

TRADEMARK ASSIGNMENT

Electronic Version v1.1
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	SECURITY INTEREST

CONVEYING PARTY DATA

Name	Formerly	Execution Date	Entity Type
Fiber-Span, Inc.		02/06/2012	CORPORATION: DELAWARE

RECEIVING PARTY DATA

Name:	F-Span Investment LLC
Street Address:	2200 Fletcher Avenue, 5th Floor
Internal Address:	Attn: Gary Singer
City:	Fort Lee
State/Country:	NEW JERSEY
Postal Code:	07024
Entity Type:	LIMITED LIABILITY COMPANY: NEW JERSEY

Name:	Milfam I L.P.
Street Address:	222 Lakeview Avenue
Internal Address:	Suite 160-365
City:	West Palm Beach
State/Country:	FLORIDA
Postal Code:	33401
Entity Type:	LIMITED PARTNERSHIP: FLORIDA

PROPERTY NUMBERS Total: 3

Property Type	Number	Word Mark
Registration Number:	3529373	FIBER-SPAN
Registration Number:	2538802	RF ON FIBER
Serial Number:	76699185	SUBWAY SERIES

CORRESPONDENCE DATA

Fax Number: (202)662-2739
 Phone: 202 662 2738

Email: SeanWooden@AndrewsKurth.com
Correspondence will be sent to the e-mail address first; if that is unsuccessful, it will be sent via US Mail.

Correspondent Name: Sean S. Wooden
Address Line 1: 1350 I Street, NW
Address Line 2: Suite 1100
Address Line 4: Washington, DISTRICT OF COLUMBIA 20005

ATTORNEY DOCKET NUMBER:	201704
NAME OF SUBMITTER:	Sean S. Wooden
Signature:	/SSW/
Date:	02/08/2012

Total Attachments: 33

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SECURITY AGREEMENT

This SECURITY AGREEMENT (as from time to time amended, modified or supplemented, this "Agreement"), dated February 6, 2012, is made by Fiber-Span, Inc., a Delaware corporation ("the "Company"), F-Span Investment LLC ("F-Span") and Milfam I L.P. ("Milfam" and together with F-Span, each, a "Purchaser" and, collectively, the "Purchasers"), parties to the Purchase Agreement referred to below.

PRELIMINARY STATEMENTS

A. The Company and the Investors are a party to that certain Securities Purchase Agreement (the "Purchase Agreement"), dated as of the date hereof, pursuant to which, among other things, the Investors have agreed to purchase (a) Senior Secured Convertible Notes (each a "Initial Senior Secured Convertible Note" and, collectively, the "Initial Senior Secured Convertible Notes"), due 2013, in the aggregate principal amount of \$3,000,000.00, and (b) Senior Secured Convertible Notes (each a "Subsequent Senior Secured Convertible Note" and, collectively, the "Subsequent Senior Secured Convertible Notes" and, together with the Initial Senior Secured Convertible Notes, the "Senior Secured Convertible Notes"), due 2013, up to an aggregate principal amount of \$1,000,000.00, on the terms set forth in the Purchase Agreement.

B. It is a condition precedent to the Purchasers' obligations under the Purchase Agreement that the Company enter into this Agreement.

C. In order to secure the full and punctual payment and performance of the Senior Secured Convertible Notes and in consideration for the material benefit derived from the purchase of the Senior Secured Convertible Notes by the Purchasers, the Company has agreed to execute and deliver this Agreement and to pledge, deliver and grant a continuing security interest in and to the Purchasers.

NOW, THEREFORE, in consideration of the premises and in order to induce the Purchasers to enter into the Purchase Agreement, the parties agree as follows:

SECTION 1. Definitions.

(a) The capitalized terms used herein which are defined in the Purchase Agreement and not otherwise defined in this Agreement have, as used in this Agreement, the respective meanings provided for in the Purchase Agreement, as applicable.

(b) Unless otherwise defined herein or in the Purchase Agreement, as applicable, terms defined in Article 9 of the UCC are used herein as therein defined.

(c) As used in this Agreement, the following terms shall have the following meanings:

"*Accounts*" means all accounts (including without limitation health-care insurance receivables) now or hereafter existing.

"*Agreement*" has the meaning specified in the introduction.

“*Chattel Paper*” means all “*chattel paper*” whether tangible or electronic.

“*Collateral*” has the meaning specified in Section 3.

“*Company*” has the meaning specified in the Introduction.

“*Contracts*” means all contracts and agreements to which the Company now is, or hereafter will be, bound, or is a party, beneficiary or assignee (other than rights evidenced by Chattel Paper, Documents or Instruments), including any franchise agreements or license agreements and all other agreements and documents executed and delivered with respect to such contracts, and all revenues, rentals and other sums of money due to become due thereunder from any of the foregoing.

“*Copyrights*” means all United States or other registered and unregistered copyrights, all licenses thereto, and all applications therefor, and all reissues, divisions, continuations, renewals, extensions, modifications, supplements thereto or to any part thereof, and the right to sue for past, present and future infringements of the foregoing, and all rights corresponding to the foregoing throughout the world.

“*Copyright Office*” shall mean the United States Copyright Office.

“*Documents*” means all “documents” (as defined in the UCC) now or hereafter existing.

“*Equipment*” means all “equipment” (as defined in the UCC), now or hereafter owned or leased by the Company and, in any event shall include, but shall not be limited to, all machinery, tools, computer software, office equipment, furniture, appliances, furnishings, fixtures, vehicles, motor vehicles, and any manuals, instructions and similar items which relate to the foregoing, and any and all additions, substitutions and replacements of any of the foregoing, wherever located, together with all improvements thereon and all attachments, components, parts, equipment and accessories installed thereon or affixed thereto; *provided, however*, the term Equipment shall not include any Equipment in which a security interest is perfected by a notation on the certificate of title to such Equipment.

“*Event of Default*” has the meaning specified in the Purchase Agreement.

“*Financing Documents*” means the Purchase Agreement, the Senior Secured Convertible Notes, the Security Documents, and any other agreement, deed, document or letter setting out the terms of or constituting any indebtedness of the Company to all or any of the Purchasers together with any documents ancillary or relating to all or any of them.

“*GAAP*” means United States generally accepted accounting principals, consistently applied.

“*General Intangibles*” means all general intangibles (as defined in the UCC) now or hereafter existing, including all general intangibles where the principal obligation due to the Company is the payment of money.

“Initial Senior Secured Convertible Notes” has the meaning specified in the Preliminary Statements.

“Intellectual Property” shall mean all intellectual and similar property of the Company of every kind and nature now owned or hereafter acquired by the Company, including inventions, designs, Patents, Patent Licenses, Trademarks, Trademark Licenses, Copyrights, Copyright Licenses, trade secrets, confidential or proprietary technical and business information, know-how, show-how or other data or information, software and databases and all embodiments or fixations thereof and related documentation, registrations and franchises, licenses for any of the foregoing and all license rights, and all additions, improvements and accessions to, and books and records describing or used in connection with, any of the foregoing.

“Instruments” means all “instruments” (as defined in the UCC) now or hereafter existing.

“Inventory” means all “inventory” (as defined in the UCC) in all of its forms, wherever located, now or hereafter existing and whether acquired by purchase, merger or otherwise, including (a) all goods held for sale or lease or to be furnished under contracts of service or so leased or furnished and (b) all raw materials, work in process, all finished goods and all materials and supplies used, consumed or to be used or consumed in the manufacture, packing, shipping, advertising, selling, leasing or production of such inventory including (whether or not included in such UCC definition) goods in which the Company has an interest in mass or joint or other interest or right of any kind and goods that are returned to or repossessed by the Company and all accessions thereto and products thereof and all documents of title therefor.

“Investment Property” means all “investment property” (as defined in the UCC) now or hereafter existing.

“Letter of Credit Rights” means all “letter of credit rights” (as defined in the UCC) now or hereafter existing.

“Patent License” shall mean any written agreement, now or hereafter in effect, granting to any third party any right to make, use or sell any invention on which a Patent, now or hereafter owned by the Company or that the Company otherwise has the right to license, is in existence, or granting to the Company any right to make, use or sell any invention on which a Patent, now or hereafter owned by any third party, is in existence, and all rights of the Company under any such agreement.

“Patents” means all United States or other registered and unregistered patents, all licenses thereto, and all applications therefor, and all reissues, divisions, continuations, renewals, extensions, modifications, supplements thereto or to any part thereof, and the right to sue for past, present and future infringements of the foregoing, and all rights corresponding to the foregoing throughout the world.

