

## TRADEMARK ASSIGNMENT COVER SHEET

Electronic Version v1.1  
Stylesheet Version v1.2

ETAS ID: TM749288

<b>SUBMISSION TYPE:</b>	NEW ASSIGNMENT		
<b>NATURE OF CONVEYANCE:</b>	SECURITY INTEREST		
<b>CONVEYING PARTY DATA</b>			
<b>Name</b>	<b>Formerly</b>	<b>Execution Date</b>	<b>Entity Type</b>
Commonwealth Packaging Company		08/09/2022	Corporation: PENNSYLVANIA
<b>RECEIVING PARTY DATA</b>			
<b>Name:</b>	S&T Bank		
<b>Street Address:</b>	800 Philadelphia Street		
<b>City:</b>	Indiana		
<b>State/Country:</b>	PENNSYLVANIA		
<b>Postal Code:</b>	15701		
<b>Entity Type:</b>	National Banking Association: UNITED STATES		
<b>PROPERTY NUMBERS Total: 5</b>			
<b>Property Type</b>	<b>Number</b>	<b>Word Mark</b>	
<b>Registration Number:</b>	2522273	CPC	
<b>Registration Number:</b>	2527280	CPC	
<b>Registration Number:</b>	2739508	COMMONWEALTH PACKAGING COMPANY	
<b>Registration Number:</b>	2733812	COMMONWEALTH	
<b>Registration Number:</b>	2867110	COMMONWEALTHPACKAGING.COM	
<b>CORRESPONDENCE DATA</b>			
<b>Fax Number:</b>	4125621041		
<i>Correspondence will be sent to the e-mail address first; if that is unsuccessful, it will be sent using a fax number, if provided; if that is unsuccessful, it will be sent via US Mail.</i>			
<b>Phone:</b>	4125621637		
<b>Email:</b>	vicki.cremonese@bipc.com		
<b>Correspondent Name:</b>	Michael L. Dever		
<b>Address Line 1:</b>	Suite 200		
<b>Address Line 2:</b>	501 Grant Street		
<b>Address Line 4:</b>	Pittsburgh, PENNSYLVANIA 15219		
<b>ATTORNEY DOCKET NUMBER:</b>	0087208-000019		
<b>NAME OF SUBMITTER:</b>	Michael L. Dever		
<b>SIGNATURE:</b>	/Michael L. Dever/		
<b>DATE SIGNED:</b>	08/17/2022		

CH \$140.00 2522273

**Total Attachments: 28**

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**SECURITY AGREEMENT**

THIS SECURITY AGREEMENT (this “Agreement”), is dated August 9, 2022, by and between **COMMONWEALTH PACKAGING COMPANY**, a Pennsylvania corporation (the “Debtor”), and **S&T BANK** (the “Secured Party”).

**RECITALS:**

WHEREAS, the Debtor has requested the Secured Party enter into a certain Loan Agreement of even date herewith among the Debtor, Mark Maisel, Steven Maisel (collectively, the “Borrowers”) and the Secured Party (as the same may from time to time be amended, restated or otherwise modified, the “Loan Agreement”) pursuant to which the Secured Party will make financing available to the Borrowers from time to time;

WHEREAS, as an inducement to the Secured Party to enter into the Loan Agreement, and as a condition thereto, the Debtor has agreed to enter into this Agreement to grant the Secured Party the security interests contemplated herein as security for the prompt and full payment and performance of, inter alia, the indebtedness and obligations of the Borrowers under the Loan Agreement;

WHEREAS, it is a condition precedent to the Secured Party entering into the Loan Agreement and making the facilities available thereunder to the Borrowers that the Debtor grants the Secured Party the security interests contemplated in this Agreement; and

WHEREAS, the Secured Party is not willing to enter into the Loan Agreement unless and until the Debtor enters into this Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound hereby, the Debtor and the Secured Party covenant and agree as follows:

***Section 1. Definitions and Interpretations.***

(a) Unless otherwise specified in this Agreement, the provisions of Section 1.01 of the Loan Agreement shall apply to the interpretation of the words and terms used in this Agreement.

(b) All terms defined in the UCC and used herein shall have the same definitions herein as specified in the UCC, provided, if a term is defined in Article 9 of the UCC differently than in another Article of the UCC, the term has the meaning specified in Article 9. In addition, the following capitalized words and terms shall have the following meanings (such meanings being equally applicable to both the singular and plural forms of the terms defined) and all other capitalized terms used herein shall have the meaning ascribed thereto in the Loan Agreement unless otherwise defined elsewhere in this Agreement (including the preamble and recitals hereto):

“Cash” means all money, cash or cash equivalents now owned or hereafter acquired by a Debtor.

“Cash Collateral Account” shall have the meaning set forth in Section 5(b).

“Chattel Paper” means all “chattel paper” as such term is defined in Article 9 of the UCC.

“Collections” means all payments to the Debtor from Account Debtors in respect of Accounts.

“Commercial Tort Claims” means all “commercial tort claims” as such term is defined in Article 9 of the UCC.

“Contracts” means all contracts, undertakings, or other agreements (other than rights evidenced by Chattel Paper, Documents or Instruments) in or under which the Debtor may now or hereafter have any right, title or interest, including, without limitation, with respect to an Account and any agreement relating to the terms of payment or the terms of such Account.

“Copyrights” means all copyrights arising under the laws of the United States, any other country or any political subdivision thereof, whether registered or unregistered and whether published or unpublished, including those listed on Schedule 1, all registrations and recordings thereof, and all applications in connection therewith, including all registrations, recordings and applications in the United States Copyright Office, and the right to obtain all renewals of any of the foregoing.

“Copyright Licenses” means all written agreements naming Debtor as licensor or licensee, including those listed on Schedule 1, granting any right under any Copyright, including the grant of rights to manufacture, distribute, exploit and sell materials derived from any Copyright.

“Default” shall have the meaning set forth in Section 7.

“Deposit Account” means a “deposit account” as such term is defined in Article 9 of the UCC.

“Deposit Account Control Agreement” shall mean a Deposit Account Control Agreement, entered into by and among Debtor, Secured Party, and a depository bank, in form and substance satisfactory to the Secured Party,

“Documents” means all “documents” as such term is defined in Article 9 of the UCC.

“Equipment” means all “equipment” as such term is defined in Article 9 of the UCC.

“Fixtures” means all “fixtures” as such term is defined in Article 9 of the UCC.

“General Intangibles” means all “general intangibles” as such term is defined in Article 9 of the UCC.

“Goods” means all “goods” as defined in Article 9 of the UCC.

“Intellectual Property” means the collective reference to all rights, priorities and privileges relating to intellectual property, whether arising under United States, multinational or foreign laws or otherwise, including the Copyrights, the Copyright Licenses, the Patents, the Patent Licenses, the Trademarks and the Trademark Licenses, and all rights to sue at law or in equity for any infringement or other impairment thereof, including the right to receive all proceeds and damages therefrom.

“Instruments” means all “instruments” as such term is defined in Article 9 of the UCC.

“Inventory” means all “inventory” as such term is defined in Article 9 of the UCC.

“Investment Property” means all “investment property” as such term is defined in Article 9 of the UCC.

“Letter-of-Credit Rights” means “letter-of-credit rights” as such term is defined in Article 9 of the UCC.

“Lockbox” shall have the meaning set forth in Section 5(b).

“Patents” means (a) all letters patent of the United States, any other country or any political subdivision thereof, all reissues and extensions thereof and all goodwill associated therewith, including any of the foregoing referred to in Schedule 1, (b) all applications for letters patent of the United States or any other country and all divisions, continuations and continuations-in-part thereof, including any of the foregoing referred to in Schedule 1, and (c) all rights to obtain any reissues or extensions of the foregoing.

“Patent Licenses” means all agreements, whether written or oral, providing for the grant by or to the Debtor of any right to manufacture, use or sell any invention covered in whole or in part by a Patent, including any of the foregoing referred to in Schedule 1.

“Proceeds” means all “proceeds” as such term is defined in Article 9 of the UCC.

“Remittances” means all payments to the Debtor (other than Collections), including, without limitation, cash payments in respect of sales of Inventory, payments in respect of other dispositions of Collateral (other than Inventory sold in the ordinary course of business), insurance proceeds and tax refunds.

