assignment and the interests granted herein, in part, will not be governed by the Uniform Commercial Code. To the extent not so governed by the Uniform Commercial Code, the Secured Party and the Debtor agree to be bound by the obligation of good faith set forth in Section 1-203 of the Uniform Commercial Code as if this Collateral Assignment was governed by the Uniform Commercial Code. The Secured Party agrees to deal with the Intellectual Property in a commercially reasonable manner as set forth in Section 9-507 of the Uniform Commercial Code.

28. WAIVER OF JURY TRIAL. THE DEBTOR AND THE SECURED PARTY EACH HEREBY WAIVES THE RIGHT TO TRIAL BY JURY IN ANY COURT AND IN ANY ACTION OR PROCEEDING OF ANY TYPE IN WHICH THE DEBTOR, THE SECURED PARTY OR ANY OF THEIR RESPECTIVE SUCCESSORS OR ASSIGNS IS A PARTY, AS TO ALL MATTERS AND THINGS ARISING OUT OF THIS COLLATERAL ASSIGNMENT.

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IN WITNESS WHEREOF, the parties hereto, with the intent to be legally bound hereby, have caused this Collateral Assignment of Intellectual Property to be duly executed by their respective duly authorized officers or partners as of the date first written above.

WITNESS/ATTEST:

M&R MARKING SYSTEMS, INC. (successor by merger to M&R ACQUISITION CORP.), a Delaware corporation

By: MR Stabik
Name: Mark R. Stabik
Title: Asst. Secy

By: [Signature] (SEAL)
Name: Mark Sculler
Title: President

NATIONAL CITY BANK OF PENNSYLVANIA,
as Secured Party

By: [Signature] (SEAL)
Name: ERVINE H. GEIGERT II
Title: VICE PRESIDENT

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ACKNOWLEDGEMENTS

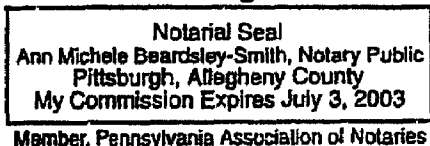
COMMONWEALTH OF PENNSYLVANIA)
) ss:
COUNTY OF ALLEGHENY)

On this, the 18th day of August, 1999, before me, a Notary Public, personally appeared Marc Sculler, who acknowledged himself to be the President of M&R MARKING SYSTEMS, INC., a Delaware corporation, and that he in such capacity, being authorized to do so, executed the foregoing instrument for the purposes therein contained, by signing the name of such corporation by himself as such President.

IN WITNESS WHEREOF, I hereunto set my hand and official seal the day and year first above written.

Ann Michele Beardsley-Smith
Notary Public

My Commission expires:



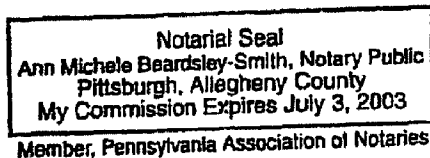
COMMONWEALTH OF PENNSYLVANIA)
) ss:
COUNTY OF ALLEGHENY)

On this the 18th day of August, 1999, before me, a Notary Public, personally appeared Ervin A. Waiger, II, who acknowledged himself to be a Vice President of NATIONAL CITY BANK OF PENNSYLVANIA, and that he as such Vice President, being authorized to do so, executed the foregoing Collateral Assignment of Intellectual Property for the purposes therein contained by signing the name of National City Bank of Pennsylvania by himself as such Vice President.

IN WITNESS WHEREOF, I hereunto set my hand and official seal the day and year first above written.

Ann Michele Beardsley-Smith
Notary Public

My Commission expires:



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Schedule 1

Patents			
U.S. PATENT NO.	ITEM	ISSUE DATE	INVENTORS
5,768,992	Hand Stamp and Method of Assembling Same	6/23/98	Daw et al.
5,649,485	Self-Inking Stamp	7/22/97	Dour et al.
5,611,984	Method for Stabilizing Microporous Marking Structures	3/18/97	Sculler et al.
5,517,916	Self-Inking Stamp	5/21/96	Dour et al.
5,377,599	Utility patent for the Royal Mark pre-inked stamp	1/3/95	Sculler et al.
5,277,721	Method for Making Microporous Marking Structures	1/11/94	Ooms
4,852,489	Self-Inking Stamping Device	6/1/89	Sculler et al.
4,432,281	Current Ideal Plastic Self-inking Stamp Utility Patent	2/2/84	Wall
Des. 387,800	Ink Pad Holder	12/16/97	Daw et al.
Des. 387,799	Self-Inking Stamp	12/16/97	Daw et al.
Des. 372,493	Hand Stamp Handle Top	8/6/96	Sculler
Des. 368,926	Decorative Cover for Hand Stamps	4/16/96	Pentralia
Des. 367,292	Hand Stamp Handle	2/20/96	Franks et al.
Des. 367,290	Design of a new version of the Ideal Plastic Self-Inking Stamp	2/20/96	Sculler et al.
Des. 366,894	Combined Ink Pad Holder and Pad	2/6/96	Vesey
Des. 359,504	Hand Stamp Handle	6/20/95	Stefanski
Des. 359,064	Handle for Pre-Inked Mount	6/7/95	Sculler et al.
Des. 353,394	Dated Hand Stamp (IDEAL 5000)	6/13/94	Stefanski et al.
Des. 346,396	Stamp Handle to design	4/26/94	Sculler
Des. 352,521	Pre-Inked Mount	11/15/94	Sculler et al.
29/021,756 (App. No.)	Ink Pad Holder	N/A	
08/350,509 (App. No.)(action suspended)	Method and Means for Preparing Pre-Inked Impression Members for Marking Devices	N/A	
09/129,485 (App. No.)	Pre-Inked Marking Structures and Method of Assembling Same to a Stamped Mount	N/A	
60/054,655 (Application No.)	Pre-Inked Marking Structures and Method of Assembling Same to a Stamped Mount	N/A	
09/141,692 (Application No.)	Hand Stamp with Stamped Arrangement of Changeable Text	N/A	
60/057,579 (Application No.)	Hand Stamp with Stacked Arrangement of Changeable Text	N/A	
29/084,500 (Application No.)	Self-Inking Stamp and Case Therefor	N/A	
29/104,577 (Application No.)	Hand Stamp	N/A	

FOREIGN PATENT	ITEM	COUNTRY
775,588	Method and Apparatus for Stabilizing Microporous Marking Structures	Europe
803,372 (A1, B1)	Self-Inking Stamp	Europe
173,977	Self-Inking Stamp	Austria
69,601,069	Self-Inking Stamp	Germany
2,107,643 (AA)	Adjustable Mount Device for Pre-Inked Hand Stamp	Canada
2,106,643 (C)	Adjustable Mount Device for Pre-Inked Hand Stamp	Canada
1,106,340	Adjustable Mount Device for Pre-Inked Hand Stamp	China
1,036,511	Adjustable Mount Device for Pre-Inked Hand Stamp	China
74,491	Ornamental Design of the Royal Mark pre-inked stamp	Canada
ZL 933305971.X	Ornamental Design of the Royal Mark pre-inked stamp	China
ZL 93114412.4	Adjustable Mount Device for Pre-Inked Hand Stamp	China
952385	Self-Inking Stamp	France
M9503705.5	Self-Inking Stamp	Germany
ZL97303151.4	Self-Inking Stamp	China
173,092	Self-Inking Stamp	India