“Perfection Certificate” has the meaning specified in Section 2(b).

“Permitted Collateral Liens” means (a) the Security Interests, (b) carriers’, warehouseman’s, mechanics’, materialmen’s, repairmen’s or other like liens arising in the ordinary course of business, and (c) liens permitted by the definition of *“Excepted Liens”* contained in the Purchase Agreement.

“Proceeds” means all *“proceeds”* as such term is defined in Section 9-102 of the UCC or under other relevant law and shall include, but shall not be limited to, (a) any and all proceeds of any insurance (insuring the Collateral or otherwise required to be maintained hereunder, including return of unearned premium), indemnity, warranty or guaranty payable to the Purchasers or the Company from time to time, and claims for insurance, indemnity, warranty or guaranty effected or held for the benefit of the Company, with respect to any of the Collateral, (b) any and all payments (in any form whatsoever) made or due and payable to the Company from time to time in connection with any requisition, confiscation, condemnation, seizure or forfeiture of all or any part of the Collateral by any governmental authority (or any person acting under color of governmental authority) and (c) any and all interest, income, dividends, distributions and earnings on the Collateral or other monies, revenues or other amounts derived from the Collateral.

“PTO” shall mean the United States Patent and Trademark Office.

“Purchase Agreement” has the meaning specified in the Preliminary Statements.

“Purchasers” has the meaning specified in the introduction.

“Real Property” shall mean all now owned and hereafter acquired real property of the Company, including leasehold interests, together with all buildings, structures, and other improvements located thereon and all licenses, easements and appurtenances relating thereto, wherever located.

“Receivables” means all *“Accounts,” “Chattel Paper,” “Instruments,” “Documents,” “General Intangibles”* and other obligations of any kind, now or hereafter existing, whether or not arising out of or in connection with the sale or lease of goods or the rendering of services, and all rights now or hereafter existing in and to all security agreements, guarantees, leases, and other Supporting Obligations securing or otherwise relating to any such Accounts, Chattel Paper, Instruments, Documents, General Intangibles or obligations (all such security agreements, guarantees, leases and other Supporting Obligations being the *“Related Contracts”*).

“Related Contracts” has the meaning specified in the definition of *“Receivables”* pursuant to this Section 1.

“Secured Liabilities” means all obligations of the Company under the Financing Documents together with:

- (i) all reasonable costs, charges and expenses incurred by the Purchasers in connection with the protection, preservation or enforcement of their rights under the Financing Documents;

(ii) any refinancing, novation, refunding, deferral or extension of or increase in any of those obligations or liabilities;

(iii) any further advances which may be made by any of the Purchasers to the Company under any agreement expressed to be supplemental to any of the Financing Documents and all interest, fees and reasonable costs in connection herewith;

(iv) any claim for damages or restitution in the event of rescission of any of those obligations or liabilities or otherwise in connection with the Financing Documents;

(v) any claim against the Company flowing from the recovery by the Company of a payment or discharge in respect of any of those obligations or liabilities on grounds of preference or otherwise; and

(vi) any of the foregoing that arises after the filing of a petition by or against the Company under Title 11 of the United States Code, as now or hereafter in effect, even if the obligations do not accrue because of the automatic stay under Section 362 thereof or otherwise.

"Secured Parties" means the Purchasers.

"Security Documents" means this Agreement and any and all other documents executed by the Company in order to provide the Secured Parties with security for any obligations of the Company to the Secured Parties or to guarantee or otherwise support such obligations.

"Security Interests" means the security interests granted pursuant to Section 3, as well as all other security interests created or assigned as additional Collateral for the Secured Liabilities pursuant to the provisions of this Agreement.

"Senior Secured Convertible Notes" has the meaning specified in the Preliminary Statements.

"Subsequent Senior Secured Convertible Notes" has the meaning specified in the Preliminary Statements.

"Supporting Obligation" means a Letter of Credit Right or secondary obligation that supports the payment or performance of an Account, Chattel Paper, a Document, a General Intangible, or Investment Property.

"Trademark License" shall mean any written agreement, now or hereafter in effect, granting to any third party any right to use any Trademark now or hereafter owned by the Company or that the Company otherwise has the right to license, or granting to the Company any right to use any Trademark now or hereafter owned by any third party, and all rights of the Company under any such agreement.

"Trademarks" means all United States or other registered or unregistered trademarks, trade names, service marks and service names together with the goodwill of the

business connected with the use thereof, and symbolized thereby, all licenses thereto and all applications therefor, and all reissues, divisions, continuations, renewals, extensions, modifications, supplements thereto or to any part thereof, and the right to sue for past, present and future infringements of the foregoing, and all rights corresponding to the foregoing throughout the world.

“UCC” means the Uniform Commercial Code in effect from time to time in the State of New York; *provided* that if by reason of mandatory provisions of law, the perfection or the effect of perfection or non-perfection of the Security Interest in any Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of New York, “UCC” means the Uniform Commercial Code as in effect in such other jurisdiction for purposes of the provisions hereof relating to such perfection or effect of perfection or non-perfection.

All TERMS used herein which are defined in the UCC shall have the meanings given therein unless otherwise defined in this Agreement.

SECTION 2. **Representations and Warranties**. The Company represents and warrants as follows:

(a) The Company’s exact legal name is that set forth on the Perfection Certificate and on the signature page hereof.

(b) The Perfection Certificate sets forth the Company’s place of business or (if it has more than one place of business) its chief executive office, as well as its mailing address if different. The Company’s place of business or (if it has more than one place of business) its chief executive office is located in a jurisdiction that has adopted the UCC or whose laws generally require that information concerning the existence of nonpossessory security interests be made generally available in a filing, recording or registration system as a condition or result of the security interest obtaining priority over the rights of a lien creditor with respect to the collateral.

(c) None of the Collateral constitutes, or is the proceeds of, farm products and none of the Collateral has been purchased will be used by the Company primarily for personal, family or household purposes, and except as indicated in the Perfection Certificate: (i) none of the account debtors or other persons obligated on any of the Collateral is 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; (ii) the Company holds no commercial tort claims; and (iii) the Company holds no interest in, title to or power to transfer, any Patents, Trademarks or Copyrights.

(d) The Company owns the Collateral free and clear of any lien, security interest, charge or encumbrance except for the Security Interest and Permitted Collateral Liens. No effective financing statement or other instrument similar in effect covering all or any part of the Collateral is on file in any recording office, except such as may have been filed in favor of the Purchasers relating to this Agreement or relating to Permitted Collateral Liens.

(e) This Agreement creates a valid and perfected first priority security interest in the Collateral (except with respect to Permitted Collateral Liens), (except with respect to any

Collateral for which perfection or priority depends on taking action other than filing of financing statements pursuant to the UCC), securing the payment of the Secured Liabilities, and all filings and other actions necessary or desirable to perfect and protect such security interest have been duly taken.

(f) No authorization, approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the grant by the Company of the security interest granted hereby or for the execution, delivery or performance of this Agreement by the Company other than the filing of financing statements pursuant to the UCC.

(g) The Company owns the Patents, Trademarks or Copyrights identified on Exhibit A hereto.

SECTION 3. The Security Interests.

(a) In order to secure the full and punctual payment of the Secured Liabilities in accordance with the terms thereof, and to secure the performance of all of the obligations of the Company hereunder, the Company hereby grants and assigns to the Purchasers a continuing security interest in and to all right, title and interest of the Company in all property and assets of the Company, whether now owned or existing or hereafter acquired or arising and regardless of where located, including, but not limited to, all of the following property of the Company (all being collectively referred to as the "Collateral"):

- (i) Equipment;
- (ii) Goods;
- (iii) Investment Property;
- (iv) Inventory;
- (v) Letter of Credit Rights;
- (vi) Receivables;
- (vii) Related Contracts;
- (viii) Real Property;
- (ix) all cash, cash equivalents, all bank and deposit accounts and deposits (including any demand, time, savings, passbook or similar account maintained with a bank);
- (x) all rights to payment or performance under letters of credit, any claim arising in tort which arose in the Company's business, all computer programs and all supporting information provided in connection with a transaction relating to such programs, all computer programs embedded in tangible personal property and any supporting information provided in connection with such tangible personal property if

(A) the program is associated with the tangible personal property in such a manner that it customarily is considered part of the tangible personal property or (B) by becoming the owner of the tangible personal property, a person acquires a right to use the program in connection with the tangible personal property; and

(xi) Patents, Trademarks and Copyrights.

(xii) All Proceeds of or substitutions for all or any of the Collateral described in Clauses (i), (ii), (iii), (iv), (v), (vi), (vii), (viii), (ix) or (x) of this Section 3(a).

