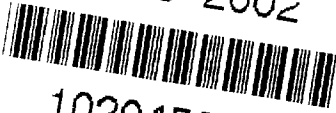


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Form PTO-1594 (Rev. 03/01) OMB No. 0651-0027 (exp. 5/31/2002) Tab settings

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

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

1. Name of conveying party(ies): EXD Acquisition, Inc. 3-21-02
Individual(s) Association
General Partnership Limited Partnership
[X] Corporation-State Delaware
Other
Additional name(s) of conveying party(ies) attached? Yes No

2. Name and address of receiving party(ies)
Name: Bank of America, N. A.
Internal Address:
Street Address: 1201 Main Street, 11th Floor
City: Dallas State: Texas Zip: 75202
Individual(s) citizenship
[X] Association National
General Partnership
Limited Partnership
Corporation-State
Other
If assignee is not domiciled in the United States, a domestic representative designation is attached: Yes No
(Designations must be a separate document from assignment)
Additional name(s) & address(es) attached? Yes No

3. Nature of conveyance:
Assignment Merger
[X] Security Agreement Change of Name
Other
Execution Date: February 19, 2002

4. Application number(s) or registration number(s):
A. Trademark Application No.(s) 76/042,333 76/227,720 76/067,595 76/067,265 76/067,260
Additional number(s) attached Yes No

B. Trademark Registration No.(s)

5. Name and address of party to whom correspondence concerning document should be mailed:
Name: Andrew S. Ehmke
Internal Address: Haynes and Boone, LLP
Street Address: 901 Main Street Suite 3100
City: Dallas State: Texas Zip: 75202

6. Total number of applications and registrations involved: 5
7. Total fee (37 CFR 3.41) \$ 140.00
[X] Enclosed
Authorized to be charged to deposit account
8. Deposit account number: 08-1394
(Attach duplicate copy of this page if paying by deposit account)

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.
Andrew S. Ehmke
Name of Person Signing
Signature
Date 3/11/02

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

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

04/04/2002 DBYRNE 00000270 76042333
01 FC:481 40.00 OP
02 FC:482 D997341.1 100.00 OP

DOCKET NO.: 15590.317

TRADEMARK REEL: 002475 FRAME: 0149

SECURITY AGREEMENT

This SECURITY AGREEMENT (this "*Security Agreement*"), is executed as of February 19, 2002, by EXD ACQUISITION, INC., a Delaware corporation ("*Grantor*"), and BANK OF AMERICA, N.A. ("*Secured Party*").

RECITALS:

A. Exhibit Dynamics, Inc. ("*Exhibit Dynamics*"), Cyclonics, Inc. ("*Cyclonics*," collectively with Exhibit Dynamics, Inc., "*Borrowers*"), Grantor, and Secured Party entered into that certain Commercial Loan Agreement dated as of September 9, 1999 (as the same has been amended and otherwise modified, the "*Original Agreement*");

C. On the date hereof, an Amended and Restated Commercial Loan Agreement (as amended, modified, supplemented, or restated from time to time, the "*Credit Agreement*") has been entered into among Borrowers, Grantor, and Secured Party;

D. Subject to the terms and conditions set forth below, Grantor and Secured Party desire to enter into this Security Agreement; and

E. This Security Agreement is integral to the transactions contemplated by the Loan Documents.

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

1. **DEFINED TERMS.** All capitalized terms used but not otherwise defined herein have the meanings given to them in the Credit Agreement. All other undefined terms contained in this Security Agreement, *unless* the context indicates otherwise, have the meanings provided for by the UCC to the extent the same are used or defined therein. As used herein, the following terms shall have the following respective meanings:

"*Accounts*" means all of Grantor's now owned or hereafter acquired or arising accounts, as defined in the UCC, including, without limitation, any rights to payment for the sale or lease of goods or rendition of services, whether or not they have been earned by performance.

"*Account Debtor*" means each Person obligated in any way on or in connection with an Account, Chattel Paper or General Intangibles (including a payment intangible).

"*Affiliate*" means, as to any Person, any other Person which, directly or indirectly, is in control of, is controlled by, or is under common control with, such Person or which owns, directly or indirectly, ten percent (10%) or more of the outstanding equity interest of such Person. A Person shall be deemed to control another Person if the controlling Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of the other Person, whether through the ownership of voting securities, by contract, or otherwise.

"*Assigned Contracts*" means, collectively, all of Grantor's rights and remedies under, and all moneys and claims for money due or to become due to any Borrower or Grantor under any material contracts, and any and all amendments, supplements, extensions, and renewals thereof including

all rights and claims of Grantor now or hereafter existing: (i) under any insurance, indemnities, warranties, and guarantees provided for or arising out of or in connection with any of the foregoing agreements; (ii) for any damages arising out of or for breach or default under or in connection with any of the foregoing agreements; (iii) to all other amounts from time to time paid or payable under or in connection with any of the foregoing agreements; or (iv) to exercise or enforce any and all covenants, remedies, powers, and privileges thereunder.

“**Chattel Paper**” means all of Grantor’s now owned or hereafter acquired chattel paper, as defined in the UCC, including electronic chattel paper.

“**Collateral**” shall have the meaning assigned to it in **Section 2** hereof.

“**Copyrights**” means (i) all copyrights (whether statutory or common law, registered or unregistered), works protectable by copyright, copyright registrations, copyright licenses, and copyright applications of Grantor, including, without limitation, all of Grantor’s right, title, and interest in and to all copyrights registered in the United States Copyright Office or anywhere else in the world and also including, without limitation, the copyrights set forth on **Schedule III**; (ii) all renewals, extensions, and modifications thereof; (iii) all income, licenses, royalties, damages, profits, and payments relating to or payable under any of the foregoing; (iv) the right to sue for past, present, or future infringements of any of the foregoing; and (v) all other rights and benefits relating to any of the foregoing throughout the world, in each case, whether now owned or hereafter acquired by Grantor.

“**Deposit Accounts**” means all “**deposit accounts**” as such term is defined in the UCC, now or hereafter held in the name of Grantor or Grantor any other Persons.

“**Documents**” means all documents as such term is defined in the UCC, including, without limitation, bills of lading, warehouse receipts, or other documents of title, now owned or hereafter acquired by Grantor.

“**Equipment**” means all “**equipment**” as such term is defined in the UCC, now or hereafter held in the name of Grantor, including, without limitation, all of Grantor’s now owned and hereafter acquired machinery, equipment, furniture, furnishings, fixtures, and other tangible personal property (*except* Inventory), including embedded software, motor vehicles with respect to which a certificate of title has been issued, aircraft, dies, tools, jigs, molds, and office equipment, *as well as* all of such types of property leased by Grantor and all of Grantor’s rights and interests with respect thereto under such leases (including, without limitation, options to purchase); *together with* all present and future additions and accessions thereto, replacements therefor, component and auxiliary parts and supplies used or to be used in connection therewith, and all substitutes for any of the foregoing, and all manuals, drawings, instructions, warranties and rights with respect thereto, wherever any of the foregoing is located.

“**General Intangibles**” means all “**general intangible**” as such term is defined in the UCC, now or hereafter held in the name of Grantor, including, without limitation, all of Grantor’s now owned or hereafter acquired general intangible, choses in action and causes of action and all other intangible personal property of Grantor of every kind and nature (*other than* Accounts), including, without limitation, all contract rights, payment intangibles, Intellectual Property Collateral, corporate or other business records, inventions, designs, blueprints, plans, specifications, patents, patent applications, trademarks, service marks, trade names, trade secrets, goodwill, copyrights, computer software, customer lists, registrations, licenses, franchises, tax refund claims, any funds which may become due to Grantor in connection with the termination of any employee benefit plan or any rights thereto and any other amounts

payable to Grantor from any employee benefit plan, rights and claims against carriers and shippers, rights to indemnification, business interruption insurance and proceeds thereof, property, casualty or any similar type of insurance and any proceeds thereof, proceeds of insurance covering the lives of key employees on which Grantor is beneficiary, rights to receive dividends, distributions, cash, Instruments, and other property in respect of or in exchange for pledged equity interests or Investment Property and any letter of credit, guarantee, claim, security interest, or other security held by or granted to Grantor.

“Goods” means all **“goods”** as defined in the UCC, now owned or hereafter acquired by Grantor, wherever located, including embedded software to the extent included in **“goods”** as defined in the UCC.

“Instruments” means all instruments as such term is defined in the UCC, now owned or hereafter acquired by Grantor.