Trademarks			
TRADEMARK	TRADEMARK NUMBER	ISSUE DATE	COUNTRY
OPTIMARK	2,236,425	4/6/99	U.S.
IDEAL (for film)	1,957,332	2/20/96	U.S.
Self-inking Stamp Design	1,898,872	6/13/95	U.S.
MINI	1,505,821	9/27/88	U.S.
IDEAL	1,456,184	9/8/87	U.S.
ROYAL MARK	1,320,628	2/19/95	U.S.
Design Only	1,328,065	4/2/85	U.S.
M&R	N/A	N/A	U.S.
ROYAL MARK	674,390	11/11/97	European Community
OPTIMARK	677,229	11/11/97	European Community
M&R MARKING SYSTEMS	604,132	10/24/97	European Community
IDEAL	604,116	10/24/97	European Community
IDEAL	94,534,580	9/1/94	France
ROYAL MARK	94,534,579	0/1/94	France
ROYAL MARK	698,435	12/23/96	Italy
IDEAL	698,434	12/13/96	Italy
ROYAL MARK	159,146	8/2/95	Austria
IDEAL	97,711,152		Russia
M&R MARKING SYSTEMS	97,711,151		Russia
ROYAL MARK	1,581,516	6/27/97	Great Britain
IDEAL	2,000,652	10/31/94	Great Britain
IDEAL			Australia
ROYAL MARK	753372	11/16/98	Australia
OPTIMARK	753179	9/11/98	Australia
IDEAL	696,529		Taiwan
ROYAL MARK	689,409		Taiwan
ROYAL MARK	B00143 of 1998		Hong Kong
ROYAL MARK	884,720		People's Republic of China
UNREGISTERED TRADEMARKS			
HR Print Technology	N/A	N/A	N/A
Daylight AQ	N/A	N/A	N/A
Ideal RT	N/A	N/A	N/A
Ideal RT	N/A	N/A	N/A

LICENSES	
DATE	TITLE
8/17/95	License Agreement between Hamivreshet Brush Factory Kibbutz Ruhama and M&R
4/26/95	Letter Agreement between M&R and Hamivreshet
6/7/93	Agreement between American Seal and Stamp Company and M&R (New York)
3/12/91	Production Agreement between M&R, Shiny Stamp Enterprises Co., a corporation of the Republic of China and Albegreen Company Limited, a corporation of the Republic of China
2/6/92	Assignment Agreement between Ken Lowrance and Dan Ward and M&R (New York) re: the "Chase Invention" (as defined therein).
8/5/96	Letter Agreement between Lowrance, Ward and Sculler relating to the foregoing Assignment Agreement
6/30/97	Agreement between M&R and Identity Group, Inc., a Tennessee Corporation
7/27/98	Private Label Authorized Distributor Agreement between Horizons Incorporated and M&R

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**AMENDED AND RESTATED
SECURITY AGREEMENT**

THIS AMENDED AND RESTATED SECURITY AGREEMENT (the Amended and Restated Security Agreement together with all exhibits, schedules, extensions, renewals, amendments, substitutions and replacements hereto and hereof, is referred to herein as the "Security Agreement") dated as of June 27, 2001, effective as of March 31, 2001, is made and entered into by and between M&R MARKING SYSTEMS, INC. (the "Debtor"), and NATIONAL CITY BANK OF PENNSYLVANIA (the "Secured Party"), as Agent for the Lenders under the Credit Agreement (as defined below).

WITNESSETH:

WHEREAS, pursuant to that certain Amended and Restated Credit Agreement (the Credit Agreement together with all exhibits, schedules, extensions, renewals, amendments, substitutions and replacements thereto and thereof is referred to herein as the "Credit Agreement") dated as of even date herewith by and among the Debtor, the Secured Party, the Lenders (as defined in the Credit Agreement) and Antares Capital Corporation, as Co-Agent for the Lenders, the Lenders have agreed to make available to the Debtor: (i) a revolving credit facility, which will be evidenced by Revolving Credit Notes dated as of even date herewith (together with all amendments, supplements, renewals or replacements thereto or thereof, the "Revolving Credit Notes"); (ii) a Term Loan A, which will be evidenced by Term Loan A Notes dated as of even date herewith (together with all amendments, supplements, renewals or replacements thereto or thereof, the "Term Loan A Notes"); and (iii) a Term Loan B, which will be evidenced by Term Loan B Notes dated as of even date herewith (together with all amendments, supplements, renewals or replacements thereto or thereof, the "Term Loan B Notes"); such Term Loan B Notes, together with the Revolving Credit Notes and the Term Loan A Note, all collectively referred to herein as the "Notes");

WHEREAS, to secure the prompt payment in full to the Secured Party of the Obligations, as such term is defined in the Credit Agreement, the Debtor has agreed to execute and deliver to the Secured Party this Security Agreement.

NOW, THEREFORE, in consideration of the premises (each of which is incorporated herein by reference) and the mutual promises contained herein and other valuable consideration, the receipt and adequacy of which are hereby acknowledged, and with the intent to be legally bound hereby, and for the purpose of securing:

(i) the performance of all of the terms and provisions contained in Notes, including, but not limited to, the payment of the aggregate unpaid principal balance of the Notes (including all advances heretofore and hereafter made and evidenced by the Notes) and interest thereon unto the Secured Party, its successors and assigns, according to the provisions and conditions of the Notes, as they may be amended, extended or renewed from time to time, and in discharge thereof;

(ii) the performance by the Debtor of all of the terms and provisions contained in the Credit Agreement, this Security Agreement and all of the other Loan Documents, as they may be

amended, modified or supplemented from time to time, the terms and provisions of all of such documents being specifically incorporated herein by reference as though set forth herein; and

(iii) the Debtor's payment of any and all of its Obligations to the Secured Party, whether now or hereafter existing or incurred and whether raising directly or indirectly, as guarantor, by virtue of any assignment, pledge or other transfer or disposition to the Secured Party of Indebtedness and all other liabilities, obligations and indebtedness of any kind or nature, present or future, due or to become due, now existing or hereafter arising of the Debtor to the Secured Party, or otherwise, the Debtor and the Secured Party hereby agree as follows:

1. Grant of Security Interests. The Debtor hereby assigns and pledges to the Secured Party, and its successors and assigns, and grants to the Secured Party, and its successors and assigns, a perfected and continuing lien and security interest, prior to all other liens and security interests (subject to Permitted Encumbrances, but only to the extent permitted by the Credit Agreement), on and in all of the Debtor's property described below, whether now owned or existing or hereafter acquired, arising or created, and all of the Debtor's rights, titles and interests in and to and relating to all such property, wherever located, and all products thereof and all proceeds derived therefrom (including, without limitation, proceeds of insurance):