“Secured Obligations” means all of the following:

- (i) Any and all present and future Obligations, including, without limitation, those of the Debtor arising under or relating to the Loan Agreement, the Notes, this Agreement, the other Collateral Documents and all other

Loan Documents, or any one or more of them, whether due or to become due, matured or unmatured, liquidated or unliquidated, or contingent or noncontingent, those of performance as well as those related to payment, including payment of principal, interest, fees, Reimbursable Costs and Expenses, and all other fees, costs, charges and expenses due from the Debtor to the Secured Party;

(ii) all other obligations, liabilities, indemnities and Indebtedness of the Debtor to the Secured Party or its Affiliates of every kind, nature and description, direct or indirect, secured or unsecured, joint and several, absolute or contingent, due or to become due, now existing or hereafter arising, regardless of how they arise or were acquired or by what agreement or instrument, including, without limitation, all obligations, liabilities, indemnities and Indebtedness from time to time owing to the Secured Party or any of its Affiliates by the Debtor in respect of any Banking Services Obligations, operating or deposit account or any other banking product from time to time made available to the Debtor by the Secured Party or its Affiliates;

(iii) all fees, costs and expenses (including reasonable counsel fees) of the Secured Party incurred in perfecting, protecting and enforcing the Secured Party's rights (A) under the Loan Agreement, the Notes, this Agreement, the other Collateral Documents and all other Loan Documents, and (B) in and to the Collateral; and

(iv) all amounts that would become due from the Debtor to the Secured Party but for the operation of the automatic stay provisions of §362(a) of the Bankruptcy Code, 11 U.S.C. § 362(a).

“Software” means all “software” as such term is defined in Article 9 of the UCC.

“Supporting Obligations” means all “supporting obligations” as such term is defined in Article 9 of the UCC.

Trademarks means (a) all trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos and other source or business identifiers, and all goodwill associated therewith, now existing or hereafter adopted or acquired, all registrations and recordings thereof, and all applications in connection therewith, whether in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or any other country or any political subdivision thereof, or otherwise, and all common-law rights related thereto, including any of the foregoing referred to in Schedule 1, and (b) the right to obtain all renewals thereof.

Trademark Licenses means, collectively, each agreement, whether written or oral, providing for the grant by or to the Debtor of any right to use any Trademark, including any of the foregoing referred to in Schedule 1.

“Trade Secrets” means all of the following, now owned or hereafter acquired by the Debtor: (i) trade secrets, (ii) income, royalties, damages and payments now and hereafter due and/or payable to the Debtor with respect to trade secrets, including, without limitation, damages

and payments for past or future infringements or misappropriations thereof, (iii) rights to sue for past, present and future infringements or misappropriations of trade secrets, and (iv) all other rights corresponding to trade secrets throughout the world.

**Section 2. Security Interest; Authorization to File Financing Statements.** (a) To secure the payment and performance in full of all of the Secured Obligations, the Debtor hereby pledges and collaterally assigns to the Secured Party, and grants to the Secured Party a security interest in, all of the following items and types of properties of the Debtor wherever located, whether now owned or hereafter acquired or arising, and whether owned or consigned by or to, or leased from or to, the Debtor, and all of the Debtor's right, title and interest therein, thereto and thereunder (collectively, the "Collateral"):

- (i) all personal property of every kind and nature;
- (ii) all Accounts, Chattel Paper, Documents, Instruments and Contracts;
- (iii) all Inventory, Equipment (including all Software, whether or not the same constitutes embedded Software, used in the operation thereof), Fixtures and all other Goods of any kind whatsoever;
- (iv) all Letter-of-Credit Rights and Supporting Obligations;
- (v) all General Intangibles, Intellectual Property and Trade Secrets;
- (vi) all Cash, Deposit Accounts and Investment Property;
- (vii) all claims against any Person for loss, damage or destruction of any Collateral;
- (viii) all attachments, components, parts, equipment and accessories installed on or affixed to any of the foregoing, together with all replacements, additions, accessions, substitutions, repairs, guaranties and securities therefor;
- (ix) all documents, records (whether in the form of writing, microfilm, microfiche or electronic media), ledger sheets, files, computer records and discs, and computer data relating to any of the foregoing; and
- (x) all Proceeds (including proceeds of and unearned premiums with respect to insurance policies), and products of any of the foregoing.

(b) The Debtor hereby irrevocably authorizes the Secured Party at any time and from time to time to file in any Uniform Commercial Code jurisdiction any initial financing statements and amendments thereto that indicate the Collateral as all assets of the Debtor or words of similar effect. The Debtor also ratifies any like initial financing statements or amendments thereto if filed prior to the date hereof and ratifies their authorization for the Secured Party to have

filed in any Uniform Commercial Code jurisdiction any like initial financing statements or amendments thereto if filed prior to the date hereof.

(c) Notwithstanding any other provision of this Agreement or the other Loan Documents, the obligations of the Debtor under each Contract, Instrument, Chattel Paper or other agreement comprising part of the Collateral (collectively, the “Debtor Agreements”) shall be unaffected by the granting of the security interest hereunder. The Secured Party shall have no obligation or liability under any Debtor Agreements by reason of or arising out of this Agreement or the granting of the lien and security interest thereon or the receipt of any payment relating to any Debtor Agreements pursuant hereto except to the extent resulting directly and primarily from the gross negligence or willful misconduct of the Secured Party as determined by a Final Judgment. The Secured Party shall not be required or obligated in any manner to perform or fulfill any of the obligations of the Debtor under or pursuant to any Debtor Agreements, or to make any payment, or to make any inquiry as to the nature or sufficiency of any payment received by it or the sufficiency of any performance by any party under any Debtor Agreements, or to present or file any claims, or take any action to collect or enforce any performance or the payment of any amounts which may have been assigned to it or to which it may be entitled at any time or times.

(d) The provisions of this Agreement supplement the provisions of any other Collateral Document which secures the payment or performance of any of the Secured Obligations, including, without limitation, any real estate mortgage, deed of trust or intellectual property security agreement or assignment granted by the Debtor to the Secured Party. Nothing contained in any such Collateral Document shall derogate from any of the rights or remedies of the Secured Party hereunder.

***Section 3. Representations and Warranties.*** The Debtor represents and warrants to the Secured Party that:

(a) The Debtor is (or to the extent that this Agreement states that the Collateral is to be acquired after the date hereof, will be at the time of such acquisition) the sole owner of the Collateral. There are no Liens on the Collateral or any portion thereof, except those in favor of the Secured Party and Permitted Liens, and no financing statement, mortgage or deed of trust covering the Collateral or any portion thereof exists or is on file in any public office except those in favor of the Secured Party and those relating to Permitted Liens.

(b) The Debtor has delivered, or concurrently herewith will deliver, to the Secured Party a certificate in form satisfactory to the Secured Party, signed by the Debtor and entitled “Perfection Certificate” (the “Perfection Certificate”). The Debtor represents and warrants to the Secured Party that all information contained in the Perfection Certificate signed by it is true and correct, and the Debtor hereby acknowledges and agrees that the Secured Party and its legal counsel may fully rely upon the information contained therein as representations and warranties of the Debtor, the falsity of which may constitute a Default.

(c) Except as may otherwise be disclosed in the Perfection Certificate, the Debtor has exclusive possession and control of all of the Collateral.



(d) This Agreement creates a legal, valid and enforceable security interest in the Collateral securing the Secured Obligations, and the filing of the financing statement in the jurisdictions listed in the Perfection Certificate perfects those security interests in such Collateral which can be perfected by the filing of financing statements subject only to Permitted Liens.

(e) Neither the execution and delivery of this Agreement by the Debtor, the consummation of the transactions herein contemplated nor the fulfillment of the terms hereof will (i) result in any breach of any of the terms or provisions of, or constitute a default under, or constitute an event which, with notice or lapse of time or both will result in a breach of or constitute a default under, any agreement, indenture, mortgage, deed of trust, equipment lease, instrument or other document to which a Debtor is a party, or (ii) violate any Law, except to the extent that any such breach, default, event or violation would not reasonably be expected to have a Material Adverse Effect.

(f) None of the Collateral constitutes, or is the proceeds of, "farm products" as defined in the UCC. Except as otherwise disclosed in the Perfection Certificate, none of the Collateral is covered by a certificate of title. The Debtor does not hold any Commercial Tort Claim except as indicated on the Perfection Certificate.