“Intellectual Property Collateral” means Patents, Trademarks, Copyrights, and Other Intellectual Property Collateral.

“Inventory” means all **“inventory”** as such term is defined in the UCC, now or hereafter held in the name of Grantor, including, without limitation, all of Grantor’s now owned and hereafter acquired inventory, goods, and merchandise, wherever located, to be furnished under any contract of service or held for sale or lease, all returned goods, raw materials, work-in-process, finished goods (including embedded software), other materials and supplies of any kind, nature, or description which are used or consumed in Grantor’s business or used in connection with the packing, shipping, advertising, selling, or finishing of such goods, merchandise, and all documents of title or other Documents representing them.

“Investment Property” means all of Grantor’s right title and interest in and to any and all: (i) securities whether certificated or uncertificated; (ii) securities entitlements; (iii) securities accounts; (iv) commodity contracts; or (f) commodity accounts, including the Pledged Securities.

“Letter-of-Credit Rights” means **“letter-of-credit rights”** as such term is defined in the UCC, now owned or hereafter acquired by Grantor, including rights to payment or performance under a letter of credit, whether or not Grantor, as beneficiary, has demanded or is entitled to demand payment or performance.

“Loan Account” means the loan account of the Borrowers, which account shall be maintained by Secured Party.

“Other Intellectual Property Collateral” means all of Grantor’s rights, titles, and interests in other proprietary rights not included in the Copyrights, Patents, and Trademarks, whether now owned or hereafter acquired by Grantor, including without limitation: (i) any knowledge or information that is material to Grantor’s business and that enables Grantor to operate its business with the accuracy, efficiency, or precision necessary for commercial success, or otherwise affords Grantor a commercial advantage for the possession or knowledge thereof; (ii) any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof that is material to the operation of Grantor’s business and developed by Grantor, its employees, or agents, which could potentially be eligible for protection as Patent(s), but whether or not currently the subject of Patent(s); and (iii) all information or other items recognized as **“trade secrets”** under state or federal law and all comparable rights recognized in foreign jurisdictions or conventions or by treaty.

“Partnerships” means, collectively, all of the partnerships, joint ventures, or limited liability companies in which Grantor shall, at any time, become a limited or general partner, venturer, or member, and all partnerships, joint ventures, or limited liability companies formed as a result of the restructure, reorganization, or amendment of any of the Partnerships, and **“Partnership”** means any one of the Partnerships.

“Partnership Agreements” means, collectively, all of the partnership agreements, joint venture agreements, or organizational agreements for the Partnerships (*together with* any modifications, amendments, or restatements thereof), and **“Partnership Agreement”** means any one of the Partnership Agreements.

“Partnership Interests” shall mean all of Grantor’s right, title and interest now or hereafter accruing under the Partnership Agreements with respect to all distributions, allocations, proceeds, fees, preferences, payments, or other benefits, which Grantor now is or may hereafter become entitled to receive with respect to such interests in the Partnerships and with respect to the repayment of all loans now or hereafter made by Grantor to the Partnerships.

“Patents” means (i) all patents, patent applications, patent licenses, and patentable inventions of Grantor, including, without limitation, registrations, recordings, and applications thereof in the United States Patent and Trademark Office or in any similar office or agency of the United States or any other country or any political subdivision thereof, including, without limitation, those set forth on **Schedule III**, and all of the inventions and improvements described and claimed therein; (ii) all continuations, divisions, renewals, extensions, modifications, substitutions, reexaminations, continuations-in-part, or reissues of any of the foregoing; (iii) all income, royalties, profits, damages, awards, and payments relating to or payable under any of the foregoing; (iv) the right to sue for past, present, and future infringements of any of the foregoing; and (v) all other rights and benefits relating to any of the foregoing throughout the world; in each case, whether now owned or hereafter acquired by Grantor.

“Payment Account” means each bank account established pursuant to this Security Agreement, to which the proceeds of Accounts and other Collateral are deposited or credited, and which is maintained in the name of Secured Party or Grantor, as Secured Party may determine, on terms acceptable to Secured Party.

“Pledged Securities” means all Investment Property consisting of capital stock or other equity securities.

“Software” means all **“software”** as such term is defined in the UCC, now owned or hereafter acquired by Grantor, *other than* software embedded in any category of Goods, including all computer programs and all supporting information provided in connection with a transaction related to any program.

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

“Trademarks” means (i) all trademarks, trademark licenses, trade names, corporate names, company names, business names, fictitious business names, trade service marks, certification marks, collective marks, logos, other business identifiers, all registrations, recordings, and applications thereof, including, without limitation, registrations, recordings, and applications 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, including, without limitation, those set forth on **Schedule III**; (ii) all reissues, extensions, and renewals thereof; (iii) all income, royalties, damages, and payments now or hereafter relating to or payable under any of the foregoing, including, without limitation, damages or payments for past or future infringements of any of the foregoing; (iv) the right to sue for past, present, and future infringements of any of the foregoing; (v) all rights corresponding to any of the foregoing throughout the world; and (vi) all goodwill associated with and symbolized by any of the foregoing, in each case, whether now owned or hereafter acquired by Grantor.

“**UCC**” means the Uniform Commercial Code, as in effect from time to time, of the State of Texas or of any other state the laws of which are required as a result thereof to be applied in connection with the issue of perfection of security interests.

“**Uniform Commercial Code jurisdiction**” means any jurisdiction that has adopted “**Revised Article 9**” of the UCC on or after July 1, 2001.

2. GRANT OF LIEN.

(a) As security for all Obligations, Grantor hereby grants to Secured Party, for the benefit of Secured Party, a continuing security interest in, lien on, assignment of and right of set-off against, all of the following property and assets of Grantor, whether now owned or existing or hereafter acquired or arising, regardless of where located:

- (i) all Accounts;
- (ii) all Inventory;
- (iii) all contract rights, including Assigned Contracts;
- (iv) all Chattel Paper;
- (v) all Documents;
- (vi) all Instruments;
- (vii) all Supporting Obligations and Letter-of-Credit Rights;
- (viii) all General Intangibles (including payment intangibles and Software);
- (ix) all Goods;
- (x) all Equipment;

(xi) all Investment Property; *provided that* Pledged Securities issued by any Person that is not organized under the laws of a state of the United States shall be limited to 65% of the capital stock of such Person;

(xii) all Partnership Interests (and all rights of Grantor with respect thereto, including, without limitation, all of Grantor’s distribution rights, income rights, liquidation interest, accounts, contract rights, general intangibles, notes, instruments, drafts, and documents relating to the Partnership Interests; *provided that* Partnership Interests issued by any Person that is not organized under the laws of a state of the United States shall be limited to 65% of the Partnership Interests issued by such Person;

(xiii) all Intellectual Property Collateral;

(xiv) all money, cash, cash equivalents, securities, and other property of any kind of Grantor held directly or indirectly by Secured Party;

(xv) all of Grantor's Deposit Accounts, credits, and balances with and other claims against Secured Party or any of their Affiliates or any other financial institution with which Grantor maintains deposits, including any Payment Accounts;

(xvi) all books, records and other property related to or referring to any of the foregoing, including books, records, account ledgers, data processing records, computer software and other property and General Intangibles at any time evidencing or relating to any of the foregoing; and

(xvii) all accessions to, substitutions for and replacements, products, and proceeds of any of the foregoing, including, but not limited to, proceeds of any insurance policies, claims against third parties, and condemnation or requisition payments with respect to all or any of the foregoing.

(xviii) all present and future Accounts, Contract Rights, General Intangibles, Chattel Paper, Documents, Instruments, cash and noncash proceeds, and other rights arising from or by virtue of, or from the voluntary or involuntary sale or other disposition of, or collections with respect to, or insurance proceeds payable with respect to, or proceeds payable by virtue of warranty or other claims against the manufacturer of, or claims against any other Person with respect to, all or any part of the Collateral heretofore described in this clause or otherwise; and

(xix) all present and future security for the payment to any Borrower or Guarantor of any of the Collateral described above and goods which gave or will give rise to any such Collateral or are evidenced, identified, or represented therein or thereby.

All of the foregoing, and all other property of Grantor in which Secured Party may at any time be granted a Lien as collateral for the Obligations, is herein collectively referred to as the "*Collateral*."

(b) All of the Obligations shall be secured by all of the Collateral.