(i) All of Debtor's Accounts, Chattel Paper, Investment Property, Documents and Instruments, including without limitation all Special Collateral (as defined in Section 3(vii) hereof);

(ii) All of the Debtor's Equipment, Fixtures, Goods and Inventory (whether or not work-in-progress) and all accessories, accessions, attachments, modifications, parts, fittings and special tools thereto, thereof or therefor;

(iii) All of the Debtor's General Intangibles, including, without limitation, all of the Debtor's Patents, trademarks, trade names, Copyrights, franchises, licenses, royalty agreements, applications for any of the foregoing, goodwill, rights to require performance of others, choses in action, causes of action, corporate or other business records, inventions, designs, trade secrets, registrations, tax refund claims, computer programs, options, claims, going concern value, contract rights, customer lists, leases to which the Debtor is a party and any guarantee claim, security interests or other security held by or granted to the Debtor to secure payment by any party of a sum or debt owed to the Debtor or the rights of the Debtor as the consignor of Inventory;

(iv) To the extent the terms of an agreement of the Debtor with a third party permit, all of the rights of the Debtor to and under any and all royalty, licensing, franchise or know-how agreements to which the Debtor is a party;

(v) All money, residues and property of any kind of the Debtor now or at any time hereafter delivered to, or in the possession or under the control of, the Secured Party or an agent or a bailee of the Secured Party;

(vi) All accessories, accessions, attachments, modifications, parts, fittings and special tools to, of or for, and all substitutions, replacements, renewals, additions and improvements to, of or for any of the collateral listed in items (i) through (v) above;

(vii) All products and proceeds of any of the collateral listed in items (i) through (vi) above, including, without limitation, all proceeds of insurance policies insuring the aforesaid collateral and documents covering the aforesaid collateral, and all rents, revenues, issues, profits and proceeds arising from the sale, lease, license, encumbrance, collection or any other temporary or permanent disposition or encumbrance of such items (or any part thereof) or any interest therein, whether or not constituting "proceeds" as defined in the Uniform Commercial Code; and

(viii) All books, records, documents, ledger receipts and other information of the Debtor pertaining to any of the foregoing, including, without limitation, all customer lists, credit files, computer records, computer programs, storage media and computer software used or required in connection with the establishment, generation, processing, maintenance or storage of such books, records or documents or otherwise used or acquired in connection with documenting information pertaining to any of the aforesaid collateral.

All of the Debtor's property described in items (i) through (viii) above, both inclusive, as well as all products and proceeds thereof and all of the Debtor's rights, titles and interests in and to and relating to all such property, whether now owned or existing or hereafter acquired or created, are hereinafter referred to collectively and individually as the "Collateral."

2. Representations and Warranties. The Debtor hereby represents and warrants to the Secured Party that:

(i) Title to Collateral. The Debtor has good title to all of its presently owned or existing Collateral, free and clear of all Encumbrances, subject to Permitted Encumbrances (but only to the extent permitted by the Credit Agreement). Each of the assignments, pledges, liens and security interests made and granted hereby, when duly and properly perfected, will be liens and security interests prior to all other Encumbrances and are not in any respect subject or subordinate to any other Encumbrance, except for the Permitted Encumbrances (but only to the extent permitted by the Credit Agreement). Subject to Permitted Encumbrances, the Debtor has not heretofore assigned or pledged, or granted any other Encumbrance upon or in, or otherwise assigned an Encumbrance in, any of the Collateral.

(ii) Authority. The Debtor has and has duly exercised all requisite right, power and authority to enter into this Security Agreement, and to assign and pledge, and to grant liens and security interests upon and in, the Collateral for the purposes set forth in this Security Agreement, and to carry out the transactions contemplated by this Security Agreement.

(iii) Chief Executive Office and Other Locations. The Debtor's chief executive office is as shown on Schedule 1 attached hereto and made a part hereof. All of the Debtor's other places of business are as shown on Schedule 1.

(iv) Records. The records relating to the Debtor's Accounts, Chattel Paper, Documents and Instruments in the possession of, or subject to the control of, the Debtor are kept at the Debtor's chief executive office as shown on Schedule 1 and at no other locations.

(v) Locations of Inventory, Equipment, Fixtures and Goods. The Collateral which consists of Inventory, Equipment, Fixtures and Goods is located only at those sites more fully described on Schedule 1 hereto.

3. Covenants. The Debtor hereby covenants and agrees with the Secured Party that:

(i) Title to Collateral. The Debtor will be the sole legal and beneficial owner of, and will have and maintain good and marketable title in and to, all of the Collateral hereafter acquired, created or arising, free and clear of all Encumbrances, except for Permitted Encumbrances. At its expense, the Debtor shall warrant title to the Collateral and shall defend the Collateral and the rights, titles and interests of the Secured Party therein and thereto, against all claims and demands of any and all Persons. The Debtor shall not (A) grant, create, incur or permit to exist any Encumbrance on or in any of the Collateral, other than Permitted Encumbrances, (B) permit any of the Collateral to be levied upon under any legal process, (C) assign, transfer or otherwise dispose of any of the Collateral (except as otherwise may be permitted in the Credit Agreement), or (D) do, or permit to be done, anything that may impair the value of any of the Collateral or any of the liens and security interests granted or afforded by this Security Agreement. The Debtor shall promptly discharge any Encumbrance on any of the Collateral which is not specifically permitted to exist pursuant to the terms of this Security Agreement or any of the other Loan Documents.

(ii) Locations of Offices and Collateral.

(a) The Debtor will immediately advise the Secured Party in writing of any change or anticipated change in, or any additions to, the chief executive office and the other places of business of the Debtor listed on Schedule 1 hereto.

(b) The Debtor will not remove or permit the removal of any of the records relating to the Collateral from the locations shown on Schedule 1, and will not locate any such records at locations other than the locations shown on Schedule 1, without the prior written consent of the Secured Party.

(c) The Debtor will not remove or permit the removal of any of the Collateral which consists of Inventory, Equipment, Fixtures and Goods from the locations shown on Schedule 1, and will not locate any Inventory, Equipment, Fixtures and Goods at locations other than the locations shown on Schedule 1, without the prior written consent of the Secured Party; provided, however, the foregoing shall not prohibit the Borrower from moving any such Collateral among locations listed on Schedule 1, as such schedule is from time to time amended. The Debtor shall provide to the Secured Party promptly upon request adequate evidence that any removal or location of any such Collateral was permitted by the Credit Agreement, and shall ensure that any replacement Inventory, Equipment, Goods and Fixtures are free and clear of all Encumbrances, except for Permitted Encumbrances.