(b) The Security Interests are granted as security only and shall not subject the Purchasers to, or transfer or in any way affect or modify, any obligation or liability of the Company with respect to any of the Collateral or any transaction in connection therewith.

(c) The inclusion of Proceeds in this Agreement does not authorize the Company to sell, dispose of or otherwise use the Collateral in any manner not specifically authorized hereby or permitted by the Purchase Agreement.

(d) The inclusion of Proceeds in this Agreement shall not prevent the Company from utilizing the proceeds of any insurance paid in respect of the Collateral to the extent such utilization is permitted pursuant to the Purchase Agreement.

SECTION 4. Authorization to File Financing Statements. The Company hereby irrevocably authorizes the Secured Parties at any time and from time to time to file in any jurisdiction in which the UCC has been adopted any initial financing statements and amendments thereto that (a) indicate the Collateral (i) as all assets of the Company 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 or such jurisdiction, or (ii) as being of an equal or lesser scope or with greater detail, and (b) contain any other information required by part 5 of Article 9 of the UCC for the sufficiency or filing office acceptance of any initial financing statement or amendment, including (i) whether the Company is an organization, the type of organization and any organization identification number issued to the Company and, (ii) in the case of a financing statement filed as a fixture filing or indicating Collateral as timber to be cut or as-extracted collateral, a sufficient description of real property to which such Collateral relates. The Company agrees to furnish any such information to the Secured Parties promptly upon request. The Company also ratifies its authorization for the Secured Parties to have filed in any UCC jurisdiction any like initial financing statements or amendments thereto if filed prior to the date hereof.

SECTION 5. Further Assurances; Covenants.

(a) Without providing at least thirty (30) days prior written notice to the Secured Parties, the Company shall not change its name.

(b) Without providing at least thirty (30) days prior written notice to the Secured Parties, the Company shall not change its organizational identification number if it has one. If the Company does not have an organizational identification number and later obtains one, the Company shall forthwith notify the Secured Parties of such organizational identification number.

(c) Without providing at least thirty (30) days prior written notice to the Secured Parties, the Company shall not (i) change its place of business or (if it has more than one place of business) its chief executive office or its mailing address; or (ii) remove the Collateral from the locations listed on the Perfection Certificate.

(d) The Company will, from time to time, at its expense, execute, deliver, file and record any statement, assignment, instrument, document, agreement or other paper and take any other action (including any filings of financing or continuation statements under the UCC) that from time to time may be necessary or desirable, or that the Purchasers may reasonably request, in order to create, preserve, upgrade in rank (to the extent required hereby), perfect, confirm or validate the Security Interests or to enable the Purchasers to obtain the full benefits of this Agreement, or to enable the Purchasers to exercise and enforce any of its rights, powers and remedies hereunder with respect to any of the Collateral. To the extent permitted by law, the Company hereby authorizes the Purchasers to file financing statements or continuation statements without the Company's signature appearing thereon. The Company agrees that a carbon, photographic or other reproduction of this Agreement or of a financing statement is sufficient as a financing statement. The Company shall pay the reasonable costs of, or out-of-pocket costs incidental to, any recording or filing of any financing or continuation statements concerning the Collateral.

(e) If any Collateral is at any time located on property leased by the Company or in the possession or control of any warehouseman, bailee or any of the Company's Purchasers or processors, the Company shall, upon the request of the Purchasers, (i) notify such landlord, warehouseman, bailee, Purchasers or processor of the Security Interests created hereby and use commercially reasonable best efforts to obtain lien waivers from the landlord of any such leased property and any such warehouseman or bailee; (ii) instruct any such warehouseman, bailee, Purchasers or processor to hold all such Collateral for the Purchasers' account subject to the Purchasers' instructions; and (iii) obtain such warehouseman or bailee's acknowledgement of the Security Interest and that it is holding such Collateral for the benefit of the Purchasers.

(f) The Company shall keep full and accurate books and records relating to the Collateral, and stamp or otherwise mark such books and records in such reasonable manner as the Purchasers may request in order to reflect the Security Interests.

(g) The Company will immediately deliver and pledge to the Purchasers each Instrument evidencing any Collateral, appropriately endorsed to the Purchasers, *provided* that so long as no Event of Default shall have occurred and be continuing, the Company may retain for collection in the ordinary course any Instruments received by it in the ordinary course of business and the Purchasers shall, promptly upon request of the Company, make appropriate arrangements for making any such other Instrument pledged by the Company available to it for purposes of presentation, collection or renewal (any such arrangement to be effected, to the extent deemed appropriate to the Purchasers, against a trust receipt or other like document).

(h) After the occurrence and during the continuation of an Event of Default, for each deposit account that the Company at any time opens or maintains, the Company shall, at the Secured Parties' request and option, and within thirty (30) days of such request, either (i) cause the depository bank to enter into a written agreement or other authenticated record with the

Secured Parties, in form and substance reasonably satisfactory to the Secured Parties, pursuant to which such depository bank shall agree, among other things, to comply at any time with instructions from the Secured Parties to such depository bank directing the disposition of funds from time to time credited to such deposit account, without further consent of the Company or (ii) arrange for the Secured Parties to become the customer of the depository bank with respect to the deposit account, with the Company being permitted, only with the consent of the Secured Parties in each instance, to exercise rights to withdraw funds from such deposit account. . The Secured Parties agrees with the Company that the Secured Parties shall not give any such instructions or withhold any withdrawal rights from the Company, unless an Event of Default has occurred and is continuing, or, after giving effect to any withdrawal not otherwise permitted by the Loan Documents, would occur. The foregoing provisions of this Section 5 shall not apply to (A) deposit accounts for which the Secured Parties is the depository bank and (B) deposit accounts specially and exclusively used for payroll, payroll taxes and other employee wage and benefit payments to or for the benefit of the Company's salaried employees. With respect to any deposit accounts, rights arising under deposit accounts or proceeds thereof in the possession or within the control of the Secured Parties, the Company waives any restriction or obligation imposed on the Secured Parties by Sections 9-207(c)(1), 9-207(c)(2) and 9-208 of the UCC.

(i) If the Company 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 Section 16 of the Uniform Electronic Transactions Act as in effect in any relevant jurisdiction, the Company shall promptly notify the Secured Parties thereof and, at the request of the Secured Parties, shall take such action as the Secured Parties may reasonably request to vest in the Secured Parties control, under Section 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, Section 16 of the Uniform Electronic Transactions Act, as so in effect in such jurisdiction, of such transferable record. The Secured Parties agrees with the Company that the Secured Parties shall arrange, pursuant to procedures satisfactory to the Secured Parties and so long as such procedures will not result in the Secured Parties' loss of control, for the Company to make alterations to the electronic chattel paper or transferable record permitted under Section 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 Section 16 of the Uniform Electronic Transactions Act, unless an Event of Default has occurred and is continuing or would occur after taking into account any action by the Company with respect to such electronic chattel paper or transferable record. With respect to any such Collateral in the possession or within the control of the Secured Parties, the Company waives any restriction or obligation imposed on the Secured Parties by Sections 9-207(c)(1), 9-207(c)(2) and 9-208 of the UCC.

(j) The Company shall use its commercially reasonable best efforts to cause to be collected from the obligors on the Receivables, as and when due, any and all amounts owing under or on account of the Receivables (including Receivables which are delinquent, such Receivables to be collected in accordance with lawful collection procedures) and apply forthwith upon receipt thereof all such amounts as are so collected to the outstanding balance of such Receivables, except that, unless an Event of Default has occurred and is continuing and the Purchasers are exercising their rights hereunder to collect Receivables, the Company may allow in the ordinary course of business as adjustments to amounts owing under its Receivables (i) an

extension or renewal of the time or times of payment, or settlement for less than the total unpaid balance, which the Company finds appropriate in accordance with sound business judgment, (ii) a refund or credit due as a result of returned or damaged merchandise, and (iii) warranty credits covering labor with respect to merchandise, all in accordance with the Company's ordinary course of business consistent with its historical collection practices. The reasonable costs and expenses (including reasonable attorney's fees) of collection, whether incurred by the Company or the Purchasers, shall be borne by the Company.

(k) Upon the occurrence and during the continuance of any Event of Default, the Purchasers may enforce the Company's rights against the account debtors on the Collateral and, upon the request of the Purchasers, the Company will promptly notify (and the Company hereby authorizes the Purchasers so to notify) each account debtor or other obligor on each Receivable that such Collateral has been assigned to the Purchasers hereunder, and that any payments due or to become due in respect of such Collateral are to be made directly to the Purchasers or their designee. The Purchasers has no duty to collect any income accruing on the Collateral or to preserve any rights related to the Collateral.