3. PERFECTION AND PROTECTION OF SECURITY INTEREST.

(a) Grantor shall, at its expense, perform all steps requested by Secured Party at any time to perfect, maintain, protect, and enforce Secured Party's Liens, including: (i) executing, delivering, and/or filing and recording of the Security Agreement, and financing or continuation statements, and amendments thereof, in form and substance reasonably satisfactory to Secured Party; (ii) delivering to Secured Party warehouse receipts covering any portion of the Collateral located in warehouses and for which warehouse receipts are issued and certificates of title covering any portion of the collateral for which certificates of title have been issued; (iii) when an Event of Default has occurred and is continuing, transferring Inventory to warehouses or other locations designated by Secured Party; (iv) placing notations on Grantor's books of account to disclose Secured Party's security interest; and (v) taking such other steps as are deemed necessary or desirable by Secured Party to maintain and protect Secured Party's Liens. Grantor agrees that a carbon, photographic, photostatic, or other reproduction of this Security Agreement or of a financing statement is sufficient as a financing statement.

(b) *Unless* Secured Party shall otherwise consent in writing (which consent may be revoked), Grantor shall deliver to Secured Party all Collateral consisting of negotiable Documents,

certificated securities (accompanied by stock powers executed in blank), Chattel Paper, and Instruments promptly after Grantor receives the same.

(c) Grantor shall, upon the request of Secured Party, obtain or use its best efforts to obtain waivers or subordinations of Liens from landlords and mortgagees, and Grantor shall in all instances obtain signed acknowledgements of Secured Party's Liens from bailees having possession of any Collateral that they hold for the benefit of Secured Party.

(d) Upon the request of Secured Party, Grantor shall obtain authenticated control agreements from each issuer of uncertificated securities, securities intermediary, or commodities intermediary issuing or holding any financial assets or commodities to or for Grantor.

(e) If Grantor is or becomes the beneficiary of a letter of credit, Grantor shall promptly notify Secured Party thereof and enter into a tri-party agreement with Secured Party and the issuer and/or confirmation bank with respect to Letter-of-Credit Rights assigning such Letter-of-Credit Rights to Secured Party and directing all payments thereunder to the Payment Account, all in form and substance reasonably satisfactory to Secured Party.

(f) Grantor shall take all steps necessary to grant Secured Party control of all electronic chattel paper in accordance with the UCC and all "*transferable records*" as defined in the *Uniform Electronic Transactions Act*.

(g) Grantor hereby irrevocably authorizes Secured Party at any time and from time to time to file in any filing office in any Uniform Commercial Code jurisdiction any initial financing statements and amendments thereto that (i) indicate the Collateral (1) as all assets of Grantor or words of similar effect, regardless of whether any particular asset comprised in the Collateral falls within the scope of *Article 9* of the UCC of the State of Texas or such jurisdiction, or (2) as being of an equal or lesser scope or with greater detail, and (ii) contain any other information required by *part 5* of *Article 9* of the UCC of the State of Texas for the sufficiency or filing office acceptance of any financing statement or amendment, including (1) whether Grantor is an organization, the type of organization, and any organization identification number issued to Grantor, and (2) in the case of a financing statement filed as a fixture filing or indicating Collateral as as-extracted collateral or timber to be cut, a sufficient description of real property to which the Collateral relates. Grantor agrees to furnish any such information to Secured Party promptly upon request. Grantor also ratifies its authorization for 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.

(h) Grantor shall promptly notify Secured Party of any commercial tort claim (as defined in the UCC) acquired by it, and, upon the request of Secured Party, Grantor shall enter into a supplement to this Security Agreement, granting to Secured Party a Lien in such commercial tort claim.

(i) From time to time, Grantor shall, upon Secured Party's request, execute and deliver confirmatory written instruments pledging to Secured Party, for the ratable benefit of Secured Party, the Collateral, but Grantor's failure to do so shall not affect or limit any security interest or any other rights of Secured Party in and to the Collateral with respect to Grantor. *So long as* the Credit Agreement is in effect and until all Obligations have been fully satisfied, Secured Party's Liens shall continue in full force and effect in all Collateral (whether or not deemed eligible for the basis for any advance, loan, extension of credit, or other financial accommodation).

(j) Without limiting the prohibitions on mergers involving Grantor contained in the Credit Agreement, Grantor shall not reincorporate or reorganize itself under the laws of any jurisdiction *other than* the jurisdiction in which it is incorporated or organized as of the date hereof or change its type of entity as identified on **Schedule II** without the prior written consent of Secured Party.

(k) Grantor acknowledges that it is not authorized to file any financing statement or amendment or termination statement with respect to any financing statement without the prior written consent of Secured Party and agrees that it will not do so without the prior written consent of Secured Party, subject to Grantor's rights under Section 9-509(d)(2) of the UCC.

(l) Grantor shall not enter into any contract that restricts or prohibits the grant of a security interest in Accounts, Chattel Paper, Instruments or payment intangibles or the proceeds of the foregoing to Secured Party.

4. **CREDIT AGREEMENT.** Grantor acknowledges to Secured Party that certain representations and warranties in the Credit Agreement are applicable to it or its assets or operations, and each such representation and warranty is true and correct. From the date hereof, Grantor covenants and agrees with Secured Party that it will comply with, perform, and be bound by all covenants and agreements in the Credit Agreement and other Loan Documents that are applicable to it, its assets, or its operations, each of which is hereby ratified and confirmed.

5. **BENEFIT TO GRANTOR** . The value of the consideration received and to be received by the Grantor as a result of Borrowers and Secured Party entering into the Loan Agreement and the Grantor executing and delivering this Agreement is reasonably worth at least as much as the liability and obligation of the Grantor hereunder, and such liability and obligation and Borrowers' entering into the Loan Agreement have benefited and may reasonably be expected to benefit the Grantor directly and indirectly.

6. **LOCATION OF COLLATERAL.** (a) Grantor represents and warrants to Secured Party that: (i) **Schedule I** is a correct and complete list of the location of Grantor's chief executive office, the location of its books and records, the locations of the Collateral, and the locations of all of its other places of business; and (ii) **Schedule I** correctly identifies any of such facilities and locations that are not owned by Grantor and sets forth the names of the owners and lessors or sublessors of such facilities and locations. Grantor covenants and agrees that it will not (i) maintain any Collateral at any location *other than* those locations listed for Grantor on **Schedule I**, (ii) otherwise change or add to any of such locations, or (iii) change the location of its chief executive office from the location identified in **Schedule I**, *unless* it gives Secured Party at least 30 days' prior written notice thereof and executes any and all documents or other instruments that Secured Party reasonably requests in connection therewith. Without limiting the foregoing, Grantor represents that, *except* as Grantor otherwise advises Secured Party and Secured Party otherwise agrees, all of its Inventory (*other than* Inventory in transit) is, and covenants that all of its Inventory will be, located either (i) on premises owned by Grantor, (ii) on premises leased by Grantor, *provided that* Secured Party has received an executed landlord waiver from the landlord of such premises in form and substance satisfactory to Secured Party, or (iii) in a warehouse or with a bailee, *provided that* Secured Party has received an executed bailee letter from the applicable Person in form and substance satisfactory to Secured Party.

7. **JURISDICTION OF ORGANIZATION.** **Schedule II** identifies Grantor's name as of the Closing Date as it appears in official filings in the state of its incorporation or other organization, the type of entity of Grantor (including corporation, partnership, limited partnership, or limited liability

company), organizational identification number issued by Grantor's state of incorporation or organization or a statement that no such number has been issued, and the jurisdiction in which Grantor is incorporated or organized. Grantor has only one state of incorporation or organization.

8. TITLE TO, LIENS ON, AND SALE AND USE OF COLLATERAL. Grantor represents and warrants to Secured Party that: (a) Grantor has rights in and the power to transfer all of the Collateral free and clear of all Liens whatsoever, *except* for Permitted Liens; (b) Secured Party's Liens in the Collateral will not be subject to any prior Lien *except* for Permitted Liens; and (c) Grantor will use, store, and maintain the Collateral with all reasonable care and will use such Collateral for lawful purposes only.

9. APPRAISALS. At such times and upon such terms as are set forth in the Credit Agreement, Grantor shall, at its expense and upon Secured Party's request, provide Secured Party with appraisals or updates thereof of any or all of the Collateral from an appraiser, and prepared on a basis, satisfactory to Secured Party, such appraisals and updates to include, without limitation, information required by applicable law and regulation and by the internal policies of Secured Party.