(iii) Changes to Chief Executive Office, Places of Business or Name of Debtor. If the Debtor desires to make any change or addition to the information set forth on Schedule 1 hereto, or to establish a new or additional name in which it may invoice account

debtors, maintain records concerning the Collateral, own or locate Collateral or conduct its business, then the Debtor shall first, with respect to each such new or changed name or location:

(a) give the Secured Party at least 60 days' prior written notice of its intention to do so and provide the Secured Party with such information in connection therewith as the Secured Party may reasonably request; and

(b) take such action, satisfactory to the Secured Party, including without limitation all action required by Section 3(vii) hereof, as may be necessary in the opinion of the Secured Party to maintain at all times the perfection and priority of the security interests granted to the Secured Party hereunder; provided, however, that in all such cases any such new or additional locations must be in the continental United States.

(iv) Covenants Relating to Accounts.

(a) The Debtor shall deliver to the Secured Party at reasonable times and after reasonable notice any information relating to its Accounts, including without limitation the names and addresses of account debtors; the aging of such Accounts; the dates on which such Accounts first became due; the amounts of any offsets or claims of any account debtor and whether the Debtor disputes such claim or offset; copies of any documents, instruments or franchise agreements; and all schedules, certifications and any reports or other information relating to the Debtor's Accounts, all as the Secured Party may reasonably request from time to time, all of the foregoing to be in form and substance satisfactory to the Secured Party and in such detail as the Secured Party may reasonably request. The Debtor shall at all times and from time to time cooperate fully with the Secured Party and its employees, officers and authorized representatives in verifying any matter relating to any Account.

(b) The Debtor shall not invoice any account debtors or maintain the records of the Debtor relating to any Account in any name other than the Debtor's proper corporate name or its existing tradename and such new names as it may establish in accordance with Section 3(iii) above.

(c) The Debtor agrees that the Secured Party may at any time on and after the occurrence and during the continuance of any Default or Event of Default, without notice to the Debtor, verify with any account debtors the status of any Accounts payable by such account debtors. The Debtor shall, from time to time upon the reasonable request of the Secured Party, execute and deliver such information, documents and instruments, and take all such action as the Secured Party may reasonably request in order to effectuate the purposes of this paragraph (c).

(d) The Debtor shall promptly notify the Secured Party of any dispute (including without limitation any rejection or revocation of acceptance of goods) between the Debtor and any account debtor concerning any disputed amount in excess of \$25,000 due and owing under any Account, including the reason for the dispute, all claims related thereto and the amount in controversy. The Debtor will promptly notify the Secured Party if the Debtor has notice or knowledge of claims or adverse changes which will or

may affect the ultimate collectibility of any or all of the Accounts of an account debtor, in an aggregate amount at any time in excess of \$50,000.

(e) To the extent that any applicable Governmental Rule, custom or any contract or agreement with any account debtor requires notice to or the consent of such account debtor in order for the Secured Party to obtain a security interest in the Accounts of such account debtor, the Debtor agrees to promptly give such notice or obtain such consent.

(v) Covenants Relating to Inventory.

(a) The Debtor shall deliver to the Secured Party, at reasonable times and after reasonable notice, any information relating to its Inventory, including without limitation the locations thereof; copies of any documents, instruments, invoices, purchase orders, shipping and receipt records and inventory logs; and all schedules, certifications and any reports or other information relating to the Debtor's Inventory as the Secured Party may reasonably request from time to time, all of the foregoing to be in form and substance satisfactory to the Secured Party and in such detail as the Secured Party may reasonably request. The Debtor shall, at all times and from time to time, cooperate fully with the Secured Party and its employees, officers and authorized representatives in verifying any matter relating to any Inventory.

(b) The Debtor will not remove or permit the removal of any Inventory or Equipment from the locations shown on Schedule 1, and shall not have Inventory or Equipment located at any location other than those shown on Schedule 1. If the Debtor wishes to place or store Inventory at a location not now shown on Schedule 1, the Debtor must first (i) comply with the provision of Section 3(ii) above and (ii) if such location is leased by the Debtor as tenant, deliver to the Secured Party a Landlord's Waiver, in form and substance satisfactory to the Secured Party, executed by the landlord. The foregoing notwithstanding the Debtor (i) may sell or otherwise dispose of Inventory in the ordinary course of business, and (ii) may sell or otherwise dispose of, in the ordinary course of business, Equipment which is obsolete, worn out or is otherwise no longer required in the conduct of the Debtor's business.

(c) The Debtor shall keep correct records of all Inventory on an actual basis, itemizing and describing the kind, type, quality and quantity of Inventory and the Debtor's costs therefor.

(vi) Performance of Agreements. The Debtor shall abide by, perform and discharge each and every obligation, covenant, condition, duty and agreement in connection with the Collateral contained herein or in any of the other Loan Documents.

(vii) Preservation of Security Interests. The Debtor will preserve and protect the Secured Party's security interest in the Collateral. The Debtor will execute or join in the execution of, from time to time upon the request of the Secured Party, all financing statements, continuation statements and all other documents and instruments required by the Secured Party to evidence and perfect, and continue to evidence and perfect, all of the security interests granted

herein or hereby, and the Debtor shall pay the cost of filing or recording such documents and instruments in all public offices where deemed necessary by the Secured Party. The Debtor will promptly furnish all documents of title, affidavits and other documents and instruments in Debtor's possession and reasonably required by the Secured Party to further evidence or to perfect the liens and security interests granted herein or hereby. To the extent controllable by the Debtor, the Debtor will, at its own cost and expense, cause such security interests as are governed by the Uniform Commercial Code to be perfected and to continue to be perfected so long as the Obligations or any portion thereof is outstanding and unpaid, or the Revolving Credit Commitment is in effect. Further, upon the request of the Secured Party, the Debtor will, at its own cost and expense, cause such liens and security interests as are governed by Governmental Rules other than the Uniform Commercial Code to be perfected and to continue to be perfected so long as the Obligations or any portion thereof is outstanding and unpaid or the Revolving Credit Commitment is in effect. Immediately upon the Debtor's receipt of any portion of the Collateral which itself, or the ownership of which, is or becomes evidenced by an agreement, Instrument, Document or other writing (including but not limited to promissory notes, documents of title, trade acceptances and warehouse receipts, all of which are herein referred to collectively as the "Special Collateral"), the Debtor shall deliver the original thereof to the Secured Party, together with appropriate endorsements or other specific evidence, in form and substance acceptable to the Secured Party, of the assignment thereof to the Secured Party.

(viii) Books and Records; Notices and Other Information; Inspection. The Debtor will at all times keep, or cause to be kept, accurate and complete books and records relating to the Collateral. The Debtor hereby agrees that the Secured Party, or any of its officers, employees and authorized representatives, shall have the right to inspect the Collateral and make extracts from the books and records relating to the Collateral from time to time during normal business hours. The Debtor, upon receiving at least two Business Days' prior notice, shall furnish or cause to be furnished to the Secured Party such data and information and copies of such papers and documents relating to the Collateral as the Secured Party may reasonably request from time to time and in such form and substance as may be reasonably requested by the Secured Party from time to time. Further, upon giving such notice, the Secured Party shall have the right to access any premises where any of the Collateral is located, and shall have the right, at any time, to discuss the Collateral with any officer, attorney, accountant, account debtor or creditor of the Debtor. The Debtor will promptly deliver to the Secured Party all written notices, and will promptly give the Secured Party written notice of any other notices, received by it with respect to a material diminution of the value of the Collateral or the impairment of the lien of the Secured Party in the Collateral.