(l) Without the prior written consent of the Purchasers, the Company will not (i) sell, lease, exchange, assign or otherwise dispose of, or grant any option with respect to, any Collateral, except in the ordinary course of business, and in the case of any such sale or exchange, the Security Interests created hereby in such item (but not in any Proceeds arising from such sale or exchange) shall cease immediately without any further action on the part of the Purchasers; or (ii) create, incur or suffer to exist any lien, security interest or other encumbrance with respect to any Collateral, except for the Permitted Collateral Liens; provided, however, that the Company may sell any Collateral or subject it to Liens other than Permitted Collateral Liens with the written consent of Purchasers (subject to the terms and conditions of any such consent).

(m) If the Company is at any time a beneficiary under a letter of credit now or hereafter issued in favor of the Company, the Company shall promptly notify the Secured Parties thereof and, at the request and option of the Secured Parties, the Company shall either (i) arrange, for the issuer and any nominated person with respect to such letter of credit to consent, pursuant to an agreement or other authenticated record with and in form and substance satisfactory to the Secured Parties, to an assignment to the Secured Parties of the proceeds of any drawing under the letter of credit or (ii) arrange for the Secured Parties to become the transferee beneficiary of the letter of credit, with the Secured Parties agreeing, in each case, that the proceeds of any drawing under the letter of credit are to be applied as provided in the Finance Documents.

(n) If the Company shall at any time hold or acquire a commercial tort claim, the Company shall promptly notify the Secured Parties in a writing signed by the Company of the brief details thereof and grant to the Secured Parties in such writing a security interest therein and in the proceeds thereof, all upon the terms of this Security Agreement, with such writing to be in form and substance satisfactory to the Secured Parties.

(o) The Company shall notify the Secured Parties promptly if it knows or has reason to know that any application or registration relating to any Patent, Trademark or Copyright (now or hereafter existing) may become abandoned or dedicated, or of any adverse

determination or development (including the institution of, or any such determination or development in, any proceeding in the PTO, the Copyright Office or any court) regarding the Company's ownership of any Patent, Trademark, or Copyright, its right to register the same, or to keep and maintain the same. In no event shall the Company, either itself or through any agent, employee, licensee or designee, file an application for the registration of any Patent, Trademark, or Copyright with the PTO, the Copyright Office or any similar office or agency of any jurisdiction without giving the Secured Parties prior written notice thereof. The Company shall register all of its material Copyrights with the Copyright Office and take all actions necessary or requested by the Secured Parties to maintain and pursue each application, to obtain the relevant registration and to maintain the registration of each material Copyright (now or hereafter existing), including the filing of applications for renewal, affidavits of use, affidavits of non-contestability and opposition and interference and cancellation proceedings. The Company shall take all actions necessary or requested by the Secured Parties to maintain and pursue each application, to obtain the relevant registration and to maintain the registration of each Material Patent or Trademark (now or hereafter existing), including the filing of applications for renewal, affidavits of use, affidavits of non-contestability and opposition and interference and cancellation proceedings. "*Material Patent or Trademark*" means patents or trademarks which are from time to time (i) required to be used for the purpose of its business and operations; and (ii) material in the context of the business. In the event that any of the Collateral consisting of Patents, Trademarks or Copyrights is infringed upon, or misappropriated or diluted by a third party, the Company shall notify the Secured Parties promptly after the Company learns thereof; the Company shall, unless the Company shall reasonably determine that such Patent, Trademark or Copyright is not material to the conduct of its business or operations, 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 the Secured Parties shall reasonably request to protect such Patent, Trademark or Copyright. With respect to any Intellectual Property constituting Collateral that Company has reasonably determined continues to be material to the conduct of Company's business, Company will not take or omit to take any action whereby such Intellectual Property could reasonably be expected to become abandoned, dedicated or invalidated or whereby the remedies in respect of such Intellectual Property with respect to potential infringers could reasonably be expected to become weakened. The Company assumes all responsibility and liability arising from the use of the Intellectual Property and hereby indemnifies and holds the Secured Parties harmless from and against any claim, suit, loss, damage or expense (including reasonable attorneys' fees arising out of any alleged defect in any product manufactured, promoted or sold by Company (or any affiliate or subsidiary thereof) in connection with such Intellectual Property or out of the manufacture, promotion, labeling, sale or advertisement of any such product by the Company (or any affiliate or subsidiary thereof). The Company will do all things that are necessary and proper within the Company's power and control to keep each material license of or constituting Intellectual Property held by the Company as licensee or licensor in full force and effect except to the extent that (i) Company has reasonably determined that the failure to keep any such license in full force and effect could not be reasonably expected to have a Material Adverse Effect (as defined in the Purchase Agreement) or (ii) any such license would expire by its terms (as in effect on the date hereof) or is terminable at will by a Person other than Company. The Company shall not hereafter create any nonexclusive license in any Trademark, Copyright, Patent or other Intellectual Property or general intangible, in each case owned by or licensed to the Company

unless such license is in writing and by its terms is expressly subject and subordinate to the security interest created hereby, such subordination to include, without limitation, a provision expressly stating that such license shall terminate, at the option of Secured Parties, upon foreclosure of such security interest.

(p) Company shall keep the Collateral in good order and repair and shall not use the same in violation of law or any policy of insurance thereon and Company shall operate its business in compliance with all applicable provisions of the federal Fair Labor Standards Act, as amended, and with all applicable provisions of federal, state and local statutes and ordinances dealing with the control, shipment, storage or disposal of hazardous materials or substances.

(q) The Company will maintain insurance on the Collateral in accordance with customary practices for persons engaged in the same business.

(r) The Company will, promptly upon request, provide to the Purchasers all information and evidence it may reasonably request concerning the Collateral, and in particular the Receivables, to enable the Purchasers to enforce the provisions of this Agreement.

(s) If requested by the Purchasers, prior to each date on which the Company proposes to take any action contemplated by Section 4(a)(i) or (ii), the Company shall, at its cost and expense, cause to be delivered to the Purchasers an opinion of counsel satisfactory in form and substance to the Purchasers, to the effect that all financing statements and amendments or supplements thereto, continuation statements and other documents required to be recorded or filed in order to perfect and protect the Security Interests for a period, specified in such opinion, continuing until a date not earlier than twelve (12) months from the date of such opinion, against all creditors of and Purchasers from the Company have been filed in each filing office necessary for such purpose and that all filing fees and taxes, if any, payable in connection with such filings have been paid in full.

(t) From time to time upon request by the Purchasers upon and during the continuance of any Event of Default, the Company shall, at its cost and expense, use its commercially reasonable efforts to cause to be delivered to the Purchaser an opinion of counsel satisfactory to the Purchasers as to such matters relating to the Collateral and the Security Interests contemplated hereby as the Purchasers may reasonably request.

SECTION 6. **Events of Default; Remedies upon Events of Default.**

6.01. **Events of Default, Etc.**

(a) If any Event of Default has occurred and is continuing, and is not otherwise being cured according to the terms of the Purchase Agreement or herein, then the Purchasers may exercise all rights and remedies under the UCC (to the extent permitted by law, whether or not in effect in the jurisdiction where such rights and remedies are asserted) and, in addition, the Purchasers may, without being required to give any notice, except: (i) as herein provided, (ii) as required under the Purchase Agreement, or (iii) as may be required by mandatory provisions of law (i) notify all obligors under the Related Contracts or under the Receivables to make all payments to the Purchasers and apply such monies, and other cash, if any, then held by it as Collateral as specified in Section 3, (ii) if there shall be no such monies, or cash or if such