(g) With respect to the Debtor's Accounts: (i) all such Accounts represent bona fide sales of Inventory, or leasing of Equipment or rendering of services to Account Debtors in the ordinary course of business and are not evidenced by a judgment, Instrument or Chattel Paper; (ii) except for Account Impairments (as defined in the Loan Agreement) there are no material setoffs, claims or disputes existing or asserted with respect thereto and a Debtor has not made any agreement with any Account Debtor for any material extension of time for the payment thereof, any compromise or settlement for materially less than the full amount thereof, any release of any Account Debtor from material liability therefor, or any material deduction therefrom except a discount or allowance allowed by a Debtor in the ordinary course of its business; (iii) to the Debtor's knowledge, there are no facts, events or occurrences which in any way impair the validity or enforceability thereof or could reasonably be expected to reduce materially the amount payable thereunder; (iv) the Debtor has not received any notice of proceedings or actions which are threatened in writing or pending against any Account Debtor which could reasonably be expected to result in any material adverse change in such Account Debtor's financial condition; (v) the Debtor has no knowledge that any Account Debtor is unable generally to pay its debts as they become due; (vi) the amounts shown on all invoices, statements and Borrowing Base Certificates with respect to Accounts thereto are actually and absolutely owing to the Debtor as indicated thereon and are not in any way contingent; and (vii) to the Debtor's knowledge, all Account Debtors have the capacity to contract.

(h) With respect to the Debtor's Inventory: (i) all such Inventory is located at one of the Debtor's locations set forth on the Perfection Certificate, and no Inventory shall at any time hereafter be stored at any other location without the Secured Party's prior written consent (which consent shall not be unreasonably withheld, conditioned or delayed), except as permitted under the Loan Agreement or without the Debtor first obtaining a Collateral Access Agreement, (ii) the Debtor has good and merchantable title to all such Inventory, and such Inventory is not subject to any Lien or security interest or document whatsoever except Permitted Liens, (iii) except for specialty packaging manufactured with customer consent and containing customer branding,

logos, copyrights and/or trademarks, such Inventory is not subject to any licensing, patent, royalty, trademark, trade name or copyright agreements with any third parties which would require any consent of any third party upon sale or disposition of that Inventory or the payment of any monies to any third party upon such sale or other disposition, and (iv) except for Inventory referenced in clause (iii) above, the completion of manufacture, sale or other disposition of such Inventory by the Secured Party following a Default shall not require the consent of any Person and shall not constitute a breach or default under any contract or agreement to which the Debtor is a party or to which such property is subject.

(i) With respect to the Debtor's Intellectual Property: (i) Schedule 1 lists all Intellectual Property owned by the Debtor in its own name on the date hereof, (ii) on the date hereof, all material Intellectual Property owned by the Debtor is valid, subsisting, unexpired and enforceable and has not been abandoned and, to the Debtor's knowledge, does not infringe the intellectual property rights of any other Person, (iii) except as set forth in Schedule 1 and except for non-exclusive licenses of software and other Intellectual Property acquired in the ordinary course of business, none of the Intellectual Property of the Debtor is the subject of any licensing or franchise agreement pursuant to which the Debtor is the licensor or franchisor, (iv) no holding, decision or judgment has been rendered by any governmental authority against the Debtor or any predecessor company which would limit, cancel or question the validity of, or the Debtor's rights in, any Intellectual Property owned by the Debtor in any material respect, (v) no action or proceeding is pending, or, to the knowledge of the Debtor, threatened, on the date hereof (x) seeking to limit, cancel or question the validity of any Intellectual Property or the Debtor's ownership interest therein, or (y) which, if adversely determined, would adversely affect the value of any Intellectual Property, and (vi) the Debtor owns and possesses or has a license or other right to use all Intellectual Property as is necessary for the conduct of the businesses of the Debtor, without any infringement upon rights of others which could reasonably be expected to have a Material Adverse Effect.

**Section 4. Covenants of the Debtor.** The Debtor covenants and agrees to perform each of the following covenants except to the extent specifically provided for otherwise in the Loan Agreement:

(a) Further to insure the attachment, perfection and priority of, and the ability of the Secured Party to enforce, the Secured Party's security interest in the Collateral the Debtor agrees, at the Debtor's sole cost and expense, to take the following actions:

(i) Promissory Notes and Tangible Chattel Paper. If the Debtor shall at any time hold or acquire any promissory notes or tangible chattel paper arising or resulting from or related to the Collateral in an amount in excess of Fifty Thousand and 00/100 Dollars (\$50,000.00), the Debtor shall promptly notify the Secured Party thereof and, at the Secured Party's request and option, the Debtor shall forthwith endorse, assign and deliver the same to the Secured Party, accompanied by such instruments of transfer or assignment duly executed in the blank as the Secured Party may from time to time request.

(ii) Deposit Accounts. Except as permitted in the Loan Agreement, if the Debtor shall at any time open a Deposit Account with a

depository bank other than the Secured Party, the Debtor shall promptly notify the Secured Party thereof and, at the Secured Party's request and option, cause such depository bank to enter into a Deposit Account Control Agreement, in form and substance satisfactory to the Secured Party.

(iii) Collateral in the Possession of a Bailee. If any Inventory is at any time in the possession of a bailee, the Debtor shall promptly notify the Secured Party thereof and, at the Secured Party's request and option, the Debtor shall promptly use its reasonable efforts to obtain an acknowledgement from the bailee, in form and substance reasonably satisfactory to the Secured Party, that the bailee holds such Collateral for the benefit of the Secured Party and shall act upon the instructions of the Secured Party, without the further consent of the Debtor. For Inventory in transit with a freight carrier, Secured Party acknowledges and agrees that Debtor naming Secured Party as a Loss Payee on Debtor's Cargo Policy shall satisfy the provisions of this clause (iii).

(iv) Electronic Chattel Paper and Transferable Records. If the Debtor at any time holds or acquires an interest in any electronic chattel paper or any "transferable record," as that term is defined in Section 201 of the federal Electronic Signatures in Global and National Commerce Act, or in §16 of the Uniform Electronic Transactions Act as in effect in any relevant jurisdiction, in each case arising or resulting from or related to the Collateral in an amount in excess of Fifty Thousand and 00/100 Dollars (\$50,000.00), the Debtor shall promptly notify the Secured Party thereof and, at the Secured Party's request and option, the Debtor shall take such action as the Secured Party may reasonably request to vest in the Secured Party control, under §9-105 of the UCC, of such electronic chattel paper or control under Section 201 of the federal Electronic Signatures in Global and National Commerce Act or, as the case may be, §16 of the Uniform Electronic Transactions Act, as so in effect in such jurisdiction, of such transferable record. The Secured Party agrees with the Debtor that the Secured Party will arrange, pursuant to procedures satisfactory to the Secured Party and so long as such procedures will not result in the Secured Party's loss of control, for the Debtor to make alterations to the electronic chattel paper or transferable record permitted under §9-105 of the UCC or, as the case may be, Section 201 of the federal Electronic Signatures in Global and National Commerce Act or §16 of the Uniform Electronic Transactions Act for a party in control to make without loss of control, unless a Default has occurred or would occur after taking into account any action by the Debtor with respect to such electronic chattel paper or transferable record. After the occurrence of a Default, upon notice from the Secured Party, all payments made under or in respect of any such electronic chattel paper or transferable record shall be deposited into the Cash Collateral Account.

(v) Letter-of-Credit Rights. If the Debtor is at any time a beneficiary under a letter of credit now or hereafter issued in favor of the Debtor arising or resulting from or related to the Collateral in an amount in excess of Fifty Thousand and 00/100 Dollars (\$50,000.00), the Debtor shall promptly notify the Secured Party thereof and, at the Secured Party's request and option, the Debtor

shall, pursuant to an agreement in form and substance reasonably satisfactory to the Secured Party, either (A) arrange for the issuer and any confirmer of such letter of credit to consent to an assignment to the Secured Party of the proceeds of any drawing under the letter of credit or (B) arrange for the Secured Party to become the transferee beneficiary of the letter of credit, with the Debtor agreeing, in each case, that after the occurrence of a Default, upon notice from the Secured Party, the proceeds of any drawing under the letter of credit shall be deposited into the Cash Collateral Account.

(vi) Commercial Tort Claims. If the Debtor shall at any time hold or acquire a Commercial Tort Claim in an amount in excess of Fifty Thousand and 00/100 Dollars (\$50,000.00), the Debtor shall promptly notify the Secured Party in a writing signed by the Debtor of the brief details thereof and, at the Secured Party's request and option, grant to the Secured Party in writing a security interest therein and in the proceeds thereof, all upon the terms of this Agreement, with such writing to be in form and substance reasonably satisfactory to the Secured Party. After the occurrence of a Default, upon notice from the Secured Party, all proceeds of any such Commercial Tort Claim will be deposited into the Cash Collateral Account.