(ix) Cooperation Upon Event of Default. To assist the Secured Party in enforcing its rights and remedies hereunder, upon the request of the Secured Party made from time to time after the occurrence of and during the continuance of an Event of Default, the Debtor will, at its expense (A) assemble and prepare for removal at and to places designated by the Secured Party such items of Collateral selected by the Secured Party, and (B) otherwise cooperate fully with the Secured Party in all respects so that the Secured Party can effectively exercise its rights and remedies hereunder.

(x) Revisions to UCC Article 9. The parties to this Security Agreement acknowledge that revisions to Article 9 of the Uniform Commercial Code (in the form or

substantially in the form approved by the American Law Institute and the National Conference of Commissioners on Uniform State Law and contained in the 2000 Official Text of the Uniform Commercial Code, referred to herein in "Revised Article 9") may become effective in the Commonwealth of Pennsylvania on July 1, 2001 (the "Enactment Date") and will become effective in Delaware and in other states on the Enactment Date and thereafter (all such states enacting Revised Article 9 and the District of Columbia each hereinafter being referred to as an "Enactment State"). In anticipation of the effectiveness of Revised Article 9 in any Enactment State and its resulting application to this Security Agreement and the other Loan Documents or any matters contemplated thereby, the Debtor and the Secured Party hereby agree as follows:

(a) Without otherwise limiting any other provisions of this Security Agreement or of Part 7 of Revised Article 9, in applying the law of any Enactment State at any time on and after the Enactment Date with respect to such Enactment State (i) the Collateral includes, without limitation, each of the following categories as defined by Revised Article 9, and all property of the Debtor included therein at any time owned or acquired: goods (including, without limitation, inventory, equipment, fixtures, and accessions); instruments (including, without limitation, promissory notes); documents of title; accounts; chattel paper (whether tangible or electronic); deposit accounts; letter-of-credit rights; commercial tort claims (to the extent described in any notice delivered by the Debtor pursuant to subsection (c) below; investment property; general intangibles; leases; money; supporting obligations; and proceeds; in each case wherever located, and whenever owned or acquired, and (ii) the Secured Party's Lien in all such property created under this Security Agreement (whether pursuant to the UCC as it currently exists or other requirement of law) on the Closing Date shall continue in full force and effect on and under and pursuant to Revised Article 9 and other requirements of law.

(b) The Secured Party may, at any time and from time to time, file financing statements, continuation statements, and amendment thereto that describe the Collateral as "all assets" of the Debtor, or words of similar effect, and which contain any other information required pursuant to Revised Article 9 for the sufficiency of filing office acceptance of any financing statement, continuation statement or amendment, and the Debtor agrees to furnish any such information to the Secured Party promptly upon request. Any such financing statement, continuation statement or amendment may be signed by the Secured Party on behalf of a Debtor and may be filed at any time in any jurisdiction whether or not Revised Article 9 is then in effect in that jurisdiction.

(c) The Debtor shall, at any time and from time to time, whether or not Revised Article 9 is in effect in any particular jurisdiction, take such steps as the Secured Party may reasonably request for the Secured Party (i) to obtain an acknowledgement, in form and substance reasonably satisfactory to the Secured Party, of any bailee having possession of any of the Collateral, stating that the bailee holds such Collateral for the Secured Party for the benefit of the Lenders, (ii) to obtain "control" of any investment property, deposit accounts, letter-of-credit rights, or electronic chattel paper (as such terms are defined by Revised Article 9 with corresponding provisions thereof defining what constitutes "control" for such items of Collateral), with any agreements establishing control to be in form and substance reasonably satisfactory to the Secured Party, and (iii) otherwise to insure the continued perfection and priority of the Secured Party's security

interest in any of the Collateral and of the preservation of its rights therein, whether in anticipation of or following the effectiveness of Revised Article 9 in any jurisdiction. If the Debtor shall at any time, whether or not Revised Article 9 is in effect in any particular jurisdiction, acquire a "commercial tort claim" (as such term is defined in Revised Article 9) in excess of \$50,000, the Debtor shall promptly notify the Secured Party thereof in writing, therein providing a reasonable description and summary thereof, and upon delivery thereof to the Secured Party, the Debtor shall be deemed to thereby grant to the Secured Party for the benefit of the Lenders (and the Debtor hereby grants to the Secured Party for the benefit of the Lenders) a security interest and lien in and to such commercial tort claim and all proceeds thereof, all upon the terms of and governed by this Security Agreement.

(d) Nothing contained in this Section 3(x) shall be construed to narrow the scope of the Secured Party's and the Lenders' Liens or the perfection or priority thereof or to impair or otherwise limit any of the rights, powers, privileges or remedies of the Secured Party or any Lender under the Loan Documents.

4. Actions Upon Occurrence of Event of Default. Upon the occurrence and during the continuance of an Event of Default, the Obligations hereby secured, without further demand or notice by the Secured Party, may or shall become at once due and payable, in accordance with the terms of the Credit Agreement, and the Secured Party shall have the right, at its option at any time and from time to time, without notice to the Debtor, which notice is hereby expressly waived by the Debtor, to:

- (i) exercise any or all of the rights and remedies afforded by the Uniform Commercial Code or other applicable law as in effect;
- (ii) exercise any or all of the rights and remedies as are provided herein, in the Credit Agreement or any other Loan Document;
- (iii) administer the Collateral and the proceeds thereof;
- (iv) send verifications to any account debtors to verify the status of any Account payable by such account debtors and to sign the name of the Debtor, the Secured Party or the Secured Party's designee to all audit inquiries made of account debtors, to all information release authorizations in connection therewith, to all applications for documents of title, title certificates and similar documents, to any notice of claim, satisfaction or release in connection with an Account, and to any proof of claim in bankruptcy or any similar document;
- (v) take over and direct collection of the Debtor's Accounts and the proceeds thereof;
- (vi) give notice of the Secured Party's security interest in the Accounts and the proceeds thereof to the account debtors (and the Secured Party will have no liability to the Debtor by reason of giving or not giving such notice);

(vii) receive and endorse the name of the Debtor upon any notes, checks, acceptances, drafts, money orders, instruments or other documents relating to the Collateral and effect the deposit and collection thereof for the sole use and benefit of the Secured Party;

(viii) sign the name of the Debtor to drafts against the account debtors, to notices to such account debtors, to assignments and notices of assignments, to financing statements or other public records or notices and to all other instruments and documents, and all amendments and modifications thereof and supplements thereto;

(ix) receive and open mail addressed to the Debtor and in connection therewith, execute and deliver notices and documents of suit and authorizations, in the name of the Debtor or the Secured Party, as the United States Postal Service or other agency may require;