monies or cash shall be insufficient to pay all the Secured Liabilities in full, sell the Collateral or any part thereof at public or private sale, for cash, upon credit or for future delivery, and at such price or prices as the Purchasers may deem satisfactory to the extent allowed by law, and (iii) to the extent permitted by law, retain the Collateral in full or partial satisfaction of the Secured Liabilities. The Purchasers may be the purchasers of any or all of the Collateral so sold at any public sale (or, if the Collateral is of a type customarily sold in a recognized market or is of a type which is the subject of widely distributed standard price quotations, at any private sale) and thereafter hold the same, absolutely, free from any right or claim of whatsoever kind, to the extent permitted by law. The Company will execute and deliver such documents and take such other action as the Purchasers deems necessary or advisable in order that any such sale may be made in compliance with law. Upon any such sale the Purchasers shall have the right to deliver, assign and transfer to the Purchasers thereof the Collateral so sold. Each Purchasers at any such sale shall hold the Collateral so sold to it absolutely free from any claim or right of whatsoever kind, including any equity or right of redemption of the Company, and the Company, to the extent permitted by law, hereby specifically waives all rights of redemption, stay or appraisal which it has or may have under any law now existing or hereafter adopted. The notice (if any) of such sale required by this Section 6 shall (A) in case of a public sale, state the time and place fixed for such sale, and (B) 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 the Purchasers may fix in the notice of such sale, *provided* that the Purchasers shall give the Company (and each other person entitled to receive such notice) not less than ten (10) days' prior written notice of the time and place of any such public sale or other intended disposition of any of the Collateral, except any Collateral which is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market. The Purchasers may sell the Collateral without giving any warranties as to the Collateral, and may specifically disclaim any warranties of title or the like. This procedure will not be considered adversely to affect the commercial reasonableness of any sale of Collateral. At any such sale the Collateral may be sold in one lot as an entirety or in separate parcels, as the Purchasers may determine. The Purchasers shall not be obligated to make any such sale pursuant to any such notice. The Purchasers 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. In case of any sale of all or any part of the Collateral on credit or for future delivery, the Collateral so sold may be retained by the Purchasers until the selling price is paid by the Purchasers thereof, but the Purchasers shall not incur any liability in case of the failure of such Purchasers to take up and pay for the Collateral so sold and, in case of any such failure, such Collateral may again be sold upon like notice. The Purchasers may comply with any applicable state or federal law requirements in connection with a sale or other disposition of Collateral and such compliance will not be considered adversely to affect the commercial reasonableness of any sale of Collateral. Any of the Purchasers, 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 Collateral, or any portion thereof, under a judgment or decree of a court or courts of competent jurisdiction.

(b) For the purpose of enforcing any and all rights and remedies under this Agreement the Purchasers may (i) require the Company to, and the Company agrees that it will, at its expense, forthwith assemble all or any part of the Collateral as directed by the Purchasers

and make it available at a place designated by the Purchasers which is, in its opinion, reasonably convenient to the Purchasers, whether at the premises of the Company or otherwise, (ii) to the extent permitted by applicable law, enter, with or without process of law and without breach of the peace, any premises where any of the Collateral is or may be located, and without charge or liability to it seize and remove such Collateral from such premises, (iii) have access to and use the books and records of the Company relating to the Collateral, and (iv) prior to the disposition of the Collateral, store or transfer it without charge in or by means of any storage or transportation facility owned or leased by the Company, process, repair or recondition it or otherwise prepare it for disposition in any manner and to the extent the Purchasers deems appropriate and, in connection with such preparation and disposition, use, without charge, any trademark, trade name, copyright, patent or technical process used by the Company.

6.02. **Grant of License to Use Intellectual Property.** For the purpose of enabling the Secured Parties to exercise rights and remedies under this Section 6 if and for so long as the Secured Parties shall be lawfully entitled to exercise such rights and remedies, the Company hereby grants to the Secured Parties an irrevocable, non-exclusive license (exercisable without payment of royalty or other compensation to the Company) to use, license or sub-license any of the Collateral consisting of Intellectual Property now owned or hereafter acquired by the Company, and wherever the same may be located, and including in such license reasonable 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. The use of such license by the Secured Parties may be exercised only upon the occurrence of an Event of Default which is continuing and is otherwise not being cured; provided that any license, sub-license or other transaction entered into by the Secured Parties in accordance herewith shall be binding upon the Company notwithstanding any subsequent cure or waiver attributable to the Event of Default.

6.03. **Deficiency.** Without limiting the obligations of the Company to pay the Secured Liabilities, if the Proceeds of sale, collection or other realization of or upon the Collateral pursuant to Section 6.01 hereof are insufficient to cover the reasonable costs and expenses of such realization and the payment in full of the Secured Liabilities, the Company shall, to the extent permitted by law, remain liable for any deficiency.

6.04. **Application of Proceeds.** Except as otherwise herein expressly provided or as otherwise required by law, the Proceeds of any collection, sale or other realization of all or any part of the Collateral pursuant hereto, and any other cash at the time held by the Purchasers under this Section 6, shall be applied by the Purchasers in the following order of priorities:

First, to the payment of the expenses of such sale or other realization, including reasonable compensation to counsel for the Purchasers, and all expenses, liabilities and advances incurred or made by the Purchasers in connection therewith, and any other unreimbursed fees and expenses for which the Purchasers are to be reimbursed pursuant to Section 6.06 hereof;

Second, to the ratable payment (based on the principal amount of the Secured Liabilities outstanding at the time of distribution) of accrued but unpaid interest on the Secured Liabilities;

Third, to the ratable payment (based on the principal amount of the Secured Liabilities outstanding at the time of distribution) of unpaid principal of the Secured Liabilities;

Fourth, to the ratable payment (based on the principal amount of the Secured Liabilities outstanding at the time of distribution) of all other Secured Liabilities, until all Secured Liabilities shall have been paid in full; and

Finally, to payment to the Company of its successors or assigns, or as a court of competent jurisdiction may direct, of any surplus then remaining from such proceeds.

6.05. **Related Contracts**. The Company hereby irrevocably authorizes and empowers the Purchasers, in the Purchasers' sole discretion, if an Event of Default has occurred and is continuing, to assert, either directly or on behalf of the Company, any claims the Company may have, from time to time, against any other party to the Related Contracts or to otherwise exercise any right or remedy of the Company under the Related Contracts (including the right to enforce directly against any party to a Related Contract all of the Company's rights thereunder, to make all demands and give all notices and make all requests required or permitted to be made by the Company under the Related Contracts) as the Purchasers may deem proper.

6.06. **Costs and Expenses**. In the event that the Company fails to comply with the provisions of the Purchase Agreement, this Agreement or any other Financing Document to which it is a party, such that the value of any Collateral or the validity, perfection, rank or value of any Security Interest is thereby diminished or potentially diminished or put at risk, the Purchasers may, but shall not be required to, effect such compliance on behalf of the Company, and the Company, shall reimburse the Purchasers for the reasonable costs thereof on demand. All insurance expenses and all expenses of protecting, storing, warehousing, appraising, insuring, handling, maintaining, and shipping the Collateral, any and all excise, property, sales, and use taxes imposed by any state, federal, or local authority on any of the Collateral, or in respect of periodic appraisals and inspections of the Collateral to the extent the same may be reasonably requested by the Purchasers from time to time, or in respect of the sale or other disposition thereof, shall be borne and paid by the Company; and if the Company fails to promptly pay any portion thereof when due, the Purchasers may, at its option, but shall not be required to, pay the same and charge the Company's account therefor, and the Company, agrees to reimburse the Purchasers therefore on demand. All sums so paid or incurred by the Purchasers for any of the foregoing and any and all other sums for which the Company may become liable hereunder and all costs and expenses (including attorneys' fees, legal expenses and court costs) reasonably incurred by the Purchasers in enforcing or protecting the Security Interests or any of their rights or remedies under this Agreement, shall, together with interest thereon until paid at a rate equal to 12% per annum, be additional Secured Liabilities hereunder.

6.07. **Attorney-in-Fact**.

The Company hereby irrevocably appoints the Purchasers its true and lawful attorney, with full power of substitution, in the name of the Company, the Purchasers, but at the expense of the Company, to the extent permitted by law, to exercise, at any time and from time

to time while an Event of Default has occurred and is continuing, all or any of the following powers with respect to all or any of the Collateral:

(a) to demand, sue for, collect, receive and give acquittance for any and all monies due or to become due thereon or by virtue thereof, including to assert and collect all claims and assert all rights of the Company with respect to all Receivables and under the Related Contracts;

(b) to settle, compromise, compound, prosecute or defend any action or proceeding with respect thereto;

(c) to sell, transfer, assign or otherwise deal in or with the same or the proceeds or avails thereof, as fully and effectually as if the Purchasers were the absolute owner thereof; and

(d) to extend the time of payment of any or all thereof and to make any allowance and other adjustments with reference thereto.

The powers conferred on the Secured Parties, its directors, officers and agents pursuant to this Section 6 are solely to protect the Secured Parties' interests in the Collateral and shall not impose any duty upon any of them to exercise any such powers. The Secured Parties shall be accountable only for the amounts that it actually receives as a result of the exercise of such powers, and neither it nor any of its officers, directors, employees or agents shall be responsible to the Company for any act or failure to act, except for the Secured Parties' own gross negligence or willful misconduct.