(vii) Investment Property. If the Debtor shall at any time hold or acquire any certificated securities, the Debtor shall promptly notify the Secured Party thereof and, at the Secured Party's request and option, the Debtor shall forthwith endorse, assign and deliver the same to the Secured Party, accompanied by such instruments of transfer or assignment duly executed in blank as the Secured Party may from time to time specify. If any securities now or hereafter acquired by the Debtor are uncertificated and are issued to the Debtor or its nominee directly by the issuer thereof, the Debtor shall promptly notify the Secured Party thereof and, at the Secured Party's request and option, pursuant to an agreement in form and substance satisfactory to the Secured Party, either (A) cause the issuer to agree to comply with instructions from the Secured Party as to such securities, without further consent of the Debtor or such nominee, or (B) arrange for the Secured Party to become the registered owner of the securities. If any securities, whether certificated or uncertificated, or other investment property now or hereafter acquired by the Debtor are held by the Debtor or its nominee through a securities intermediary or commodity intermediary, the Debtor shall promptly notify the Secured Party thereof and, at the Secured Party's request and option, pursuant to an agreement in form and substance satisfactory to the Secured Party, either (x) cause such securities intermediary or (as the case may be) commodity intermediary to agree to comply with entitlement orders or other instructions from the Secured Party to such securities intermediary as to such securities or other investment property, or (as the case may be) to apply any value distributed on account of any commodity contract as directed by the Secured Party to such commodity intermediary, in each case without further consent of the Debtor or such nominee, or (y) in the case of financial assets or other investment property held through a securities intermediary, arrange for the Secured Party to become the entitlement holder with respect to such investment property, with the Debtor being permitted,

only with the consent of the Secured Party, to exercise rights to withdraw or otherwise deal with such investment property. The provisions of this paragraph shall not apply to any financial assets credited to a securities account for which the Secured Party is the securities intermediary. After the occurrence and during the continuance of a Default, upon notice from the Secured Party, all dividends or other cash or property distributions in respect of any certificated or uncertificated securities shall be deposited into the Cash Collateral Account.

(b) The Debtor further agrees to take any other action reasonably requested by the Secured Party to insure the attachment, perfection and first priority of, and the ability of the Secured Party to enforce, the Secured Party's security interest in any and all of the Collateral and the Debtor will pay all reasonable costs and expenses incurred by the Secured Party related thereto.

(c) Subject to its reasonable business judgment, the Debtor will maintain the Collateral in good working order and condition, reasonable wear and tear excepted. Subject to its reasonable business judgment, the Debtor will defend the Collateral against all claims and demands of all Persons other than the Secured Party at any time claiming the same or any interest therein.

(d) The Debtor will not in any way hypothecate or create or permit to exist any Lien on or other interest in the Collateral except for Permitted Liens, or sell, transfer, assign, exchange or otherwise dispose of the Collateral except sales of Inventory in the ordinary course of business or to the extent otherwise permitted under the Loan Agreement. If the proceeds of any such sale are notes, instruments or chattel paper, such proceeds shall be promptly delivered to the Secured Party to be held as part of the Collateral. If the Collateral, or any part thereof, is sold, transferred, assigned, exchanged or otherwise disposed of in violation of these provisions, the lien and security interest of the Secured Party shall continue in such Collateral or part thereof notwithstanding such sale, transfer, assignment, exchange or other disposition, and the Debtor will hold the proceeds thereof in a separate account for the Secured Party's benefit and, at the Secured Party's request, transfer such proceeds to the Secured Party in kind.

(e) The Debtor will not enter into, modify or amend any existing or future contracts or agreements relating to the sale or disposition of the Collateral or any part thereof except those made in the ordinary course of business or as otherwise permitted under the terms of the Loan Agreement. Upon request from the Secured Party, the Debtor will provide the Secured Party with copies of all existing and hereafter created Material Contracts.

(f) The Debtor will not grant any extension of the time of payment of any of its Accounts, or compromise or settle the same for less than the full amount thereof, release, in whole or in part, any Person liable for the payment thereof, or allow any credit or discount whatsoever thereon, except extensions, credits, discounts, compromises, settlements or releases granted or made in the ordinary course of business and consistent with prudent business practice.

(g) The Debtor will pay and discharge all taxes, assessments and governmental charges or levies against the Collateral prior to delinquency thereof and will keep the Collateral free of all unpaid charges whatsoever where the failure to make any of such payments could reasonably be expected to have a Material Adverse Effect.

(h) The Debtor will (i) keep accurate and correct records of its Inventory, itemizing and describing the kind, type and quantity of Inventory, the Debtor's cost therefor and (where applicable) the current price list for such Inventory, and (ii) upon the Secured Party's request, deliver to the Secured Party records and schedules which show the status, condition and location of all its Inventory and Equipment. The Secured Party shall have the right to review and verify such records, schedules, notices and financial information, and the Debtor will reimburse the Secured Party for all reasonable costs incurred thereby.

(i) The Debtor will cause the Collateral to be kept insured in accordance with the provisions of Section 6.06 of the Loan Agreement. The Secured Party agrees that so long as no Default has occurred and is continuing, if the insurance proceeds received by the Secured Party are less than Fifty Thousand and 00/100 Dollars (\$50,000.00), the Secured Party will turn over to the Debtor such insurance proceeds on the condition that the Debtor apply such insurance proceeds either (A) to the repair, replacement, rebuilding or alteration of the damaged Collateral, or (B) to the replacement of destroyed or damaged Collateral with property of the same or similar type and function and of equivalent value (in the reasonable judgment of the Secured Party), provided such replacement property is made subject to the lien and security interest created by this Agreement and constitutes a perfected first priority lien therein in favor of the Secured Party. If the insurance proceeds received by the Secured Party are equal to or greater than Fifty Thousand and 00/100 Dollars (\$50,000.00), the Secured Party, at its option, shall have the right to (x) make all or a portion of such insurance proceeds available to the Debtor for the cost of restoration, repair or replacement of destroyed or damaged Collateral or (y) apply all or a portion of such insurance proceeds to the payment of the Secured Obligations, whether or not then due, in such order of application as determined by the Secured Party.

(j) If any Accounts arise out of a contract with a governmental authority subject to the Federal Assignment of Claims Act or like federal, state or local statute or rule in respect of such Collateral, the Debtor will promptly notify the Secured Party thereof in writing and execute any instruments and take any steps required by the Secured Party in order that all monies due and to become due under such contracts shall be assigned to the Secured Party and notice thereof given to such governmental authority, including, if applicable, the U.S. Government under the Federal Assignment of Claims Act.

(k) The Debtor will permit the Secured Party upon reasonable notice during normal business hours to enter into and upon any premises where any of the Collateral or records with respect thereto are located for the purpose of inspecting the same, making copies of records, observing the use of any part of the Collateral, or otherwise protecting its security interest in the Collateral.

(l) The Secured Party shall have the right at any time to make any payments and do any other acts the Secured Party may deem necessary to protect its security interest in the Collateral, including, without limitation, the right to pay, purchase and, unless such Lien is contractually subordinated to the Lien of the Secured Party hereunder pursuant to a Subordination Agreement (as defined in the Loan Agreement), contest or compromise any Lien which is prior to or superior to the liens and security interests granted hereunder, and appear in and defend any action or proceeding purporting to affect its security interest in the Collateral, and in exercising any such powers or authority, the right to pay all reasonable costs and expenses incurred in

connection therewith, including reasonable attorneys' fees. The Debtor agrees to reimburse the Secured Party for all such payments made and expenses incurred, which amounts shall be secured under this Agreement, and agrees it shall be bound by any payment made or act taken by the Secured Party hereunder. The Secured Party shall have no obligation to make any of the foregoing payments or perform any of the foregoing acts.

(m) The Secured Party may at any time after the occurrence and during the continuance of a Default, at its option, transfer to itself or any nominee any securities constituting Collateral, receive any income thereon and hold such income as additional Collateral or apply it to the Secured Obligations. Whether or not any Secured Obligations are due, the Secured Party may after the occurrence and during the continuance of a Default, demand, sue for, collect, or make any settlement or compromise which it deems desirable with respect to the Collateral. Regardless of the adequacy of Collateral or any other security for the Secured Obligations, any deposits or other sums at any time credited by or due from the Secured Party to the Debtor may at any time be applied to or set off against any of the Secured Obligations then due and owing.