10. ACCESS AND EXAMINATION. At such times and upon such terms as are set forth in the Credit Agreement, Secured Party may have access to, examine, audit, make extracts from or copies of, and inspect any or all of Grantor's records, files, and books of account and the Collateral, and discuss Grantor's affairs with Grantor's officers and management. Grantor will deliver to Secured Party any instrument necessary for Secured Party to obtain records from any service bureau maintaining records for Grantor. Secured Party may at any time when a Default or Event of Default exists, and at Grantor's expense, make copies of all of Grantor's books and records, or require Grantor to deliver such copies to Secured Party. Secured Party may, without expense to Secured Party, use such of Grantor's respective personnel, supplies, and real estate as may be reasonably necessary for maintaining or enforcing Secured Party's Liens. Secured Party shall have the right, at any time, in Secured Party's name or in the name of a nominee of Secured Party, to verify the validity, amount or any other matter relating to the Accounts, Inventory, or other Collateral, by mail, telephone, or otherwise.

11. INVENTORY; PERPETUAL INVENTORY.

(a) Grantor represents and warrants to Secured Party and agrees with Secured Party that all of the Inventory owned by Grantor is and will be held for sale or lease, or to be furnished in connection with the rendition of services, in the ordinary course of Grantor's business, and is and will be fit for such purposes. Grantor will keep its Inventory in good and marketable condition, *except* for damaged or defective goods arising in the ordinary course of Grantor's business. Grantor will not, without the prior written consent of Secured Party, acquire or accept any Inventory on consignment or approval. Grantor agrees that all Inventory produced by Grantor in the United States of America will be produced in accordance with the Federal Fair Labor Standards Act of 1938, as amended, and all rules, regulations, and orders thereunder. Grantor will conduct a physical count of the Inventory at least once per Fiscal Year, and after and during the continuation of an Event of Default, at such other times as Secured Party requests. Grantor will maintain a perpetual inventory reporting system at all times. Grantor will not, without Secured Party's written consent, sell any Inventory on a bill-and-hold, guaranteed sale, sale and return, sale on approval, consignment, or other repurchase or return basis.

(b) In connection with all Inventory financed by Letters of Credit, Grantor will, at Secured Party's request, instruct all suppliers, carriers, forwarders, customs brokers, warehouses, or others receiving or holding cash, checks, Inventory, Documents, or Instruments in which Secured Party

holds a security interest to deliver them to Secured Party and/or subject to Secured Party's order, and if they shall come into Grantor's possession, to deliver them, upon request, to Secured Party in their original form. Grantor shall also, at Secured Party's request, designate Secured Party as the consignee on all bills of lading and other negotiable and non-negotiable documents.

12. EQUIPMENT.

(a) Grantor represents and warrants to Secured Party and agrees with Secured Party that all of the Equipment owned by Grantor is and will be used or held for use in Grantor's business. Grantor shall keep and maintain its Equipment in good operating condition and repair (ordinary wear and tear excepted) and shall make all necessary replacements thereof.

(b) Grantor shall promptly inform Secured Party of any material additions to or deletions from the Equipment. Grantor shall not permit any Equipment to become a fixture with respect to real property or to become an accession with respect to other personal property with respect to which real or personal property Secured Party does not have a Lien. Grantor will not, without Secured Party's prior written consent, alter or remove any identifying symbol or number on any of Grantor's Equipment constituting Collateral.

(c) *Except* as set forth in the Credit Agreement, Grantor shall not, without Secured Party's prior written consent, sell, license, lease as a lessor, or otherwise dispose of any of Grantor's Equipment.

13. ASSIGNED CONTRACTS. Grantor shall fully perform all of its obligations under each of the Assigned Contracts, and shall enforce all of its rights and remedies thereunder, in each case, as it deems appropriate in its business judgment; *provided, however*, that Grantor shall not take any action or fail to take any action with respect to its Assigned Contracts which would cause the termination of a material Assigned Contract. Without limiting the generality of the foregoing, Grantor shall take all action necessary or appropriate to permit, and shall not take any action which would have any materially adverse effect upon, the full enforcement of all indemnification rights under its Assigned Contracts. Grantor shall notify Secured Party in writing, promptly after Grantor becomes aware thereof, of any event or fact which could give rise to a material claim by it for indemnification under any of its Assigned Contracts, and shall diligently pursue such right and report to Secured Party on all further developments with respect thereto. If an Event of Default has occurred and is continuing, Grantor shall deposit into the Payment Account or remit directly to Secured Party for application to the Obligations in such order as Secured Party shall determine, all amounts received by Grantor as indemnification or otherwise pursuant to its Assigned Contracts. If Grantor shall fail after Secured Party's demand to pursue diligently any right under its Assigned Contracts, or if an Event of Default then exists, Secured Party may directly enforce such right in its own or Grantor's name and may enter into such settlements or other agreements with respect thereto as Secured Party shall determine. In any suit, proceeding or action brought by Secured Party under any Assigned Contract for any sum owing thereunder or to enforce any provision thereof, Grantor shall indemnify and hold Secured Party harmless from and against all expense, loss, or damage suffered by reason of any defense, setoff, counterclaims, recoupment, or reduction of liability whatsoever of the obligor thereunder arising out of a breach by Grantor of any obligation thereunder or arising out of any other agreement, indebtedness, or liability at any time owing from Grantor to or in favor of such obligor or its successors. All such obligations of Grantor shall be and remain enforceable only against Grantor and shall not be enforceable against Secured Party. Notwithstanding any provision hereof to the contrary, Grantor shall at all times remain liable to observe and perform all of its duties and obligations under its Assigned Contracts, and Secured Party's exercises of any of their respective rights

with respect to the Collateral shall not release Grantor from any of such duties and obligations. Secured Party shall not be obligated to perform or fulfill any of Grantor's duties or obligations under its Assigned Contracts or to make any payment thereunder, or to make any inquiry as to the nature or sufficiency of any payment or property received by it thereunder or the sufficiency of performance by any party thereunder, or to present or file any claim, or to take any action to collect or enforce any performance, any payment of any amounts, or any delivery of any property.

14. DOCUMENTS, INSTRUMENTS, AND CHATTEL PAPER. Grantor represents and warrants to Secured Party that (a) all Documents, Instruments, and Chattel Paper describing, evidencing, or constituting Collateral, and all signatures and endorsements thereon, are and will be complete, valid, and genuine, and (b) all goods evidenced by such Documents, Instruments, Letter of Credit Rights, and Chattel Paper are and will be owned by Grantor, free and clear of all Liens *other than Permitted Liens*. If Grantor retains possession of any Chattel Paper or Instruments with Secured Party's consent, such Chattel Paper and Instruments shall be marked with the following legend: "*This writing and the obligations evidenced or served hereby are subject to the security interest of Bank of America, N.A., as Secured Party.*"

15. INTELLECTUAL PROPERTY COLLATERAL.

(a) Grantor does not have any interest in, or title to, any Patent, Trademark, or Copyright *except* as set forth in *Schedule III*. This Security Agreement is effective to create a valid and continuing Lien on and, upon filing of this Security Agreement with the United States Copyright Office and with the United States Patent and Trademark Office, perfected Liens in favor of Secured Party on Grantor's Patents, Trademarks, and Copyrights and such perfected Liens are enforceable as such as against any and all creditors of and purchasers from Grantor. Upon filing of this Security Agreement with the United States Copyright Office and with the United States Patent and Trademark Office and the filing of appropriate financing statements, all action necessary or desirable to protect and perfect Secured Party's Lien on Grantor's Patents, Trademarks or Copyrights shall have been duly taken.

(b) Grantor shall notify Secured Party immediately if it knows or has reason to know that any application or registration relating to any Intellectual Property Collateral (now or hereafter existing) may become abandoned or dedicated, or of any adverse determination or development (including the institution of, or any such determination or development in, any proceeding in the United States Patent and Trademark Office, the United States Copyright Office or any court) regarding Grantor's ownership of any patent, trademark, or copyright, its right to register the same, or to keep and maintain the same.

(c) In no event shall Grantor, either directly or through any agent, employee, licensee, or designee, file an application for the registration of any Intellectual Property Collateral with the United States Patent and Trademark Office, the United States Copyright Office, or any similar office or agency without giving Secured Party prior written notice thereof, and, upon request of Secured Party, Grantor shall execute and deliver any and all patent security agreements, copyright security agreements, or trademark security agreements as Secured Party may request to evidence Secured Party's Lien on such Intellectual Property Collateral, and the General Intangibles of Grantor relating thereto or represented thereby.