SECTION 7. Collateral Protection Expenses; Preservation of Collateral.

7.01. **Expenses Incurred by Secured Parties.** In its discretion, the Secured Parties may discharge taxes and other encumbrances at any time levied or placed on any of the Collateral, make repairs thereto and pay any necessary filing fees or, if the debtor fails to do so, insurance premiums. The Company agrees to reimburse the Secured Parties on demand for any and all expenditures so made, and all sums disbursed by the Secured Parties in connection with this Section 7.01, including reasonable attorneys' fees, court costs, expenses and other charges relating thereto, shall be payable, upon demand, by the Company to the Secured Parties and shall constitute additional Secured Liabilities. The Secured Parties shall have no obligation to the Company to make any such expenditures, nor shall the making thereof relieve the Company of any default.

7.02. **Secured Parties' Obligations and Duties.** Anything herein to the contrary notwithstanding, the Company shall remain liable under each contract or agreement comprised in the Collateral to be observed or performed by the Company thereunder. The Secured Parties shall not have any obligation or liability under any such contract or agreement by reason of or arising out of this Security Agreement or the receipt by the Secured Parties of any payment relating to any of the Collateral, nor shall the Secured Parties be obligated in any manner to perform any of the obligations of the Company under or pursuant to any such contract or agreement, to make inquiry as to the nature or sufficiency of any payment received by the Secured Parties in respect of the Collateral or as to the sufficiency of any performance by any

party under any such contract or agreement, to present or file any claim, to take any action to enforce any performance or to collect the payment of any amounts which may have been assigned to the Secured Parties or to which the Secured Parties may be entitled at any time or times. The Secured Parties' sole duty with respect to the custody, safe keeping and physical preservation of the Collateral in its possession, under Section 9-207 of the NYUCC or otherwise, shall be to deal with such Collateral in the same manner as the Secured Parties deals with similar property for its own account.

SECTION 8. Miscellaneous.

8.01. No Waiver. No failure on the Purchasers to exercise, and no course of dealing with respect to, and no delay in exercising, any right, power or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise by the Purchasers or any Purchaser of any right, power or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise by the Purchasers of any right, power or remedy hereunder preclude any other or further exercise thereof or the exercise of any other right, power or remedy. The remedies herein are cumulative and are not exclusive of any remedies provided by law.

8.02. Notices. All notices, requests, consents and demands hereunder shall be in writing and telecopied or delivered to the intended recipient at its address and in the manner set forth in the Purchase Agreement and shall be deemed to have been given at the times specified therein. Each such notice, request, consent and demand shall be addressed: if to the Company or any Purchasers, to its address set forth in the Purchase Agreement.

8.03. Expenses. Without duplication of the obligations of the Company set forth in the Purchase Agreement, the Company agrees to reimburse the Purchasers for all reasonable costs and expenses of the Purchasers, (including the reasonable fees and expenses of legal counsel) in connection with (a) any Event of Default and any enforcement or collection proceeding resulting therefrom, including all manner of participation in or other involvement with (i) performance by the Purchasers of any obligations of the Company in respect of the Collateral that the Company has failed or refused to perform, (ii) bankruptcy, insolvency, receivership, foreclosure, winding up or liquidation proceedings, or any actual or attempted sale, or any exchange, enforcement, collection, compromise or settlement in respect of any of the Collateral, and for the care of the Collateral and defending or asserting rights and claims of the Purchasers in respect thereof, by litigation or otherwise, (iii) judicial or regulatory proceedings and (iv) workout, restructuring or other negotiations or proceedings (whether or not the workout, restructuring or transaction contemplated thereby is consummated) and (b) the enforcement of this Section 8.03, and all such costs and expenses shall be Secured Liabilities entitled to the benefits of the collateral security provided pursuant to Section 3 hereof.

8.04. Amendments, Etc. The terms of this Agreement may be waived, altered or amended only by an instrument in writing duly executed by the Company and the Purchasers. Any such amendment or waiver shall be binding upon the Purchasers.

8.05. Certain Documents. If any agreement, certificate or other writing, or any action taken or to be taken, is by the terms of this Agreement required to be satisfactory to the

Purchasers, the determination of such satisfaction shall be made by the Purchasers in its sole and exclusive judgment.

8.06. **Successors and Assigns.** This Agreement shall be binding upon and inure to the benefit of the respective successors and assigns of the Company, the Purchasers and each holder of any of the Secured Liabilities (*provided, however*, that the Company shall not assign or transfer its rights hereunder without the prior written consent of the Purchasers). In the event of an assignment of all or any of the Secured Liabilities, the rights hereunder, to the extent applicable to the indebtedness so assigned, may be transferred with such indebtedness. This Agreement shall be binding on the Company and its successors and assigns.

8.07. **Marshaling of Assets.** All rights to marshaling of assets of the Company, including any such right with respect to the Collateral, are hereby waived by the Company.

8.08. **Termination.** When all Secured Liabilities shall have been indefeasibly paid in full, this Agreement shall terminate, and the Purchasers shall forthwith cause to be assigned, transferred and delivered, against receipt but without any recourse, warranty or representation whatsoever, any remaining Collateral and money received in respect thereof, to or upon the order of the Company. Additionally, Purchasers will execute termination statements when all Secured Liabilities are indefeasibly paid in full.

8.09. **Severability.** If any provision hereof is invalid and unenforceable in any jurisdiction, then, to the fullest extent permitted by law, (a) the other provisions hereof shall remain in full force and effect in such jurisdiction and shall be liberally construed in favor of the Purchasers in order to carry out the intentions of the parties hereto as nearly as may be possible and (b) the invalidity or unenforceability of any provision hereof in any jurisdiction shall not affect the validity or enforceability of such provision in any other jurisdiction.

8.10. **Waivers.** The Company hereby expressly waives, to the extent permitted by applicable law (a) notice of the acceptance by any Secured Parties of this Agreement, (b) notice of the existence or creation or non-payment of all or any of the Secured Liabilities, (c) presentment, demand, notice of dishonor, protest, intent to accelerate, acceleration and all other notices whatsoever, and (d) all diligence in collection or protection of or realization upon the Secured Liabilities or any thereof, any obligation hereunder, or any security for or guaranty of any of the foregoing.

8.11. **Rescission.** The Company agrees that, if at any time all or any part of any payment theretofore applied by any Secured Parties to any of the Secured Liabilities is or must be rescinded or returned by such Secured Parties for any reason whatsoever (including the insolvency, Bankruptcy or reorganization of the Company or any of its affiliates), such Secured Liabilities shall, for the purposes of this Agreement, to the extent that such payment is or must be rescinded or returned, be deemed to have continued in existence, notwithstanding such application by the Purchasers, and the security interest granted hereunder shall continue to be effective or be reinstated, as the case may be, as to such Secured Liabilities, all as though such application by such Secured Parties had not been made.

8.12. **Appraisals.** The Company agrees that at any time and from time to time, but not more frequently than once in any twelve (12) month period, at the expense of the Company, the Company, at the request of the Purchasers, shall deliver to the Purchasers an appraisal of the Collateral, in form and substance satisfactory to the Purchasers.

8.13. **Survival of Representations and Warranties.** All representations and warranties contained in this Agreement or made in writing by or on behalf of the Company in connection herewith shall survive the execution and delivery of this Agreement and repayment of the Secured Liabilities. Any investigation by the Purchasers shall not diminish in any respect whatsoever its rights to rely on such representations and warranties.

8.14. **Security Interest Absolute.** All rights of the Secured Parties and Security Interests hereunder, and all obligations of the Company hereunder, shall be absolute and unconditional irrespective of:

(a) any lack of validity or enforceability of the Purchase Agreement, the other Financing Documents or any other agreement or instrument relating thereto;

(b) any change in the time, manner or place of payment of, or in any other term of, all or any of the Secured Liabilities, or any other amendment or waiver of or any consent to any departure from the Purchase Agreement, or the other Financing Documents;

(c) any exchange, release or non-perfection of any other collateral, or any release or amendment or waiver of or consent to departure from any guaranty, for all or any of the Secured Liabilities; or

(d) any other circumstance which might otherwise constitute a defense available to, or a discharge of, the Company or any guarantor or other person.

8.15. **Limitation by Law.** All rights, remedies and powers provided in this 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 Agreement are intended to be subject to all applicable mandatory provisions of law which may be controlling and which may not be effectively waived by the Company and to be limited to the extent necessary so that they will not render this Agreement invalid, unenforceable, in whole or in part, or not entitled to be recorded, registered or filed under the provisions of any applicable law.