(x) direct the account debtors to make payments of all monies paid or payable thereon directly to the Secured Party or to a lockbox designated by the Secured Party (and, at the request of the Secured Party, the Debtor shall indicate on all billings that payments thereon are to be made to the Secured Party) and give any account debtors so notified and directed the receipt of the Secured Party for any such payment as full release for the amount so paid;

(xi) enforce collection, either in the name of the Secured Party or in the name of the Debtor, of any or all of the Accounts and the proceeds thereof by suit or otherwise, or receive, give receipt for, surrender, release or exchange all or any part thereof, or compromise, settle, extend or renew (whether or not longer than the original period) any Account or any legal action involving an Account and, if permitted by applicable Governmental Rules, sell or assign any or all of the Accounts upon such terms, for such amounts and at such time or times as the Secured Party deems advisable;

(xii) endorse in the name of the Debtor any instrument, including but not limited to bills of lading, receipts or freight items, however received by the Secured Party, representing Collateral or proceeds of any of the Collateral;

(xiii) enter any premises where Collateral is located, without judicial process, and take possession and control of the Collateral; and keep and store the Collateral on such premises until sold (and if such premises are the property of the Debtor, the Debtor agrees not to charge the Secured Party for storage thereof during the period the Secured Party is exercising its rights with respect to the Collateral under the Uniform Commercial Code, this Security Agreement or any other Loan Document) or remove the Collateral from such premises to the premises of the Secured Party or an agent of the Secured Party until sold;

(xiv) sell all or any portion of the Collateral at public or private sale at such place or places and at such time or times and in such manner and upon such terms, whether for cash or credit, as the Secured Party in its sole discretion may determine and the Secured Party may purchase all or any of the Collateral at such public sale or sales, and, to the extent permitted by applicable Governmental Rules, any such private sale or sales, free from any equity or right of redemption and the Debtor waives and releases any right to require the Secured Party to collect the Obligations or any part thereof, from a source or security other than the Collateral, under any theory of marshalling of assets or otherwise;

(xv) do any and all other things and to take any and all other action, in the name and on behalf of the Debtor, which the Secured Party may deem in its sole discretion necessary or advisable to carry out the intent of this Security Agreement and the Credit Agreement, including, without limitation, the grant of the liens and security interests created hereby and the perfection, continuation and protection of the liens and security interests created hereby and the exercise by the Secured Party of the rights created under this Security Agreement; and

(xvi) do all acts and things permitted by applicable Governmental Rules which the Secured Party, in its sole discretion, deems necessary or advisable to fulfill or cause the fulfillment of the Debtor's obligations hereunder and under the Credit Agreement and the other Loan Documents.

Any requirement of any applicable Governmental Rule as to reasonable notification of the time and place of any public sale, or of the time after which any private sale or other intended disposition of the Collateral is to be made, shall be met by giving the Debtor at least ten days' prior written notice of the time and place of any such public sale or the time after which any such private sale or any other intended disposition is to be made. Any notice sent by the Secured Party pursuant to this Section 4 may at the Secured Party's sole option be sent on the Debtor's stationery, in which case the Debtor shall co-sign such notice with the Secured Party.

5. Power of Attorney. The Debtor hereby makes, constitutes and appoints the Secured Party and any of its officers, directors, employees and authorized agents the true and lawful agent and attorney-in-fact of the Debtor, with full power of substitution, to take any and all of the actions described in Section 4 hereof. The Debtor agrees that neither the Secured Party nor any of its agents, designees or attorneys-in-fact will be liable for any acts of commission or omission, or for any error of judgment or mistake of fact or law in respect to the exercise of the power of attorney granted under this section, except that the Secured Party shall be liable for the acts of commission or omission of the Secured Party, its agents, designees and attorneys-in-fact that amount to (and, if contested or disputed by the Secured Party, are determined, by agreement or settlement between the Secured Party and the Debtor, or by a final judgment (including all appeals thereof) of a court or courts of competent jurisdiction, to be or constitute) gross negligence or willful misconduct. The power of attorney granted under this section is coupled with an interest and shall be irrevocable until all Obligations secured hereby are paid in full and until the Revolving Credit Commitment is terminated.

6. Maintenance of Properties; Insurance.

(i) Maintenance of Properties. If the Debtor fails to comply with the provisions of Section 5.7 of the Credit Agreement relating to maintenance of its properties, the Secured Party may, but shall not be obligated to, pay the cost of any repairs to or maintenance of the Collateral, and may, but shall not be obligated to, pay any taxes, levies or impositions relative to the Collateral, for the account of the Debtor and add the amounts of all of the foregoing to the Obligations.

(ii) Insurance. If the Debtor fails to effect and keep in force insurance covering the Collateral as required by Section 5.3 of the Credit Agreement or fails to pay any of

the premiums thereon when due, the Secured Party may, but shall not be obligated to, do so for the account of the Debtor and add the cost thereof to the Obligations. The Debtor hereby assigns and sets over to the Secured Party all monies which may become payable on account of all insurance covering the Collateral, including without limitation any return of unearned premiums which may be due upon cancellation of any such insurance or any return of unearned premiums. The Secured Party, its officers, directors, employees and authorized agents, are hereby irrevocably appointed the attorneys-in-fact of the Debtor to endorse any draft or check that may be payable to the Debtor in order to collect the proceeds of such insurance or any return of unearned premiums. So long as any Obligations remain outstanding or the Revolving Credit Commitment remains in effect, any such proceeds or returns of unearned premiums, except as set forth below, shall be applied by the Secured Party to the payment of the Obligations at the Secured Party's discretion. Any balance of insurance proceeds remaining in the possession of the Secured Party after payment in full of the Obligations shall be paid to the Debtor or its order as the Debtor shall instruct the Secured Party in writing. The foregoing notwithstanding, the Debtor and the Secured Party agree that the proceeds of insurance relating to an insured loss, once delivered by the insurer to the Secured Party, shall be delivered by the Secured Party to the Debtor, if at the time such insurance proceeds are delivered to the Secured Party no Default or Event of Default has occurred and is continuing.

7. Application of Proceeds. The Secured Party shall apply the proceeds of any sale of or other disposition or realization upon the Collateral after the occurrence of and during the continuance of an Event of Default as follows:

(i) First, to the payment or reimbursement of all reasonable advances, expenses and disbursements of the Secured Party (including, without limitation, the fees and disbursements of its counsel and agents) incurred in connection with the administration and enforcement of, or the preservation of any of the Secured Party's rights and security interests in and under the Credit Agreement, this Security Agreement or any other Loan Document or the acquisition, completion, protection, removal, storage, sale or delivery of the Collateral;

(ii) Second, to the repayment of the Obligations, whether for principal, interest or expenses, as the Secured Party, in its sole discretion, shall determine; and

(iii) Third, any balance to be distributed as required by law.

In no event shall the Secured Party be liable to the Debtor for interest on any surplus. If the proceeds of any such sale of or other disposition or realization upon the Collateral are insufficient to pay the Obligations, then the Debtor shall remain liable for such deficiency.