(d) Grantor shall take all actions necessary or requested by Secured Party to maintain and pursue each application, to obtain the relevant registration, and to maintain the registration of each of the Intellectual Property Collateral (now or hereafter existing), including the filing of

applications for renewal, affidavits of use, affidavits of noncontestability and opposition and interference and cancellation proceedings, *unless* Grantor shall determine that such Intellectual Property Collateral is not material to the conduct of its business.

(e) In the event that any of the Intellectual Property Collateral is infringed upon, or misappropriated, or diluted by a third party, Grantor shall notify Secured Party promptly after Grantor learns thereof. Grantor shall, *unless* it shall reasonably determine that such Intellectual Property Collateral is in no way material to the conduct of its business or operations taken as a whole, promptly sue for infringement, misappropriation, or dilution and to recover any and all damages for such infringement, misappropriation, or dilution, and shall take such other actions as Secured Party shall deem appropriate under the circumstances to protect such Intellectual Property Collateral.

16. PLEGGED SECURITIES.

(a) All Collateral that is Pledged Securities is duly authorized, validly issued, fully paid, and non-assessable, and the transfer thereof is not subject to any restrictions, *other than* restrictions imposed by applicable securities and corporate laws. The Pledged Securities include 100% of the issued and outstanding capital stock or other equity interests of each issuer of the Pledged Securities owned by Grantor. Grantor has good title to the Pledged Securities, free and clear of all liens and encumbrances thereon (*except* for Permitted Liens), and has delivered to Secured Party (i) all stock certificates, or other instruments or documents representing or evidencing the Pledged Securities, *together with* corresponding assignments or stock powers duly executed in blank by Grantor, and such powers have been duly and validly executed and are binding and enforceable against Grantor in accordance with their terms or (ii) to the extent such Pledged Securities are uncertificated, an executed control agreement with respect to such Pledged Securities. The pledge of the Pledged Securities in accordance with the terms hereof creates a valid and perfected first priority security interest in the Pledged Securities securing payment of the Obligations.

(b) Except as permitted by the Credit Agreement, Grantor shall (i) not sell, exchange, or otherwise dispose of, or grant any option, warrant, or other right with respect to, any of the Pledged Securities; (ii) to the extent any issuer of any Pledged Securities is controlled by Grantor and/or its Affiliates, not permit such issuer to issue any additional shares of stock or other securities in addition to or in substitution for the Pledged Securities, *except* issuances to Grantor on terms acceptable to Secured Party; (iii) pledge hereunder, immediately upon Grantor's acquisition (directly or indirectly) thereof, any and all additional shares of capital stock or other securities of each Subsidiary of Grantor (subject, however, to the proviso in *Section 2(a)(xi)* hereof); and (iv) take any action necessary, required, or requested by Secured Party to allow Secured Party to fully enforce its security interest in the Pledged Securities, including, without limitation, the filing of any claims with any court, liquidator, trustee, custodian, receiver, or other like person or party.

17. PARTNERSHIPS AND PARTNERSHIP INTERESTS.

(a) Each Partnership issuing a Partnership Interest, is duly organized, validly existing, and, to the extent applicable, in good standing under all applicable laws; there have been no amendments, modifications, or supplements to any Partnership Agreement, of which Secured Party has not been advised in writing; no default or breach or potential default or breach has occurred and is continuing under any Partnership Agreement; and no approval or consent of the partners of any Partnership is required as a condition to the validity and enforceability of the security interest created hereby or the consummation of the transactions contemplated hereby which has not been duly obtained by Grantor. Grantor has good title to the Partnership Interests free and clear of all Liens and encumbrances (*except* for Permitted Liens). The Partnership Interests are validly issued and are not subject to statutory, contractual, or other restrictions governing their transfer, ownership, or control, *except* as set forth in the applicable Partnership Agreements or applicable securities laws. All capital contributions required to be made by Grantor as of the date of this Agreement by the terms of the Partnership Agreement for each Partnership have been made.

(b) Grantor shall (i) promptly perform, observe, and otherwise comply with each and every material covenant, agreement, requirement, and condition set forth in the Partnership Agreement of each Partnership; (ii) do or cause to be done all things necessary or appropriate to keep each Partnership Interest in full force and effect and the rights of Grantor and Secured Party thereunder unimpaired; (iii) *except* as expressly permitted by the Credit Agreement, not consent to any Partnership selling, leasing, or disposing of substantially all of its assets in a single transaction or a series of transactions; (iv) notify Secured Party of the occurrence of any default or breach or potential default or breach under the Partnership Agreement of any Partnership; (v) not consent to any amendment or modification of any Partnership Agreement that could reasonably be expected to have a Material Adverse Effect; (vi) *except* as expressly permitted by the Credit Agreement, not transfer, sell, or assign any of the Partnership Interests or any part thereof; (vii) to the extent any Partnership is controlled by Grantor and/or its Affiliates, cause such Partnership to refrain from granting any Partnership Interests in addition to or in substitution for the Partnership Interests granted by the Partnerships, *except* to Grantor; (viii) pledge hereunder, immediately upon Grantor's acquisition (directly or indirectly) thereof, any and all additional Partnership Interests of any Partnership granted to Grantor (subject to the proviso in **Section 2(a)(xii)** hereof); (ix) deliver to Secured Party a fully-executed acknowledgment of pledge acceptable to Secured Party for each Partnership Interest; and (x) take any action necessary, required, or requested by Secured Party to allow Secured Party to fully enforce its security interest in the Partnership Interests, including, without limitation, the filing of any claims with any court, liquidator, trustee, custodian, receiver, or other like Person or party.

18. RIGHT TO CURE. Secured Party may, in its discretion, pay any amount or do any act required of Grantor hereunder or under any other Loan Document in order to preserve, protect, maintain, or enforce the Obligations, the Collateral, or Secured Party's Liens therein, and which Grantor fails to pay or do, including payment of any judgment against Grantor, any insurance premium, any warehouse charge, any finishing or processing charge, any landlord's or bailee's claim, and any other Lien upon or with respect to the Collateral. All payments that Secured Party makes under this **Section 18** and all out-of-pocket costs and expenses that Secured Party pays or incurs in connection with any action taken by it hereunder shall be charged to Borrowers' Loan Account as a Revolving Credit Loan. Any payment made or other action taken by Secured Party under this **Section 18** shall be without prejudice to any right to assert an Event of Default hereunder and to proceed thereafter as herein provided.

19. POWER OF ATTORNEY. Grantor hereby appoints Secured Party and Secured Party's designee as Grantor's attorney, with power: (a) to endorse Grantor's name on any checks, notes, acceptances, money orders, or other forms of payment or security that come into Secured Party's possession; (b) to sign Grantor's name on any invoice, bill of lading, warehouse receipt, or other negotiable or non-negotiable Document constituting Collateral, on drafts against customers, on assignments of Accounts, on notices of assignment, financing statements, and other public records, and to file any such financing statements by electronic means with or without a signature as authorized or required by applicable law or filing procedure; (c) *so long as* any Event of Default has occurred and is continuing, to notify the post office authorities to change the address for delivery of Grantor's mail to an address designated by Secured Party and to receive, open, and dispose of all mail addressed to Grantor; (d) to send requests for verification of Accounts to customers or Account Debtors; (e) to complete in Grantor's name or Secured Party's name, any order, sale, or transaction, obtain the necessary Documents in connection therewith, and collect the proceeds thereof; (f) to clear Inventory through customs in Grantor's name, Secured Party's name, or the name of Secured Party's designee, and to sign and deliver to customs officials powers of attorney in Grantor's name for such purpose; (g) to the extent that Grantor's authorization given in **Section 3(g)** of this Security Agreement is not sufficient, to file such financing statements with respect to this Security Agreement, with or without Grantor's signature, or to file a photocopy of this Security Agreement in substitution for a financing statement, as Secured Party may deem appropriate and to execute in Grantor's name such financing statements and amendments thereto and continuation statements which may require Grantor's signature; and (h) to do all things necessary to carry out the Credit Agreement and this Security Agreement. Grantor ratifies and approves all acts of such attorney. Neither Secured Party nor their attorneys will be liable for any acts or omissions or for any error of judgment or mistake of fact or law *except* for their willful misconduct, gross negligence, or violation of law. This power, being coupled with an interest, is irrevocable until the Credit Agreement has been terminated and the Obligations have been fully satisfied.