(n) If requested to do so by the Secured Party, the Debtor will promptly deliver to the Secured Party the original of any certificate of title or other title document of any motor vehicle, tractor, trailer or other Collateral covered by a certificate of title or other title document with a value in excess of Fifty Thousand and 00/100 Dollars (\$50,000.00), and do all things necessary to have the Lien of the Secured Party noted thereon or with the appropriate state or federal office and take such other actions and execute and deliver such documents and instruments as reasonably required by the Secured Party to perfect its Lien on such Collateral as a first priority Lien. The Debtor will not, without the Secured Party's prior written consent, alter or remove any identifying symbol or number on any motor vehicles, tractors, trailers or other Collateral covered by a certificate of title or other title document.

(o) With respect to the Intellectual Property:

(i) The Debtor (either itself or through licensees) will (i) continue to use each Trademark material to its business in order to maintain such Trademark in full force free from any claim of abandonment for non-use, (ii) maintain as in the past the quality of products and services offered under such Trademark, (iii) use such Trademark with the appropriate notice of registration and all other notices and legends required by applicable law, (iv) not adopt or use any mark which is confusingly similar or a colorable imitation of such Trademark unless Secured Party shall obtain a perfected security interest in such mark pursuant to this Agreement, and (v) not (and not permit any licensee or sublicensee thereof to) do any act or knowingly omit to do any act whereby such Trademark may become invalidated or impaired in any way.

(ii) The Debtor (either itself or through licensees) will not do any act, or omit to do any act, whereby any Patent material to its business may become forfeited, abandoned or dedicated to the public.

(iii) The Debtor (either itself or through licensees) (i) will employ each Copyright material to its business and (ii) will not (and will not permit

any licensee or sublicensee thereof to) do any act or knowingly omit to do any act whereby any material portion of such Copyrights may become invalidated or otherwise impaired. The Debtor will not (either itself or through licensees) do any act whereby any material portion of such Copyrights may fall into the public domain.

(iv) The Debtor (either itself or through licensees) will not do any act that knowingly uses any Intellectual Property material to its business to infringe the intellectual property rights of any other Person.

(v) The Debtor will notify Lender immediately if it knows, or has reason to know, that any application or registration relating to any material Intellectual Property may become forfeited, abandoned or dedicated to the public, or of any adverse determination or development (including the institution of, or any such determination or development in, any proceeding in the United States Patent and Trademark Office, the United States Copyright Office or any court or tribunal in any country) regarding, Debtor's ownership of, or the validity of, any material Intellectual Property or Debtor's right to register the same or to own and maintain the same.

(vi) Whenever Debtor, either by itself or through any agent, employee, licensee or designee, shall file an application for the registration of any Intellectual Property with the United States Patent and Trademark Office, the United States Copyright Office or any similar office or agency in any other country or any political subdivision thereof, Debtor shall report such filing to Lender concurrently with the next delivery of financial statements of the Company pursuant to Section 6.02 of the Loan Agreement. Upon the request of Lender, Debtor shall execute and deliver, and have recorded, any and all agreements, instruments, documents, and papers as Lender may request to evidence Lender's security interest in any Copyright, Patent or Trademark and the goodwill and general intangibles of Debtor relating thereto or represented thereby.

(vii) Debtor will take all reasonable and necessary steps to maintain and pursue each application (and to obtain the relevant registration) and to maintain each registration of all material Intellectual Property owned by it.

(viii) In the event that any material Intellectual Property is infringed upon or misappropriated or diluted by a third party, Debtor shall (i) take such actions as Debtor shall reasonably deem appropriate under the circumstances to protect such Intellectual Property and (ii) if such Intellectual Property is of material economic value, promptly notify Lender after it learns thereof and, to the extent, in its reasonable judgment, Debtor determines it appropriate under the circumstances, sue for infringement, misappropriation or dilution, to seek injunctive relief where appropriate and to recover any and all damages for such infringement, misappropriation or dilution.



**Section 5. Collections Account; Lockbox; Application of Deposits.** The Debtor covenants and agrees to perform each of the covenants set forth below in this Section 5.

(a) The Debtor will collect its Accounts in the ordinary course of business.

(b) Subject to the provisions of Section 5(c), at the request of the Secured Party, the Debtor will open and maintain with the Secured Party a lockbox in the name of the Debtor (the "Lockbox"). Only the Secured Party shall have access to the Lockbox at all times, and the Debtor shall take all action necessary to grant the Secured Party such sole access. At no time shall the Debtor remove any item from the Lockbox without the Secured Party's prior written consent. After the Lockbox is operational, (i) the Debtor shall immediately notify its customers and Account Debtors to forward all Collections of every kind due the Debtor to the Lockbox (such notice to be in such form and substance as the Secured Party may require from time to time), (ii) if the Debtor receives directly any Collections or Remittances, the Debtor shall receive such Collections and Remittances in trust and as fiduciary for the Secured Party and shall immediately deposit any such Collections or Remittances, in the identical form in which such Collection or Remittance was made (except for any necessary endorsements), whether by cash or check, into an account opened and maintained with the Secured Party (the "Cash Collateral Account"), and pending such deposit, the Debtor agrees it will not commingle any such Collection or Remittance with any of its other funds or property, but will hold it separate and apart therefrom in trust and as fiduciary for the Secured Party until deposit is made into the Cash Collateral Account, and (iii) all Collections sent directly to the Lockbox shall thereafter be deposited into the Cash Collateral Account. If the Debtor neglects or refuses to notify any of its customers or Account Debtors to pay any Collections to the Lockbox, the Secured Party shall be entitled to make such notification. The Debtor grants to the Secured Party an irrevocable power of attorney, coupled with an interest, to take in the Debtor's names all actions necessary to grant the Secured Party access to the Lockbox, to contact Account Debtors to pay any Collections to the Lockbox, and to endorse each Collection or Remittance delivered to the Lockbox for deposit into the Cash Collateral Account.

(c) The Secured Party shall have sole dominion and control over all Collections, Remittances and other items deposited in the Cash Collateral Account, and such Collections, Remittances and other items may be withdrawn only by the Secured Party, it being the intention of the parties hereto that the Debtor shall have no control over or withdrawal rights in respect of, or access to, the Cash Collateral Account. To the extent funds in the Lockbox or the Cash Collateral Account are deemed to be the property of the Debtor, the Debtor grants to the Secured Party a security interest in all funds held in the Lockbox or the Cash Collateral Account, as security for the Secured Obligations. The Cash Collateral Account shall not be subject to any deduction, set-off, banker's lien or any other right in favor of any person or entity other than the Secured Party.

(d) So long as no Default has occurred and is continuing, the Cash Collateral Account will be cleared by the Secured Party daily as to collected funds, and such collected funds will be applied (i) to the principal balance of and accrued interest on the Revolving Credit Loans, and (ii) any surplus shall be credited to the Debtor's operating account maintained with the Secured Party. Upon the occurrence and during the continuance of a Default, the Secured Party may apply such collected funds to the Secured Obligations in such order as it may elect. The Secured Party shall have the continuing and exclusive right to apply and reverse and reapply any and all such

proceeds and payments to any portion of the Secured Obligations. Upon the occurrence and during the continuance of a Default, in the sole discretion of the Secured Party deposits to the Cash Collateral Account may be credited against the Secured Obligations in such order as the Secured Party may choose in its sole discretion or held in the Cash Collateral Account subject to the liens and security interests in favor of the Secured Party.

(e) For the purpose of determining Revolving Credit Availability under the Loan Agreement, all Collections and Remittances deposited in the Cash Collateral Account shall be applied on account of the Secured Obligations one (1) Business Day after such Collections and Remittances constitute collected funds. From time to time, the Secured Party may adopt such regulations and procedures as it may deem reasonable and appropriate with respect to the operation of the Cash Collateral Account and the services to be provided by the Secured Party under this Agreement not inconsistent with the terms of this Agreement.

(f) All reasonable costs of collection of Accounts, including out-of-pocket expenses, administrative and record-keeping costs, reasonable and invoiced attorneys' fees, and all service charges and costs related to the establishment and maintenance of the Lockbox and the Cash Collateral Account, shall be the sole responsibility of the Debtor, whether the same are incurred by the Secured Party or the Debtor, and the Secured Party, in its sole discretion, may charge the same against the Debtor and/or any account maintained by the Debtor with the Secured Party and the same shall be deemed part of the Secured Obligations. The Debtor agrees to indemnify and hold the Secured Party harmless from and against any loss or damage with respect to any Collection or Remittance deposited in the Cash Collateral Account which is dishonored or returned for any reason. If any Collection or Remittance deposited in the Cash Collateral Account is dishonored or returned unpaid for any reason, the Secured Party, in its sole discretion, may charge the amount of such dishonored or returned Collection or Remittance directly against the Debtor and/or any accounts maintained by the Debtor with the Secured Party and such amount shall be deemed part of the Secured Obligations.