8.16. **Counterparts.** This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument and either of the parties hereto may execute this Agreement by signing any such counterpart.

8.17. **Governing Law.** THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK EXCEPT AS REQUIRED BY MANDATORY PROVISIONS OF LAW AND EXCEPT TO THE EXTENT THAT THE VALIDITY OR PERFECTION OF THE SECURITY INTEREST, OR REMEDIES HEREUNDER, IN RESPECT OF ANY PARTICULAR COLLATERAL ARE GOVERNED BY THE LAWS OF A JURISDICTION OTHER THAN THE STATE OF NEW YORK.

8.18. **Submission to Jurisdiction.** (a) ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT AND THE OTHER FINANCING DOCUMENTS EXECUTED BY THE COMPANY MAY BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK, NEW YORK COUNTY, OR OF THE UNITED STATES FOR THE SOUTHERN DISTRICT OF NEW YORK AND, BY EXECUTION AND DELIVERY OF THIS AGREEMENT, THE COMPANY HEREBY IRREVOCABLY ACCEPTS FOR ITSELF AND IN RESPECT OF ITS PROPERTY, UNCONDITIONALLY, THE NON-EXCLUSIVE JURISDICTION OF THE AFORESAID COURTS WITH RESPECT TO ANY SUCH ACTION OR PROCEEDING. EACH OF THE COMPANY AND THE SECURED PARTIES FURTHER IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS OUT OF ANY OF THE AFOREMENTIONED COURTS IN ANY SUCH ACTION OR PROCEEDING BY THE MAILING OF COPIES THEREOF BY REGISTERED OR CERTIFIED MAIL, POSTAGE PREPAID, TO IT AT ITS ADDRESS SET FORTH IN THE PURCHASE AGREEMENT, SUCH SERVICE TO BECOME EFFECTIVE THIRTY DAYS AFTER SUCH MAILING. NOTHING HEREIN SHALL AFFECT THE RIGHT OF ANY SECURED PARTIES TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR TO COMMENCE LEGAL PROCEEDINGS OR OTHERWISE PROCEED AGAINST THE COMPANY IN ANY OTHER JURISDICTION.

(b) THE COMPANY HEREBY IRREVOCABLY WAIVES ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY OF THE AFORESAID ACTIONS OR PROCEEDINGS ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT BROUGHT IN THE COURTS REFERRED TO IN CLAUSE (a) ABOVE AND HEREBY FURTHER IRREVOCABLY WAIVES AND AGREES, TO THE MAXIMUM EXTENT PERMITTED BY LAW, NOT TO PLEAD OR CLAIM IN ANY SUCH COURT THAT ANY SUCH ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN ANY INCONVENIENT FORUM.

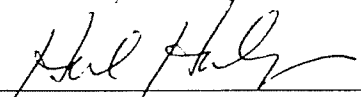
8.19. **Waiver of Jury Trial.** THE COMPANY, AND BY ITS ACCEPTANCE HEREOF, THE PURCHASERS HEREBY WAIVE, TO THE EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS UNDER THIS AGREEMENT OR UNDER ANY AMENDMENT, INSTRUMENT, DOCUMENT OR AGREEMENT DELIVERED OR WHICH MAY IN THE FUTURE BE DELIVERED IN CONNECTION HERewith OR ARISING FROM OR RELATING TO ANY FINANCING RELATIONSHIP EXISTING IN CONNECTION WITH THIS AGREEMENT, AND AGREES, TO THE EXTENT PERMITTED BY APPLICABLE LAW, THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY.

8.20. **Final Agreement.** THIS AGREEMENT AND THE OTHER FINANCING DOCUMENTS (INCLUDING ALL EXHIBITS AND SCHEDULES HERETO OR THERETO) CONSTITUTES THE ENTIRE AGREEMENT OF THE PARTIES WITH RESPECT TO THE SUBJECT MATTER HEREOF AND THEREOF.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

COMPANY:

FIBER-SPAN, INC.

By:  _____

Name: Hal Halpern

Title: President

PURCHASERS:

F-SPAN INVESTMENT LLC

By: Karen Singer
Name: Karen Singer
Title: Member

MILFAM I L.P.

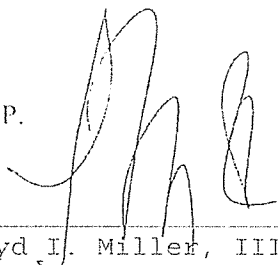
By: _____
Name:
Title:

PURCHASERS:

F-SPAN INVESTMENT LLC

By: _____
Name:
Title:

MILFAM I L.P.



By: _____
Name: Lloyd J. Miller, III
Title: Limited Partner

EXHIBIT A

Patents, Trademarks and Copyrights

SCHEDULE 1

Perfection Certificate

The undersigned, the President of, a Delaware corporation (the "Company"), hereby certifies, with reference to a certain Security Agreement dated as of February 3, 2012 (terms defined in such Security Agreement having the same meanings herein as specified therein), between the Company and F-Span Investment LLC and Milfam I L.P. (the "Secured Parties"), to the Secured Parties as follows:

Name. The exact legal name of the Company as that name appears on its Certificate of Incorporation is as follows: **FIBER-SPAN, INC.**

Source: UCC §9-503(a).

Other Identifying Factors.

The following is the mailing address of the Company: **3434 RT. 22W, Branchburg, NJ 08876**

Source: UCC §9-516(b)(5)(A).

If different from its mailing address, the Company's place of business or, if more than one, its chief executive office is located at the following address: **Not Applicable**

<u>Address</u>	<u>County</u>	<u>State</u>
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Source: UCC §§9-301(1) and 9-307; former UCC §§9-103(3), 9-103(4), 9-401(6).

The following is the type of organization of the Company: **Corporation**

Source: UCC §9-516(b)(5)(C).

The following is the jurisdiction of the Company's organization: **Delaware**

Source: UCC §9-516(b)(5)(C).

The following is the Company's state issued organizational identification number :

Authentication Number: 9299180

File Number: 5095887

Source: UCC §9-9-516(b)(5)(C).

3. **Other Names, Etc.**

(a) The following is a list of all other names (including trade names or similar appellations) used by the Company, or any other business or organization to which the Company became the successor by merger, consolidation, acquisition, change in form, nature or jurisdiction of organization or otherwise, now or at any time during the past five years:

<u>Address</u>	<u>County</u>	<u>State</u>
L&H Acquisition, LLC		NJ (previous name)
Anacom Systems		NJ (alternate name)
RF Masons, LLC		NJ (previous name)
Fiber-Span		NJ (alternate name)

Source: UCC §9-507(c); former UCC §9-402(7) (second and third sentences).

(b) The following is a list of all other names for any other business or organization to which the Company became the successor by merger, consolidation, acquisition, change in form, nature or jurisdiction of organization or otherwise, now or at any time during the past five years.

<u>Address</u>	<u>County</u>	<u>State</u>
Fiber-Span, LLC		NJ

Source: UCC §9-316; former UCC §9-402(7) (second and third sentences).

4. **Other Current Locations.**

(a) The following are all other locations in the United States of America in which the Company maintains any books or records relating to any of the Collateral consisting of accounts, instruments, chattel paper, general intangibles or mobile goods: **Not Applicable**

<u>Address</u>	<u>County</u>	<u>State</u>
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Source: UCC §§9-301(2) and (3); former UCC §§9-103(3), 9-103(4), 9-401(6).

(b) The following are all other places of business of the Company in the United States of America: **Not Applicable**

<u>Address</u>	<u>County</u>	<u>State</u>
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Source: UCC §§9-301(2) and (3); former UCC §§9-103(1) and 9-401(1) (Third Alternative).

(c) The following are all other locations in the United States of America where any of the Collateral consisting of inventory or equipment is located: **Not Applicable**

<u>Address</u>	<u>County</u>	<u>State</u>
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Source: UCC §§9-301(2) and (3); former UCC §9-103(1).

(d) The following are the names and addresses of all persons or entities other than the Company, such as lessees, consignees, processors, warehousemen or Purchasers of chattel paper, which have possession or are intended to have possession of any of the Collateral consisting of instruments, chattel paper, inventory or equipment and the nature of such possession:

<u>Name</u>	<u>Mailing Address</u>	<u>County</u>	<u>State</u>	<u>Nature</u>
Equity LLC	PO BOX 515047 Los Angeles		CA	Equipment lease
Advanced Test Equipment Corp	10401 Roselle St San Diego		CA	Equipment Lease

Source: UCC §§9-301(2) and (3), 9-312 and 9-313; former UCC §§9-103(1), 9-103(4), 9-304(2) and 9-304(3); see also former UCC §§ 2-326(3), 9-114, 9-305, 9-308 and 9-408.