20. SECURED PARTY'S RIGHTS, DUTIES, AND LIABILITIES.

(a) Grantor assumes all responsibility and liability arising from or relating to the use, sale, license, or other disposition of the Collateral. The Obligations shall not be affected by any failure of Secured Party to take any steps to perfect Secured Party's Liens or to collect or realize upon the Collateral, nor shall loss of or damage to the Collateral release Grantor from any of the Obligations. Following the occurrence and during the continuation of an Event of Default, Secured Party may (but shall not be required to), without notice to or consent from Grantor, sue upon or otherwise collect, extend the time for payment of, modify or amend the terms of, compromise or settle for cash, credit, or otherwise upon any terms, grant other indulgences, extensions, renewals, compositions, or releases, and take or omit to take any other action with respect to the Collateral, any security therefor, any agreement relating thereto, any insurance applicable thereto, or any Person liable directly or indirectly in connection

with any of the foregoing, without discharging or otherwise affecting the liability of Grantor for the Obligations or under the Credit Agreement or any other agreement now or hereafter existing between Secured Party and Grantor.

(b) It is expressly agreed by Grantor that, anything herein to the contrary notwithstanding, Grantor shall remain liable under each of its contracts and each of its licenses to observe and perform all the conditions and obligations to be observed and performed by it thereunder. Secured Party shall not have any obligation or liability under any contract or license by reason of or arising out of this Security Agreement or the granting herein of a Lien thereon or the receipt by Secured Party of any payment relating to any contract or license pursuant hereto. Secured Party shall not be required or obligated in any manner to perform or fulfill any of the obligations of Grantor under or pursuant to any contract or license, or to make any payment, or to make any inquiry as to the nature or the sufficiency of any payment received by it or the sufficiency of any performance by any party under any contract or license, or to present or file any claims, or to take any action to collect or enforce any performance or the payment of any amounts which may have been assigned to it or to which it may be entitled at any time or times.

(c) Secured Party may at any time after a Default or an Event of Default has occurred and be continuing (or if any rights of set-off (*other than* set-offs against an Account arising under the contract giving rise to the same Account) or contra accounts may be asserted with respect to the following), without prior notice to Grantor, notify Account Debtors and other Persons obligated on the Collateral that Secured Party has a security interest therein, and that payments shall be made directly to Secured Party. Upon the request of Secured Party, Grantor shall so notify Account Debtors and other Persons obligated on Collateral. Once any such notice has been given to any Account Debtor or other Person obligated on the Collateral, Grantor shall not give any contrary instructions to such Account Debtor or other Person without Secured Party's prior written consent.

(d) If an Event of Default has occurred and is continuing, Secured Party may at any time in Secured Party's own name or in the name of Grantor communicate with Account Debtors, parties to Assigned Contracts, and obligors in respect of Instruments to verify with such Persons, to Secured Party's satisfaction, the existence, amount, and terms of Accounts, payment intangibles, Instruments, or Chattel Paper. If an Event of Default has occurred and is continuing, Grantor, at its own expense, shall cause the independent certified public accountants then engaged by Grantor to prepare and deliver to Secured Party at any time and from time to time promptly upon Secured Party's request the following reports with respect to Grantor: (i) a reconciliation of all Accounts; (ii) an aging of all Accounts; (iii) trial balances; and (iv) a test verification of such Accounts as Secured Party may request. Grantor, at its own expense, shall deliver to Secured Party the results of each physical verification, if any, which Grantor may in its discretion have made, or caused any other Person to have made on its behalf, of all or any portion of its Inventory.

21. INDEMNIFICATION. In any suit, proceeding, or action brought by Secured Party relating to any Collateral for any sum owing with respect thereto or to enforce any rights or claims with respect thereto, Grantor will save, indemnify, and keep Secured Party harmless from and against all expense (including reasonable attorneys' fees and expenses), loss, or damage suffered by reason of any defense, setoff, counterclaim, recoupment, or reduction of liability whatsoever of the Account Debtor or other Person obligated on the Collateral, arising out of a breach by Grantor of any obligation thereunder or arising out of any other agreement, indebtedness, or liability at any time owing to, or in favor of, such obligor or its successors from Grantor, *except* in the case of Secured Party, to the extent such expense, loss, or damage is attributable solely to the gross negligence or willful misconduct of Secured Party as

finally determined by a court of competent jurisdiction. All such obligations of Grantor shall be and remain enforceable against and only against Grantor and shall not be enforceable against Secured Party.

22. LIMITATION ON LIENS ON COLLATERAL. Grantor will not create, permit, or suffer to exist, and will defend the Collateral against, and take such other action as is necessary to remove, any Lien on the Collateral *except* Permitted Liens, and will defend the right, title, and interest of Secured Party in and to any of Grantor's rights under the Collateral against the claims and demands of all Persons whomsoever.

23. NOTICE REGARDING COLLATERAL. Grantor will advise Secured Party promptly, in reasonable detail, of any Lien (*other than* Permitted Liens) or claim made or asserted against any of the Collateral.

24. REMEDIES; RIGHTS UPON DEFAULT.

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

(b) Grantor further agrees, at Secured Party's request, to assemble the Collateral and make it available to Secured Party at a place or places designated by Secured Party which are reasonably convenient to Secured Party and Grantor, whether at Grantor's premises or elsewhere. Until Secured Party is able to effect a sale, lease, or other disposition of Collateral, Secured Party shall have the right to hold or use Collateral, or any part thereof, to the extent that it deems appropriate for the purpose of preserving Collateral or its value or for any other purpose deemed appropriate by Secured Party. Secured Party shall have no obligation to Grantor to maintain or preserve the rights of Grantor as against third parties with respect to Collateral while Collateral is in the possession of Secured Party. Secured Party may, if it so elects, seek the appointment of a receiver or keeper to take possession of Collateral and to enforce any of Secured Party's remedies (for the benefit of Secured Party), with respect to such

appointment without prior notice or hearing as to such appointment. To the maximum extent permitted by applicable law, Grantor waives all claims, damages, and demands against Secured Party arising out of the repossession, retention, or sale of the Collateral *except* such as arise solely out of the gross negligence or willful misconduct of Secured Party as finally determined by a court of competent jurisdiction. Grantor agrees that ten days prior notice by Secured Party of the time and place of any public sale or of the time after which a private sale may take place is reasonable notification of such matters. Grantor shall remain liable for any deficiency if the proceeds of any sale or disposition of the Collateral are insufficient to pay all Obligations, including any attorneys' fees or other expenses incurred by Secured Party to collect such deficiency.

(c) Secured Party shall apply the proceeds of any sale or other disposition of the Collateral under this **Section 24** in the following order: *first*, to the payment of all expenses incurred in retaking, holding, and preparing any of the Collateral for sale(s) or other disposition, in arranging for such sale(s) or other disposition, and in actually selling or disposing of the same (all of which are part of the Obligation); *second*, toward payment of the balance of the Obligation in the order and manner specified in the Credit Agreement. Any surplus remaining shall be delivered to Grantor or as a court of competent jurisdiction may direct. If the proceeds are insufficient to pay the Obligation in full, Grantor shall remain liable for any deficiency.

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

(e) To the extent that applicable law imposes duties on Secured Party to exercise remedies in a commercially reasonable manner, Grantor acknowledges and agrees that it is not commercially unreasonable for Secured Party (a) to fail to incur expenses reasonably deemed significant by 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, (b) 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, (c) to fail to exercise collection remedies against Account Debtors or other Persons obligated on Collateral or to remove Liens on or any adverse claims against Collateral, (d) 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, (e) to advertise dispositions of Collateral through publications or media of general circulation, whether or not the Collateral is of a specialized nature, (f) to contact other Persons, whether or not in the same business as Grantor, for expressions of interest in acquiring all or any portion of such Collateral, (g) to hire one or more professional auctioneers to assist in the disposition of Collateral, whether or not the Collateral is of a specialized nature, (h) to dispose of Collateral by utilizing internet sites that provide for the auction of assets of the types included in the Collateral or that have the reasonable capacity of doing so, or that match buyers and sellers of assets, (i) to dispose of assets in wholesale rather than retail markets, (j) to disclaim disposition warranties, such as title, possession, or quiet enjoyment, (k) to purchase insurance or credit enhancements to insure Secured Party against risks of loss, collection, or disposition of Collateral or to provide to Secured Party a guaranteed return from the collection or disposition of Collateral, or (l) to the extent deemed appropriate by Secured Party, to obtain the services of other brokers, investment bankers, consultants and other professionals to assist Secured Party in the collection or disposition of any of the Collateral. Grantor acknowledges that the purpose of this **Section 24(d)** is to provide non-exhaustive indications of what actions or omissions by Secured Party would not be commercially unreasonable in Secured Party's exercise of remedies against the Collateral and that other actions or

omissions by Secured Party shall not be deemed commercially unreasonable solely on account of not being indicated in this **Section 24(d)**. Without limitation upon the foregoing, nothing contained in this **Section 24(d)** shall be construed to grant any rights to Grantor or to impose any duties on Secured Party that would not have been granted or imposed by this Security Agreement or by applicable law in the absence of this **Section 24(d)**.