***Section 6. Power of Attorney.***

(a) The Debtor irrevocably constitutes and appoints the Secured Party and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of the Debtor or in the Secured Party's own name, to take any and all of the following actions, without notice to or assent by the Debtor:

(i) at any time after the occurrence and during the continuance of a Default, to demand, sue for, collect, or receive in the name of the Debtor or in its own name, any money or property at any time payable or receivable on account of or in exchange for any of the Collateral and, in connection therewith, endorse checks, notes, drafts, acceptances, money orders, documents of title, or any other instruments for the payment of money under the Collateral or any policy of insurance;

(ii) at any time after the occurrence and during the continuance of a Default, to pay or discharge taxes, Liens, security interests, or other encumbrances levied or placed on or threatened against the Collateral;

(iii) at any time after the occurrence and during the continuance of a Default, to send requests for verification to Account Debtors and other obligors;

(iv) at any time after the occurrence and during the continuance of a Default, to notify post office authorities to change the address for delivery of mail of the Debtor to an address designated by the Secured Party and to receive, open and dispose of mail addressed to the Debtor;

(v) at any time after the occurrence and during the continuance of a Default: (A) to direct Account Debtors and any other parties liable for any payment relating to or in respect of any of the Collateral to make payment of any and all monies due and to become due thereunder directly to the Secured Party or as the Secured Party shall direct; (B) to receive payment of and receipt for any and all monies, claims, and other amounts due and to become due at any time in respect of or arising out of any Collateral; (C) to sign and endorse any invoices, freight or express bills, bills of lading, storage or warehouse receipts, drafts against the Debtor, assignments, proxies, stock powers, verifications and notices in connection with an account and other documents relating to the Collateral; (D) to commence and prosecute any suit, action, or proceeding at law or in equity in any court of competent jurisdiction to collect the Collateral or any part thereof and to enforce any other right in respect of any Collateral; (E) to defend any suit, action, or proceeding brought against the Debtor with respect to any Collateral; (F) to settle, compromise or adjust any suit, action, or proceeding described above and, in connection therewith, to give such discharges or releases as the Secured Party may deem reasonably appropriate; (G) to exchange any of the Collateral for other property upon any merger, consolidation, reorganization, recapitalization, or other readjustment of the issue thereof and, in connection therewith, deposit any of the Collateral with any committee, depository, transfer agent, registrar, or other designated agency upon such terms as the Secured Party may determine; (H) to add or release any guarantor, endorser, surety, or other party to any of the Collateral; (I) to renew, extend, or otherwise change the terms and conditions of any of the Collateral; (J) to insure, and to make, settle, compromise, or adjust claims under any insurance policy covering any of the Collateral; and (K) to sell, transfer, pledge, make any agreement with respect to or otherwise deal with any of the Collateral in such manner as is consistent with the UCC and as fully and completely as though the Secured Party were the absolute owner thereof for all purposes, and to do, at the Secured Party's option and the Debtor's expense, at any time, or from time to time, all acts and things which the Secured Party deems necessary to protect, preserve, or realize upon the Collateral and the Secured Party's security interest therein in order to effect the intent of this Agreement, all as fully and effectively as the Debtor might do, including, without limitation, the execution, delivery and recording, in connection with any sale or other disposition of any Collateral, of endorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral;

(vi) at any time after the occurrence and during the continuance of a Default, to execute any and all other documents and instruments and take such other actions that the Secured Party determines to be necessary or useful to accomplish the purposes of this Agreement; and

(vii) to the extent the authorization given in Section 2(b) is not sufficient, to file such financing statements, with or without the Debtor's signature, or a photocopy of this Agreement in substitution for a financing statement, as the Secured Party may deem appropriate and to execute in the Debtor's name such financing statements and amendments thereto and continuation statements which may require the Debtor's signature.

**Section 7. Defaults.** The occurrence of any one or more of the following events or conditions shall constitute a default under this Agreement (a "Default"):

(i) The occurrence of an Event of Default under the Loan Agreement.

**Section 8. Remedies.** (a) Upon the occurrence and during the continuance of a Default, the Secured Party may, at its option, without notice to or demand upon the Debtor, do any one or more of the following:

(i) Declare all of the Secured Obligations immediately due and payable.

(ii) Exercise any or all of the rights and remedies provided for by the UCC of the state or states having jurisdiction with respect to all or any portion of the Collateral from time to time, specifically including, without limitation, the right to take possession of the Collateral, and to recover reasonable attorneys' fees and other expenses incurred by the Secured Party in the enforcement of this Agreement or in connection with the Debtor's redemption of the Collateral.

(iii) Require the Debtor to assemble the Collateral or any part thereof and make it available at one or more places as the Secured Party may designate, and to deliver possession of the Collateral or any part thereof to the Secured Party, who shall have full right to enter upon any or all of the Debtor's premises and property to exercise the Secured Party's rights hereunder.

(iv) Use, manage, operate and control the Collateral and the Debtor's business and property to preserve the Collateral or its value, including, without limitation, the right to take possession of all of the Debtor's premises and property, to exclude the Debtor and any third parties, whether or not claiming under the Debtor, from such premises and property, to make repairs, replacements, alterations, additions and improvements to the Collateral and to dispose of all or any portion of the Collateral in the ordinary course of the Debtor's businesses.

(v) Use, in connection with any assembly or disposal of the Collateral, any Intellectual Property, Trade Secret or technical knowledge or

process used or utilized by the Debtor, and for the purpose thereof and/or the exercise of the Secured Party's rights under Section 8(a)(iv), the Debtor hereby grants to the Secured Party an irrevocable, nonexclusive license (exercisable without the payment of royalty or other compensation to the Debtor) to use, license or sublicense any Intellectual Property, Trade Secret or technical knowledge or process now owned or hereafter acquired by the Debtor, together with access to all media in which any of the licensed items may be recorded or stored and to all computer software and programs used for compilation or printout thereof.

(vi) Enforce one or more remedies hereunder, successively or concurrently, and such action shall not operate to estop or prevent the Secured Party from pursuing any other or further remedy which it may have, and any repossession or retaking or sale of the Collateral pursuant to the terms hereof shall not operate to release the Debtor until full and final payment of any deficiency has been made in cash. The Debtor shall reimburse the Secured Party upon demand for, or the Secured Party may apply any proceeds of the Collateral to, the costs and expenses (including reasonable attorneys' fees, transfer taxes and any other charges) incurred by the Secured Party in connection with any sale, disposition or retention of any Collateral hereunder.

(vii) Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, the Secured Party shall give to the Debtor at least ten (10) days prior written notice of the time and place of any public sale of Collateral or of the time after which any private sale or any other intended disposition is to be made. The Debtor hereby acknowledges that ten (10) days prior written notice of such sale or sales shall be reasonable notice. Such notice may be mailed to the Debtor at the address set forth in this Agreement for delivery of notices. Further, in the event of any public sale hereunder, the Secured Party shall exhibit the Collateral for a reasonable period of time not later than the day before such sale is to take place, and, if practicable, shall exhibit the Collateral at the time and place of such sale; provided, however, that the Secured Party shall have no obligation to exhibit any part of the Collateral at or prior to the sale thereof, if, at the time of default, such Collateral is in the Debtor's possession or under its control, and if the Secured Party sends the Debtor a written demand for possession thereof under Section 8(a)(iii) and the Debtor fails to comply with such demand at least three (3) days prior to the date set for sale of such Collateral. In addition, the Debtor waives any and all rights that it may have to a judicial hearing in advance of the enforcement of any of the Secured Party's rights hereunder, including, without limitation, its right following a Default to take immediate possession of the Collateral and to exercise its rights with respect thereto. Notwithstanding anything herein to the contrary, specially manufactured goods, containing Debtor's customers' logos, branding trade and/or service marks shall be exempt from this provision and the Secured Party acknowledges that such specially manufactured goods may only be sold with the customer's consent.

(viii) Proceed by an action or actions at law or in equity to recover the Secured Obligations or to foreclose under this Agreement and sell the

Collateral, or any portion thereof, pursuant to a judgment or decree of a court or courts of competent jurisdiction.

(ix) In the event the Secured Party recovers possession of all or any part of the Collateral pursuant to a writ of possession or other judicial process, whether prejudgment or otherwise, the Secured Party may thereafter retain, sell or otherwise dispose of such Collateral in accordance with this Agreement or the UCC, and following such retention, sale or other disposition, the Secured Party may voluntarily dismiss without prejudice the judicial action in which such writ of possession or other judicial process was issued. The Debtor hereby consents to the voluntary dismissal by the Secured Party of such judicial action, and the Debtor further consents to the exoneration of any bond that the Secured Party filed in such action.