8. Preservation of Collateral. The Debtor assumes full responsibility for taking any and all steps to preserve the Collateral. The Secured Party shall be deemed to have exercised reasonable care in the custody and preservation of such of the Collateral as may be in the Secured Party's possession if the Secured Party takes such action for that purpose as the Debtor shall request in writing, provided that such requested action shall not, in the judgment of the Secured Party, be commercially unreasonable or impair the Secured Party's security interest in such Collateral, or its rights in or the value of such Collateral, and provided further that such

written request is received by the Secured Party in sufficient time to permit the Secured Party to take the requested action.

9. Obligations Regarding Collateral Unaffected. This Security Agreement is executed only as security for the Obligations hereby secured and, therefore, the execution and delivery of this Security Agreement shall not subject the Secured Party, or transfer or pass to the Secured Party, or in any way affect or modify, the liability of the Debtor under any or all of the Collateral; it being understood and agreed that notwithstanding this Security Agreement or any subsequent Security Agreement, all of the duties and liabilities of the Debtor to each and every other party under each and every item of the Collateral shall be and remain enforceable by such other party, its successors and assigns, against, but only against, the Debtor or the Debtor's successors and assigns other than the Secured Party or the Secured Party's representatives, successors and assigns.

10. Defeasance. Upon the full discharge and satisfaction of the Obligations and the termination of the Revolving Credit Commitment, all rights herein assigned to the Secured Party shall terminate, and all estate, right, title and interest of the Secured Party in and to each and every one of the items of Collateral shall revert to the Debtor. The Secured Party shall file all requisite termination statements and do all such other acts as are reasonably required of it to evidence the termination of the security interest granted hereby.

11. Defined Terms. All capitalized terms used herein as defined terms which are not defined herein but which are defined in the Credit Agreement shall have the same meanings herein as are given them in the Credit Agreement.

12. Secured Party's Ability to Deal With Security. The Secured Party may have or in the future may hold other security and/or guaranties to secure all or any part of the Obligations, but it is specifically understood and agreed by the Debtor that neither the execution and delivery of this Security Agreement nor the holding of any other security and/or guaranty shall at any time or in any respect operate to prevent or hinder the Secured Party from resorting first to such other security and/or guaranty or first to the Collateral, or first from time to time to all or any of the foregoing. In addition, the Secured Party may from time to time as it sees fit, in its sole and uncontrolled discretion, resort to all or any part of the Collateral, without resorting to all or any other security and/or guaranty securing the Obligations, or to all or any part of any other security and/or guaranty securing the Obligations, without resorting to all or any part of the Collateral, and such action on the part of the Secured Party shall not in any respect be considered as a waiver of any of the benefits or rights of the Secured Party relating to the Collateral or such other security and/or guaranties.

13. Amendments and Waivers. The Secured Party and the Debtor may from time to time enter into amendments, extensions, supplements and replacements to and of this Security Agreement, and the Secured Party may from time to time waive compliance with a provision hereof. No amendment, extension, supplement, replacement or waiver shall be effective unless it is in writing and is signed by the Secured Party and the Debtor. All waivers shall be effective only for the specific instance and for the specific purpose for which it is given.

14. Exercise of Remedies; Remedies Cumulative. No delay on the part of the Secured Party or failure by the Secured Party to exercise any power, right or remedy under this Security Agreement shall operate as a waiver hereof, nor shall any single or partial exercise of any power, right or remedy or any abandonment or discontinuance of steps to enforce such right, power or remedy preclude other or further exercises thereof, or the exercise of any other power, right or remedy. The rights and remedies in this Security Agreement are cumulative and not exclusive of any rights or remedies (including, without limitation, the right of specific performance) which the Secured Party would otherwise have.

15. Taxes. The Debtor shall pay to the Secured Party on demand any and all stamp, document, transfer or recording taxes, filing fees and similar impositions payable or hereafter reasonably determined by the Secured Party to be payable in connection with this Security Agreement and any other documents, instruments and transactions pursuant to or in connection with any of the Loan Documents. The Debtor agrees to save the Secured Party harmless from and against any and all present and future claims or liabilities with respect to, or resulting from, any delay in paying or failure to pay any such taxes or similar impositions. The obligations of the Debtor pursuant to this Section 15 shall survive the termination of this Security Agreement and the repayment of the Obligations, and shall be part of the Obligations.

16. Expenses. The Debtor shall pay to the Secured Party on demand all reasonable expenses incurred by the Secured Party from time to time, including but not limited to reasonable attorneys' fees and expenses, incurred in protecting the Collateral and the Secured Party's rights therein and in enforcing the rights and remedies of the Secured Party hereunder, together with interest thereon calculated at the sum of the Adjusted Base Rate plus two percent per annum (2%) if any such amount is not paid upon demand. The obligations of the Debtor pursuant to this Section 16 shall survive the termination of this Security Agreement and the repayment of the Obligations, and shall be part of the Obligations secured hereby.

17. Notices. All notices required to be delivered pursuant to this Security Agreement shall be in writing and shall be sent to the parties hereto in accordance with Section 9.3 of the Credit Agreement.

18. Successors and Assigns. This Security Agreement shall be binding upon the Debtor and the Secured Party and their respective successors and assigns, and shall inure to the benefit of the Debtor, the Secured Party and their respective successors and assigns; provided, however, that the Debtor shall not assign its rights or duties hereunder or under any of the other Loan Documents without the prior written consent of the Secured Party.

19. Severability. Any provision of this Security Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or enforceability without invalidating the remaining portions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

20. Survival. All representations, warranties, covenants and agreements of the Debtor contained herein or in the other Loan Documents or made in writing in connection herewith shall survive the issuance of the Notes and shall continue in full force and effect so long as the Debtor

may borrow under the Credit Agreement and so long thereafter until payment in full of the Notes and the Obligations is made.

21. GOVERNING LAW. THIS SECURITY AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE COMMONWEALTH OF PENNSYLVANIA, WITHOUT REGARD TO THE PRINCIPLES THEREOF REGARDING CONFLICT OF LAWS, EXCEPTING APPLICABLE FEDERAL LAW AND EXCEPT ONLY TO THE EXTENT PRECLUDED BY THE MANDATORY APPLICATION OF THE LAW OF ANOTHER JURISDICTION.