(f) (i) Grantor agrees that, because of the Securities Act of 1933, as amended, or the rules and regulations promulgated thereunder (collectively, the "**Securities Act**"), or any other laws or regulations, and for other reasons, there may be legal or practical restrictions or limitations affecting Secured Party in any attempts to dispose of certain portions of the Pledged Securities or Partnership Interests and for the enforcement of its rights. For these reasons, Secured Party is hereby authorized by Grantor, but not obligated, upon the occurrence and during the continuation of a Default, to sell all or any part of the Pledged Securities or Partnership Interests at private sale, subject to investment letter or in any other manner which will not require the Pledged Securities or Partnership Interests, or any part thereof, to be registered in accordance with the Securities Act or any other laws or regulations, at a reasonable price at such private sale or other distribution in the manner mentioned above. Grantor understands that Secured Party may in its discretion approach a limited number of potential purchasers and that a sale under such circumstances may yield a lower price for the Pledged Securities or Partnership Interests, or any part thereof, than would otherwise be obtainable if such Collateral were either afforded to a larger number or potential purchasers, registered under the Securities Act, or sold in the open market. Grantor agrees that any such private sale made under this **Section 24(e)** shall be deemed to have been made in a commercially reasonable manner, and that Secured Party has no obligation to delay the sale of any Pledged Securities or Partnership Interests to permit the issuer thereof to register it for public sale under any applicable federal or state securities laws.

(ii) Secured Party is authorized, in connection with any such sale, (A) to restrict the prospective bidders on or purchasers of any of the Pledged Securities or Partnership Interests to a limited number of sophisticated investors who will represent and agree that they are purchasing for their own account for investment and not with a view to the distribution or sale of any of such Pledged Securities or Partnership Interests, and (B) to impose such other limitations or conditions in connection with any such sale as Secured Party reasonably deems necessary in order to comply with applicable law. Grantor covenants and agrees that it will execute and deliver such documents and take such other action as Secured Party reasonably deems necessary in order that any such sale may be made in compliance with applicable law. Upon any such sale Secured Party shall have the right to deliver, assign, and transfer to the purchaser thereof the Pledged Securities or Partnership Interests so sold. Each purchaser at any such sale shall hold the Pledged Securities or Partnership Interests so sold absolutely free from any claim or right of Grantor of whatsoever kind, including any equity or right of redemption of Grantor. Grantor, to the extent permitted by applicable law, hereby specifically waives all rights of redemption, stay, or appraisal which it has or may have under any law now existing or hereafter enacted.

(iii) Grantor agrees that ten Business Days' written notice from Secured Party to Grantor of Secured Party's intention to make any such public or private sale or sale at a broker's board or on a securities exchange shall constitute reasonable notice under the UCC. Such notice shall (A) in case of a public sale, state the time and place fixed for such sale, (B) in case of sale at a broker's board or on a securities exchange, state the board or exchange at which such a sale is to be made and the day on which the Pledged Securities or Partnership Interests, or the portion thereof so being sold, will first be offered to sale at such board or exchange, and (C) in the case of a private sale, state the day after which such sale may be consummated. Any such public sale shall be held at such time or times within ordinary business hours and at such place or places as Secured Party may fix in the notice of such sale. At any such sale, the Pledged Securities or Partnership Interests may be sold in one lot as an entirety or in

separate parcels, as Secured Party may reasonably determine. Secured Party shall not be obligated to make any such sale pursuant to any such notice. Secured Party may, without notice or publication, adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for the sale, and such sale may be made at any time or place to which the same may be so adjourned.

(iv) In case of any sale of all or any part of the Pledged Securities or Partnership Interests on credit or for future delivery, the Pledged Securities or Partnership Interests so sold may be retained by Secured Party until the selling price is paid by the purchaser thereof, but Secured Party shall not incur any liability in case of the failure of such purchaser to take up and pay for the Pledged Securities so sold and in case of any such failure, such Pledged Securities or Partnership Interests may again be sold upon like notice. Secured Party, instead of exercising the power of sale herein conferred upon it, may proceed by a suit or suits at law or in equity to foreclose the Security Interests and sell the Pledged Securities or Partnership Interests, or any portion thereof, under a judgment or decree of a court or courts of competent jurisdiction.

(v) Without limiting the foregoing, or imposing upon Secured Party any obligations or duties not required by applicable law, Grantor acknowledges and agrees that, in foreclosing upon any of the Pledged Securities or Partnership Interests, or exercising any other rights or remedies provided Secured Party hereunder or under applicable law, Secured Party may, but shall not be required to, (A) qualify or restrict prospective purchasers of the Pledged Securities or Partnership Interests by requiring evidence of sophistication or creditworthiness, and requiring the execution and delivery of confidentiality agreements or other documents and agreements as a condition to such prospective purchasers' receipt of information regarding the Pledged Securities or Partnership Interests or participation in any public or private foreclosure sale process, (B) provide to prospective purchasers business and financial information regarding Grantor or the issuer of the Pledged Securities or Partnership Interests available in the files of Secured Party at the time of commencing the foreclosure process, without the requirement that Secured Party obtain, or seek to obtain, any updated business or financial information or verify, or certify to prospective purchasers, the accuracy of any such business or financial information, or (C) offer for sale and sell the Pledged Securities or Partnership Interests with, or without, first employing an appraiser, investment banker, or broker with respect to the evaluation of the Pledged Securities or Partnership Interests, the solicitation of purchasers for Pledged Securities or Partnership Interests, or the manner of sale of Pledged Securities or Partnership Interests.

(vi) If an Event of Default exists, Secured Party at any time may have any Collateral that is Pledged Securities or Partnership Interests and that is in the possession of Secured Party, or its nominee or nominees, registered in its name, or in the name of its nominee or nominees, as Secured Party.

(vii) As long as no Event of Default exists, Grantor is entitled to exercise all voting rights pertaining to any Pledged Securities and Partnership Interests; *provided, however*, that no vote shall be cast or consent, waiver, or ratification given or action taken without the prior written consent of Secured Party which would (A) be inconsistent with or violate any provision of this Security Agreement or any other Loan Document or (B) amend, modify, or waive any term, provision or condition of any certificate of incorporation, bylaws, certificate of formation, or other charter document, Partnership Agreement, or other agreement relating to the Pledged Securities or the Partnership Interests that could reasonably be expected to have a Material Adverse Effect. If an Event of Default exists and if Secured Party elects to exercise such right, the right to vote any Pledged Securities or Partnership Interests shall be vested exclusively in Secured Party. To this end, Grantor hereby irrevocably constitutes and appoints Secured Party the proxy and attorney-in-fact of Grantor, with full power of

substitution, to vote, and to act with respect to, any and all Collateral that is Pledged Securities or Partnership Interests standing in the name of Grantor or with respect to which Grantor is entitled to vote and act, subject to the understanding that such proxy may not be exercised unless a Default exists. The proxy herein granted is coupled with an interest, is irrevocable, and shall continue until the Obligations have been paid and performed in full.

25. GRANT OF LICENSE TO USE INTELLECTUAL PROPERTY. For the purpose of enabling Secured Party to exercise rights and remedies under *Section 24* hereof (including, without limiting the terms of *Section 24*, in order to take possession of, hold, preserve, process, assemble, prepare for sale, market for sale, sell, or otherwise dispose of Collateral) at such time as Secured Party shall be lawfully entitled to exercise such rights and remedies, Grantor hereby grants to Secured Party, for the benefit of Secured Party, effective upon the occurrence and during the continuation of an Event of Default, an irrevocable, nonexclusive license (exercisable without payment of royalty or other compensation to Grantor) to use, license, or sublicense any Intellectual Property Collateral now owned or hereafter acquired by Grantor, and wherever the same may be located, and including in such license access to all media in which any of the licensed items may be recorded or stored and to all computer software and programs used for the compilation or printout thereof.