(b) To the extent that applicable Law imposes duties on the Secured Party to exercise remedies in a commercially reasonable manner, the Debtor acknowledges and agrees that it is not commercially unreasonable for the Secured Party (i) to fail to incur expenses reasonably deemed significant by the Secured Party to prepare Collateral for disposition or otherwise to complete raw material or work in process into finished goods or other finished products for disposition, (ii) to fail to obtain third party consents for access to Collateral to be disposed of, or to obtain or, if not required by other law, to fail to obtain governmental or third party consents for the collection or disposition of Collateral to be collected or disposed of, (iii) to fail to exercise collection remedies against Account Debtors or other persons obligated on Collateral or to remove liens or encumbrances on or any adverse claims against Collateral, (iv) to exercise collection remedies against Account Debtors and other persons obligated on Collateral directly or through the use of collection agencies and other collection specialists, (v) to advertise dispositions of Collateral through publications or media of general circulation, whether or not the Collateral is of a specialized nature, (vi) to contact other persons, whether or not in the same business as the Debtor, for expressions of interest in acquiring all or any portion of the Collateral, (vii) to hire one or more professional auctioneers to assist in the disposition of Collateral, whether or not the collateral is of a specialized nature, (viii) to dispose of Collateral by utilizing Internet sites that provide for the auction of assets of the types included in the Collateral or that have the reasonable capability of doing so, or that match buyers and sellers of assets, (ix) to dispose of assets in wholesale rather than retail markets, (x) to disclaim disposition warranties, (xi) to purchase insurance or credit enhancements to insure the Secured Party against risks of loss, collection or disposition of Collateral or to provide to the Secured Party a guaranteed return from the collection or disposition of Collateral, or (xii) to the extent deemed appropriate by the Secured Party, to obtain the services of other brokers, investment bankers, consultants and other professionals to assist the Secured Party in the collection or disposition of any of the Collateral. The Debtor acknowledges that the purpose of this Section 8(b) is to provide non-exhaustive indications of what actions or omissions by the Secured Party would not be commercially unreasonable in the Secured Party's exercise of remedies against the Collateral and that other actions or omissions by the Secured Party shall not be deemed commercially unreasonable solely on account of not being indicated in this Section 8(b). Without limitation upon the foregoing, nothing contained in this Section 8(b) shall be construed to grant any rights to the Debtor or to impose any duties on the Secured Party that would not have been granted or imposed by this Agreement or by applicable law in the absence of this Section 8(b).

**Section 9. Distribution of Collateral Proceeds.** In the event that the Secured Party receives any monies in connection with the enforcement of the liens and security interests granted to the Secured Party in this Agreement or otherwise with respect to the realization upon any of the Collateral, such monies shall be applied as follows:

(i) First, to the payment of, or (as the case may be) the reimbursement of the Secured Party for or in respect of, all Reimbursable Costs and Expenses and losses which shall have been incurred or sustained by the Secured Party in connection with the collection of such monies by the Secured Party, for the exercise, protection or enforcement by the Secured Party of all or any of the rights, remedies, powers and privileges of the Secured Party under this Agreement or any of the other Loan Documents or in respect of the Collateral or in support of any provision of adequate indemnity to the Secured Party against any Taxes or liens which by law shall have, or may have, priority over the rights of the Secured Party to such monies;

(ii) Second, to the payment of all other Secured Obligations in such order or preference as the Secured Party may determine in its sole discretion; provided, however, the Secured Party may in its sole discretion make proper allowance to take into account any Secured Obligations not then due and payable;

(iii) Third, upon payment and satisfaction in full of, or the making of provisions satisfactory to the Secured Party for payment in full of, all of the Secured Obligations, to the payment of any obligations required to be paid pursuant to the provisions of the UCC; and

(iv) Fourth, the excess, if any, shall be returned to the Debtor or to such other Persons as are entitled thereto under applicable Law or agreement.

**Section 10. Miscellaneous.**

(a) **Marshaling.** The Secured Party shall not be required to marshal any present or future collateral security (including but not limited to this Agreement and the Collateral) for, or other assurances of payment of, the Secured Obligations or any of them or to resort to such collateral security or other assurances of payment in any particular order, and all of its rights hereunder and in respect of such collateral security and other assurances of payment shall be cumulative and in addition to all other rights, however existing or arising. To the extent that it lawfully may, the Debtor hereby agrees that it will not invoke any law relating to the marshaling of collateral which might cause delay in or impede the enforcement of the Secured Party's rights under this Agreement or under any other instrument creating or evidencing any of the Secured Obligations or under which any of the Secured Obligations is outstanding or by which any of the Secured Obligations is secured or payment thereof is otherwise assured, and, to the extent that they lawfully may, the Debtor hereby irrevocably waives the benefits of all such laws.

(b) **Notices.** Any notice or consent required or permitted by this Agreement shall be in writing and shall be delivered in the manner and to the addresses specified in the Loan

Agreement for delivery of notice. All notices shall be deemed effective at the times specified in the Loan Agreement based upon the manner of delivery.

(c) Headings. The various headings in this Agreement are inserted for convenience only and shall not affect the meaning or interpretation of this Agreement or any provision hereof. References herein to "Section" without further attribution shall be deemed to refer to Sections of this Agreement.

(d) Governing Law. This Agreement, any claim arising from or relating to this Agreement, or any statement, course of conduct, act, omission, or event occurring in connection herewith (whether for breach of contract, tort or any other theory of liability) shall be governed by and construed and enforced in accordance with the laws of the Commonwealth of Pennsylvania, without giving effect to its choice of law principles. The Debtor acknowledges that the agreement to be governed by the laws of the Commonwealth of Pennsylvania is not for the purpose of avoiding the law or public policy of any other jurisdiction, but rather is a negotiated term in this commercial transaction and is based upon a reasonable relation to the Commonwealth of Pennsylvania.

(e) Amendments. No change in or addition to, or waiver of, any provision of this Agreement shall be effective unless in writing and signed on behalf of the party against whom such change, addition or waiver is sought to be enforced.

(f) No Waiver. No delay in enforcing or failure to enforce any right under this Agreement shall constitute a waiver by the Secured Party of such right. No waiver by the Secured Party of any default hereunder shall be effective unless in writing, nor shall any waiver operate as a waiver of any other default or of the same default on a future occasion.

(g) TIME OF THE ESSENCE. TIME IS OF THE ESSENCE IN EACH PROVISION OF THIS AGREEMENT OF WHICH TIME IS AN ELEMENT.

(h) Assignment; Binding Agreement. All rights of the Secured Party hereunder shall inure to the benefit of its successors and assigns. The Debtor may not assign any of its interests or obligations under this Agreement without the prior written consent of the Secured Party. Any purported assignment inconsistent with this provision shall, at the option of the Secured Party, be null and void.

(i) Entire Agreement. This Agreement and the other Loan Documents are intended by the parties as a final expression of their agreement and is intended as a complete and exclusive statement of the terms and conditions thereof. Acceptance of or acquiescence in a course of performance rendered under this Agreement shall not be relevant to determine the meaning of this Agreement even though the accepting or acquiescing party had knowledge of the nature of the performance and opportunity for objection.

(j) Expenses. The Debtor shall pay to the Secured Party on demand any and all expenses, including reasonable and invoiced attorneys' fees and disbursements, incurred or paid by the Secured Party in protecting, preserving or enforcing the Secured Party's rights under or in respect of any of the Secured Obligations or any of the Collateral.



(k) Severability. The provisions of this Agreement are intended to be severable. If any provision of this Agreement shall be held invalid or unenforceable in whole or in part in any jurisdiction, such provision shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without in any manner affecting the validity or enforceability hereof in any other jurisdiction or the remaining provisions hereof in any jurisdiction.

(l) Survival of Provisions. All representations, warranties and covenants of the Debtor contained herein shall survive the execution and delivery of this Agreement, and terminate only upon full and final payment and performance of the Secured Obligations.

(m) Set-off. The Secured Party shall have the right, at any time after the occurrence of a Default, to set off any indebtedness or obligation of the Debtor to the Secured Party against any indebtedness or obligation of the Secured Party to the Debtor, without notice to or demand upon the Debtor and whether or not any such indebtedness or obligations are liquidated or mature at the time of such offset. The Secured Party's right of offset hereunder shall be in addition to and not in limitation of any other rights or remedies which may exist in favor of the Secured Party.