22. FORUM. THE PARTIES HERETO AGREE THAT ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS SECURITY AGREEMENT MAY BE COMMENCED IN THE COURT OF COMMON PLEAS OF ALLEGHENY COUNTY, PENNSYLVANIA, OR IN THE DISTRICT COURT OF THE UNITED STATES FOR THE WESTERN DISTRICT OF PENNSYLVANIA AND THE PARTIES HERETO AGREE THAT A SUMMONS AND COMPLAINT COMMENCING AN ACTION OR PROCEEDING IN EITHER OF SUCH COURTS SHALL BE PROPERLY SERVED AND SHALL CONFER PERSONAL JURISDICTION IF SERVED PERSONALLY OR BY CERTIFIED MAIL TO THE PARTIES AT THEIR ADDRESSES DESCRIBED IN SECTION 17, OR AS OTHERWISE PROVIDED UNDER THE LAWS OF THE COMMONWEALTH OF PENNSYLVANIA. FURTHER, THE DEBTOR HEREBY SPECIFICALLY CONSENTS TO THE PERSONAL JURISDICTION OF THE COURT OF COMMON PLEAS OF ALLEGHENY COUNTY, PENNSYLVANIA, AND THE DISTRICT COURT OF THE UNITED STATES FOR THE WESTERN DISTRICT OF PENNSYLVANIA SITTING IN PITTSBURGH, PENNSYLVANIA, AND WAIVES AND HEREBY ACKNOWLEDGES THAT IT IS ESTOPPED FROM RAISING ANY OBJECTION BASED ON FORUM NON CONVENIENS, ANY CLAIM THAT EITHER SUCH COURT LACKS PROPER VENUE OR ANY CLAIM THAT EITHER SUCH COURT LACKS PERSONAL JURISDICTION OVER THE DEBTOR SO AS TO PROHIBIT EITHER SUCH COURT FROM ADJUDICATING ANY ISSUES RAISED IN A COMPLAINT FILED WITH EITHER SUCH COURT AGAINST THE DEBTOR BY THE SECURED PARTY CONCERNING THIS SECURITY AGREEMENT OR PAYMENT TO THE SECURED PARTY. THE DEBTOR HEREBY ACKNOWLEDGES AND AGREES THAT THE EXCLUSIVE CHOICE OF FORUM CONTAINED IN THIS SECTION SHALL NOT BE DEEMED TO PRECLUDE THE ENFORCEMENT OF ANY JUDGMENT OBTAINED IN SUCH FORUM OR THE TAKING OF ANY ACTION UNDER THE LOAN DOCUMENTS TO ENFORCE THE SAME IN ANY APPROPRIATE JURISDICTION.

23. Construction. In this Security Agreement (except as otherwise expressly provided or unless the context otherwise requires), (i) the singular shall include the plural, and vice versa, (ii) the masculine and feminine genders shall include the neuter gender, and vice versa, (iii) the words "hereof", "herein" and "hereunder" and words of similar import shall refer to this Security Agreement as a whole and not to any particular provision of this Security Agreement and (iv) all references to particular Sections, items, clauses, exhibits and schedules are references to the Sections, items, clauses, exhibits and schedules of and to this Security Agreement.

24. Integration. This Security Agreement is the entire agreement between the parties relating to this security transaction and it supersedes all prior understandings and agreements, whether written or oral, between the parties hereto relating to the transactions provided for herein. This Security Agreement amends and restates that certain Security Agreement dated as of August 18, 1999, made by the Debtor (for itself and as successor to M&R Acquisition Corp., a Delaware corporation) in favor of the Secured Party for the benefit of the Secured Party and the Lenders.

25. Headings. Section headings used in this Security Agreement are intended for convenience only and shall not affect the meaning or construction of this Security Agreement.

26. Counterparts. This Security Agreement and any amendment hereto may be executed in several counterparts and by each party on a separate counterpart, each of which, when so executed and delivered, shall be an original, but all of which together shall constitute but one and the same instrument. In proving this Security Agreement or any amendment hereto, it shall not be necessary to produce or account for more than one such counterpart signed by the other party against whom enforcement is sought.

27. WAIVER OF JURY TRIAL. IN ORDER TO EXPEDITE THE RESOLUTION OF ANY DISPUTES WHICH MAY ARISE UNDER THIS SECURITY AGREEMENT, AND IN LIGHT OF THE COMPLEXITY OF THE TRANSACTIONS CONTEMPLATED UNDER THIS SECURITY AGREEMENT, THE PARTIES HERETO WAIVE THE RIGHT TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING OF ANY KIND OR NATURE IN ANY COURT TO WHICH THEY MAY BOTH BE PARTIES, WHETHER ARISING OUT OF, UNDER OR BY REASON OF THIS SECURITY AGREEMENT OR OTHER TRANSACTION BETWEEN THEM OF ANY KIND OR NATURE, AND BOTH PARTIES ACKNOWLEDGE THAT SUCH WAIVER HAS BEEN SPECIFICALLY NEGOTIATED AS PART OF THIS SECURITY AGREEMENT.

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IN WITNESS WHEREOF, the parties hereto, with the intent to be legally bound hereby, have caused this Amended and Restated Security Agreement to be executed by their respective duly authorized officers as of the date first written above.

WITNESS:

M&R MARKING SYSTEMS, INC., a Delaware corporation

By: Timothy Walsh
Name: Timothy Walsh
Title: Secretary

By: Marc Sculler (SEAL)
Name: Marc Sculler
Title: President

NATIONAL CITY BANK OF PENNSYLVANIA

By: Ervin H. Geiger, III (SEAL)
Name: Ervin H. Geiger, III
Title: Vice President
National City Bank of Pennsylvania

CG_588013_1 DOC

Schedule 1 To Security Agreement

1. Debtor's chief executive office:

100 Springfield Avenue
Piscataway, New Jersey 08855

2. Debtor's other places of business:

None.

3. Locations of Debtor's Inventory, Equipment, Fixtures and Goods:
 - a. M&R Marking Systems, Inc.
100 Springfield Avenue
Piscataway, New Jersey 08855
(inventory, equipment, fixtures, goods)

 - b. Well-Bilt
2 Maple Avenue
Linden, New Jersey 07036
(tooling equipment)

 - c. Danacor
33 Redfern Avenue
Inwood, New York 11696
(tooling equipment)

 - d. Zappa Plastics
165 Howard Street
St. Phillipsburg, New Jersey 08865
(tooling equipment)

 - e. Durex
5 Stahuber Avenue
Union, New Jersey 07038
(tooling equipment, work in progress, and inventory)

 - f. Pee-Wee

- 212 Durham Avenue
Metuchen, New Jersey 08840
(tooling equipment)
- g. Shiny Stamp
Tainan Hsien, Taiwan
(tooling equipment)
- h. Keepkeen
Hong Kong, People's Republic of China
(inventory)
- i. Metal Parts Processing
165 Delancy Street
Newark, New Jersey 07105
(work in progress and inventory)
- j. Aurilyte Process
25 McWhorter Street
Newark, New Jersey 07105
(work in progress and inventory)
- k. Rogers Foam
150 East Post Road
Morrisville, Pennsylvania 19067
(work in progress and inventory)
- l. Foamex
1500 East 2nd Street
Eddystone, Pennsylvania 19022
(work in progress and inventory)
- m. Plastomeric
733 East Water Street
North Baltimore, Ohio 45872
(work in progress and inventory)
- n. Marind
991 East Linden Avenue
Linden, New Jersey 07036
(work in progress and inventory)
- o. Decorating Services

2500 South Clinton
South Plainfield, New Jersey 07080
(work in progress and inventory)

p. Mhajelite
Boston, Massachusetts
(tooling and inventory)