26. LIMITATION ON SECURED PARTY'S DUTY IN RESPECT OF COLLATERAL. Secured Party shall use reasonable care with respect to the Collateral in its possession or under its control. Secured Party shall not have any other duty as to any Collateral in its possession or control or in the possession or control of any agent or nominee of Secured Party, or any income thereon or as to the preservation of rights against prior parties or any other rights pertaining thereto.

27. MISCELLANEOUS.

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

(b) **Notices.** *Except* as otherwise provided herein, to be effective, any notice, demand, request, consent, approval, declaration, or other communication required or permitted to be given under this Security Agreement must be in writing, shall be delivered as provided in *Section 12.8* of the Credit Agreement to the address or facsimile number set forth on the signature pages to this Security Agreement, and shall be effective as provided in *Section 12.8* of the Credit Agreement.

(c) **Severability.** Whenever possible, each provision of this Security Agreement shall be interpreted in a manner as to be effective and valid under applicable law, but if any provision of this Security Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity without invalidating the remainder of such provision or the remaining provisions of this Security Agreement. This Security Agreement is to be read,

construed, and applied *together with* the Credit Agreement and the other Loan Documents which, taken together, set forth the complete understanding and agreement of Secured Party and Grantor with respect to the matters referred to herein and therein. To the extent of any conflict between the provisions of this Security Agreement and the Credit Agreement, the provisions of the Credit Agreement shall control.

(d) **No Waiver; Cumulative Remedies.** Secured Party shall not by any act, delay, omission, or otherwise be deemed to have waived any of its rights or remedies hereunder, and no waiver shall be valid *unless* in writing, signed by Secured Party and then only to the extent therein set forth. A waiver by Secured Party of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which Secured Party would otherwise have had on any future occasion. No failure to exercise nor any delay in exercising on the part of Secured Party, any right, power or privilege hereunder, shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power, or privilege hereunder preclude any other or future exercise thereof or the exercise of any other right, power, or privilege. The rights and remedies hereunder provided are cumulative and may be exercised singly or concurrently, and are not exclusive of any rights and remedies provided by law. None of the terms or provisions of this Security Agreement may be waived, altered, modified, or amended *except* by an instrument in writing, duly executed by Secured Party and Grantor.

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

(f) **Termination of this Security Agreement; Release of Liens.** Subject to *Section 27(a)*, this Security Agreement shall terminate upon the satisfactory collateralization of all Letters of Credit and the payment in full of all other Obligations (*other than* indemnification Obligations as to which no claim has been asserted). Secured Party shall promptly release its Liens and deliver appropriate Lien release documents in respect of Collateral permitted to be sold or otherwise disposed of in accordance with the Credit Agreement.

(g) **Successors and Assigns.** This Security Agreement and all obligations of Grantor hereunder shall be binding upon the successors and assigns of Grantor (including any debtor-in-possession on behalf of Grantor) and shall, *together with* the rights and remedies of Secured Party, for the benefit of Secured Party, hereunder, inure to the benefit of Secured Party, all future holders of any instrument evidencing any of the Obligations and their respective successors and assigns. No sales of participations, other sales, assignments, transfers, or other dispositions of any agreement governing or instrument evidencing the Obligations or any portion thereof or interest therein shall in any manner affect the Lien granted to Secured Party, for the benefit of Secured Party, hereunder. Grantor may not assign, sell, hypothecate, or otherwise transfer any interest in or obligation under this Security Agreement.

(h) **Counterparts.** This Security Agreement may be authenticated in any number of separate counterparts, each of which shall collectively and separately constitute one and the same agreement. This Security Agreement may be authenticated by manual signature, facsimile or, if approved in writing by Secured Party, electronic means, all of which shall be equally valid.

(i) **Reference to Miscellaneous Provisions.** This Security Agreement is one of the "*Loan Documents*" referred to in the Loan Agreement, and all provisions relating to Loan Documents set

forth in **Article 11** of the Loan Agreement, are incorporated herein by reference, the same as if set forth herein verbatim.

(j) **Section Titles**. The Section titles contained in this Security Agreement are and shall be without substantive meaning or content of any kind whatsoever and are not a part of the agreement between the parties hereto.

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

(l) **Advice of Counsel**. Each of the parties represents to each other party hereto that it has discussed this Security Agreement and, specifically, the provisions of **Section 27(d)** and **Section 27(e)**, with its counsel.

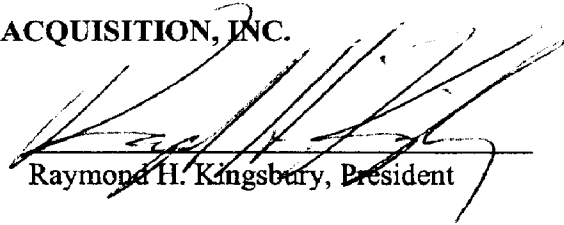
***[REMAINDER OF PAGE INTENTIONALLY BLANK.
SIGNATURE PAGE FOLLOWS.]***

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

EXD ACQUISITION, INC.

Address:
2940 114th Street
Grand Prairie, TX 75050

By:



Raymond H. Kingsbury, President

Facsimile: 817.652.0002
Attention: Raymond Kingsbury

BANK OF AMERICA, N.A.,
as Secured Party

By:

Name: _____
Title: _____

**Signature Page to
Security Agreement**

TRADEMARK
REEL: 002475 FRAME: 0172

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

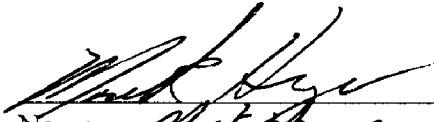
EXD ACQUISITION, INC.

Address:
2940 114th Street
Grand Prairie, TX 75050

Facsimile: **817.652.0002**
Attention: **Raymond Kingsbury**

By: _____
Name: _____
Title: _____

BANK OF AMERICA, N.A.,
as Secured Party

By:  _____
Name: Mark Denze
Title: SVP

SCHEDULE I
to
SECURITY AGREEMENT
LOCATION OF COLLATERAL

Location of Chief Executive Office:

2940 114th Street
Grand Prairie, TX 75050

Location of books and records:

EXD Acquisition, Inc.
(Consolidated Entity)

2940 114th Street
Grand Prairie, TX 75050

Location of collateral

2940 114th Street
Grand Prairie, TX 75050

11727 W. Sam Houston Pkwy. South
Suite A
Houston, TX 77031

2016 Zanker Road
San Jose, CA 95131

1 Kimberly Road, Suite 101
East Brunswick, NJ 08816-2010

Location of leased facilities:

Facility

2940 114th Street
Grand Prairie, TX 75050

Landlord

Sun River Properties, Inc., a California corporation,
METRO DFW NO. 4, L.P., a Texas limited partnership,
and D.T.H. Investments, LLC, a Delaware limited liability company
c/o Hillwood Investment Properties
5310 Harvest Hill Road, Suite 180
Dallas, TX 75230
Attn: Tal Hicks

11727 W. Sam Houston Pkwy. South
Suite A
Houston, TX 77031

Weingarten Realty Investors
Attn: General Counsel
P.O. Box 924133
Houston, TX 77292-4133

2016 Zanker Road
San Jose, CA 95131

AMB Property L.P., c/o Orchard Properties
File No. 3750789034
PO Box 840349
Dallas, TX 75284-0349

1 Kimberly Road
Suite 101
East Brunswick, NJ 08816-2010

EB3 LLC
PO Box 1234
Rahway, NJ 07065

345 North State St.
Medina, OH 44256

Ash Partnership
211 Curtis Street
Medina, OH 44256

12930 Darice Parkway
Strongsville, OH 44149

Duke-Weeks Realty Limited Partnership
75 Remittance Drive
Suite 3205
Chicago, IL 60675-3205

SCHEDULE II
to
SECURITY AGREEMENT

JURISDICTION OF ORGANIZATION

A. Grantors exact legal name	EXD Acquisition, Inc.
B. Mailing address of Grantor	2940 114 th Street Grand Prairie, TX 75050
C. Type of entity	Corporation
State of incorporation	Delaware
D. Organizational identification number	EIN: 75-2777859
E. Jurisdiction of Organization	Delaware

SCHEDULE III
to
SECURITY AGREEMENT

PATENTS, TRADEMARKS, AND COPYRIGHTS

Copyrights/Trademarks:

Cyclonics, Inc.
Exhibit Dynamics
Creative To The Core
Dynalite
Stand-It
Stack-It
Pop-It

Patents Pending:

Collapsible Display Frame Hub and Connector