(n) Authority of the Secured Party. The Secured Party shall have and be entitled to exercise all powers hereunder which are specifically delegated to the Secured Party by the terms hereof, together with such powers as are reasonably incident thereto. The Secured Party may perform any of its duties hereunder or in connection with the Collateral by or through agents or employees and shall be entitled to retain counsel and to act in reliance upon the advice of counsel concerning all such matters. Neither the Secured Party nor any director, officer, employee, attorney or agent of the Secured Party shall be liable to the Debtor for any action taken or omitted to be taken by it or them hereunder, except for its or their own gross negligence or willful misconduct as determined by a Final Judgment; nor shall the Secured Party be responsible for the validity, effectiveness or sufficiency hereof or of any document or security furnished pursuant hereto. The Secured Party shall be entitled to rely on any communication, instrument or document believed by it to be genuine and correct and to have been signed or sent by the proper person or persons. The Debtor agrees to indemnify and hold harmless the Secured Party and/or any such other person from and against any and all costs, expenses (including reasonable attorneys' fees), claims or liability incurred by the Secured Party or such other persons hereunder, unless such claim or liability shall be due to gross negligence or willful misconduct on the part of the Secured Party or such other person as determined by a Final Judgment.

(o) Counterparts. This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which counterparts, when so executed and delivered, shall be deemed to be an original and all of which counterparts, taken together, shall constitute but one and the same Agreement. This Agreement shall become effective upon the execution and delivery of a counterpart hereof by each of the parties hereto. Delivery of an executed counterpart of a signature page to this Agreement or any notice, communication, agreement, certificate, document or other instrument in connection herewith by telecopier, facsimile, portable document format ("PDF") or other electronic means shall be as effective as delivery of a manually executed counterpart of this Agreement. The signature of any party on this Agreement by telecopier, facsimile, PDF or other electronic means is to be considered as an original signature, and the document transmitted is to be considered to have the same binding effect

as an original signature on an original document. At the request of any party, any telecopier, facsimile or other electronic signature is to be re-executed in original form by the party which executed the telecopier, facsimile, PDF or other electronic signature. No party may raise the use of a telecopier, facsimile machine, PDF or other electronic means, or the fact that any signature was transmitted through the use of a telecopier, facsimile machine, PDF or other electronic means, as a defense to the enforcement of this Agreement.

(p) Consent to Jurisdiction. The Debtor and the Secured Party hereby consent and agree that the state courts, and to the extent permitted by applicable law, the federal courts, sitting in Allegheny County, Pennsylvania shall have exclusive jurisdiction to hear and determine any claims or disputes between the Debtor and the Secured Party pertaining to this Agreement or to any matter arising out of or relating to this Agreement; *provided*, that the Debtor and the Secured Party acknowledge that any appeals from those courts may have to be heard by a court located outside Allegheny County; and *provided, further*, nothing in this Agreement shall be deemed or operate to preclude the Secured Party from bringing suit or taking other legal action in any other jurisdiction to realize on the Collateral, or to enforce a judgment or other court order in favor of the Secured Party. **THE DEBTOR AND THE SECURED PARTY HEREBY WAIVE, TO THE EXTENT PERMITTED UNDER APPLICABLE LAW, ANY RIGHT THEY MAY HAVE TO ASSERT THE DOCTRINE OF FORUM NON CONVENIENS OR TO OBJECT TO VENUE TO THE EXTENT ANY PROCEEDING IS BROUGHT IN ACCORDANCE WITH THIS PARAGRAPH.** The Debtor and the Secured Party waive personal service of any summons, complaint or other process, and agree that service of such summons, complaints and other process may be made by registered or certified mail addressed to such party at the address specified in Section 10.13 of the Loan Agreement for delivery of notice and that service so made shall be deemed completed upon the earlier of such party's actual receipt thereof or three (3) days after deposit in the United States mail, proper postage prepaid.

(q) Waiver of Jury Trial. **THE DEBTOR AND THE SECURED PARTY HEREBY EXPRESSLY WAIVE ANY RIGHT TO TRIAL BY JURY OR ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION (I) ARISING UNDER THIS AGREEMENT, ANY OTHER LOAN DOCUMENT OR ANY OTHER DOCUMENT OR INSTRUMENT ATTACHED HERETO, REFERRED TO HEREIN OR DELIVERED IN CONNECTION HEREWITH, OR (II) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE DEBTOR WITH RESPECT TO THIS AGREEMENT, ANY OTHER LOAN DOCUMENT OR INSTRUMENT ATTACHED HERETO, REFERRED TO HEREIN OR DELIVERED IN CONNECTION HEREWITH, OR THE TRANSACTIONS RELATED HERETO OR THERETO, IN EACH CASE WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE; AND THE DEBTOR AND THE SECURED PARTY HEREBY AGREE AND CONSENT THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY, AND THAT ANY PARTY TO THIS AGREEMENT MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF DEBTOR AND THE SECURED PARTY HERETO TO THE WAIVER OF ITS RIGHT TO TRIAL BY JURY.**

(r) Termination. This Agreement and the security interests created hereby shall terminate (except for any provisions hereof which survive such termination by their own terms)

upon the full, final and irrevocable payment of all of the Secured Obligations and termination of any commitment by the Secured Party to make any further loans or advances to the Debtor. If the Secured Party receives any payment or payments on account of the Secured Obligations which payment or payments or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside and/or required to be repaid to a trustee, receiver, or any other party under the Bankruptcy Code, 11 U.S.C. §101 et seq., as amended, or any other state or federal law, common law or equitable doctrine, then to the extent of any sum not finally retained by the Secured Party, the Debtor's obligations to the Secured Party shall be reinstated and this Agreement, and any security therefor, shall remain in full force and effect (or be reinstated) until payment shall have been made to the Secured Party, notwithstanding termination of this Agreement or the cancellation of any note, instrument or agreement evidencing the Secured Obligations, and such payment shall be due on demand by the Secured Party. If any proceeding seeking such repayment is pending or, in the Secured Party's sole judgment, threatened, this Agreement and any security therefor shall remain in full force and effect notwithstanding that the Debtor may not be obligated to the Secured Party. Upon termination of this Agreement and the security interests created hereby, the Secured Party shall execute and deliver to the Debtor such documents as the Debtor may reasonably request to evidence or otherwise effect such termination.

(s) Document Under Seal. This Agreement is intended as a document under seal.

(t) Multiple Security Interests. The parties hereto acknowledge that Secured Party has taken and may take in the future, in connection with this or other financing transactions with Debtor, multiple security interests and file multiple financing statements and otherwise take action to perfect security interests in the identical collateral as is covered by this Agreement or any other agreement, document or instrument, and further acknowledges and agrees that such actions do not and are not intended in any fashion to cause a termination, substitution, or novation of any security interests, liens or encumbrances of whatsoever nature or kind, or any financing statements or any other acts of perfection of any such interest granted pursuant to this Agreement or any other agreement, document or instrument, whether now or hereafter existing.

\*\*\*\*\*SIGNATURES APPEAR ON THE FOLLOWING PAGE\*\*\*\*\*

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have caused their duly authorized officers to execute and deliver this Security Agreement effective as of the day and year first above written.

DEBTOR:

**COMMONWEALTH PACKAGING  
COMPANY**

By: 

Name: Steven J. Maisel

Title: President

SECURED PARTY:

**S&T BANK**

By: \_\_\_\_\_

Name: Joseph Entenman

Title: Senior Vice President

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have caused their duly authorized officers to execute and deliver this Security Agreement effective as of the day and year first above written.

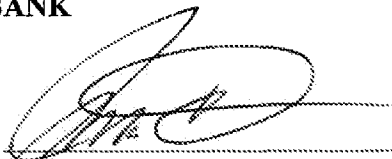
DEBTOR:

**COMMONWEALTH PACKAGING  
COMPANY**

By: \_\_\_\_\_  
Name: Steven J. Maisel  
Title: President

SECURED PARTY:

**S&T BANK**

By:  \_\_\_\_\_  
Name: Joseph Entenman  
Title: Senior Vice President

**SCHEDULE 1**

**INTELLECTUAL PROPERTY**

**Patents and Patent Licenses**

None.

**Trademarks and Trademark Licenses**

<b>Trademark Number</b>	<b>Trademark Application Number</b>	<b>Trademark Registration Number</b>	<b>Date of Application</b>	<b>Date of Registration</b>
76175655	-	2522273	-	12/25/2001
76191818	-	2527280	-	1/8/2002
76175660	-	2739508	-	7/22/2003
76176125	-	2733812	-	7/8/2003
76175908	-	2867100	-	7/27/2004

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None.