5. **Prior Locations.**

(a) Set forth below is each location or place of business previously maintained by the Company at any time during the past five years in a state in which the Company has previously maintained a location or place of business at any time during the past four months:

<u>Address</u>	<u>County</u>	<u>State</u>
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One Possumtown Road Piscataway	Middlesex	NJ
111 Corporate Boulevard South Plainfield	Middlesex	NJ

Source: Former UCC §§9-103(3)(e) and 9-401(3).

(b) Set forth below is each other location at which, or other person or entity with which, any of the Collateral consisting of inventory or equipment has been previously held at any time during the past twelve months: **Not Applicable**

<u>Name</u>	<u>Address</u>	<u>County</u>	<u>State</u>
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Source: UCC §§9-301(2) and (3) and 9-316(a); former UCC §§9-103(1)(d) and 9-401(3).

6. **Fixtures.** Attached hereto is the information required by UCC §9-502(b) or former UCC §9-402(5) of each state in which any of the Collateral consisting of fixtures are or are to be located and the name and address of each real estate recording office where a mortgage on the real estate on which such fixtures are or are to be located would be recorded.

New Jersey

Somerset County Clerk
20 Grove Street
PO Box 3000
Somerville, NJ 08876

Source: UCC §§9-502(b) and 9-516(b)(3)(D); former UCC §§9-401(1) and 9-402(5).

7. **Intellectual Property.**

(a) Attached hereto are all of the Company's Patents, Patent Licenses, Trademarks and Trademark Licenses, including the registration number and the expiration date of each Patent, Patent License, Trademark and Trademark License owned by the Company. **See Attachment 7**

(b) Attached hereto are all of the Company's Copyrights and Copyright Licenses, including the registration number and the expiration date of each Copyright or Copyright License owned by the Company. **Not Applicable, except for normal and customary "off the shelf" software licenses in connection with the Company's business.**

8. **Unusual Transactions.** Except for those purchases, acquisitions and other transactions attached hereto, all of the Collateral has been originated by the Company in the ordinary course of the Company's business or consists of goods which have been acquired by the Company in the ordinary course from a person in the business of selling goods of that kind. **Not Applicable**

Source: UCC §§9-102(a)(64), 9-203(f), 9-301(2), 9-315(a) and 9-316; former UCC §§1-201(9), 9-306(2) and 9-402(7) (third sentence); see also former UCC §9-301(1)(c).

9. **File Search Reports.** Attached hereto is a true copy of a file search report from the UCC filing officer (or, if such officer does not issue such reports, from an experienced UCC search organization acceptable to the Secured Parties) (i) in each jurisdiction, (ii) from each filing officer in each real estate recording office with respect to real estate on which Collateral consisting of fixtures are or are to be located and (iii) in each jurisdiction in which any transactions took place with respect to the legal name of the person from which the Company purchased or otherwise acquired any of the Collateral. Attached hereto is a true copy of each financing statement or other filing identified in such file search reports.

10. **UCC Filings.** Attached hereto is a copy of financing statement filed or to be filed in the central UCC filing office in the appropriate jurisdiction and in each real estate recording office on the list attached hereto.

11. **Termination Statements.** A duly signed or otherwise authorized termination statement in form acceptable to the Secured Parties has been duly filed in each applicable jurisdiction *[or a release acceptable to the Secured Parties from the Secured Parties of the person from which the Company purchased or otherwise acquired Collateral]*, has been delivered to the Secured Parties. Attached hereto is a true copy of each such filing duly acknowledged or otherwise identified by the filing office *[and of each such release]*. **Not Applicable**

12. **Schedule of Filing.** Attached hereto is a schedule setting forth filing information with respect to selected filings.

13. **Filing Fees.** All filing fees and taxes payable in connection with the appropriate filings have been paid.

14. **Stock Ownership and other Equity Interests.** Attached hereto is each equity investment of the Company [that represents 50% or less of the equity of the entity in which such investment was made]. [Investments in Subsidiaries will be set forth in the Pledge Agreement] **Not Applicable**

15. **Debt Instruments.** Attached hereto is a true and correct list of all promissory notes and other evidence of indebtedness held by the Company including all intercompany notes.

Bank of America:	\$1.7Million
Henry Wojtunik:	\$754,132.48 see Attachment 15

ATTACHMENT 7 TO PERFECTION CERTIFICATE

Mark	Number	Goods/Services
SUBWAY SERIES	Application Serial No: 76699185	Commercial wireless and public safety communication Systems
FIBER-SPAN	Registration No: 3529373	Communication systems
RF ON FIBER	Registration No: 2538802	Communication equipment

The Company holds US Patent No. 6,211,978 B1, issued April 3, 2001, Filed Feb 10, 1999, for a Multi-Channel Wave Division Multiplexer System.

The Company has filed US Patent Application No. 12/459,731 Filed July 7, 2009 for a Cell Phone/Internet Communications System for RF Isolated Areas

The company's application for registration of the trademark "Subway Series" has been opposed by Major League Baseball Properties, Inc. in Opposition Proceeding 91195987 before the Trademark Trial and Appeal Board of the USPTO. The parties are discussing a settlement.

IN THE UNITED STATES
PATENT AND TRADEMARK OFFICE

Assignment of Trademark Registration

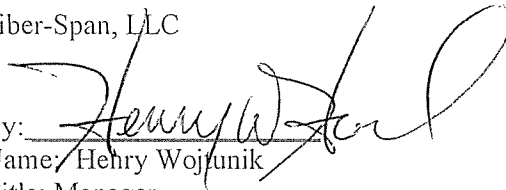
Fiber-Span, LLC , a limited liability company of the State of New Jersey, ("Assignor") has adopted, used and is using the following marks which has been registered in the United States Patent and Trademark Office:

<u>Mark</u>	<u>Registration Number</u>	<u>Date of Registration</u>
FIBER-SPAN	Registration No: 3529373	Nov. 4, 2008
RF ON FIBER	Registration No: 2538802	Feb. 19, 2002

Fiber-Span, Inc. a corporation of the State of Delaware, ("Assignee") is the successor by merger to the Assignor and has succeeded to all right, title and interest in and to the marks and the registrations therefor listed above.

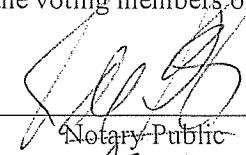
In consideration of the foregoing, and for other valuable consideration, receipt and sufficiency of which is hereby acknowledged, Assignor does hereby assign to Assignee all right, title and interest in and to the mark and the registration therefor listed above together with the goodwill of the business symbolized by such mark.

Fiber-Span, LLC

By: 
Name: Henry Wojtunik
Title: Manager

STATE OF New Jersey)
)
COUNTY OF Somerset) ss.:

On the 3rd day of February, 2012, before me personally came Henry Wojtunik, to me known, who, being by me duly sworn, did depose and say that he is the Manager of Fiber-Span, LLC, the limited liability company described in, and which executed the foregoing instrument; and that the instrument was so executed by him by order of the voting members of said limited liability company.


Notary Public
Attorney at Law
STATE of N.J.

(SEAL)

IN THE UNITED STATES
PATENT AND TRADEMARK OFFICE

Assignment of Trademark Application

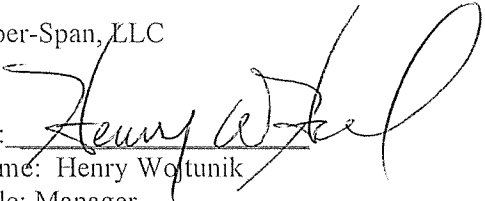
WHEREAS, Fiber-Span, LLC, a limited liability company of the State of New Jersey, ("Assignor") has adopted, and owns the Mark SUBWAY SERIES ("the Mark") in connection with the following goods and/or services: communication equipment, namely, commercial wireless and public safety Communications System is primarily comprising wireless transmitters, receivers, and transceivers for use in areas are isolated from radio frequency signals; and

WHEREAS, Assignor has applied to register the Mark on the Principal Register of the United States Patent and Trademark Office in connection with the above-described goods and/or services, Application Serial No. 76699185, filed on August 26, 2009; and

WHEREAS, Fiber-Span, Inc. a corporation of the State of Delaware ("Assignee"), is the successor by merger to the Assignor and has succeeded to all right, title and interest in and to the Marks and the pending application therefor listed above;

NOW, THEREFORE, in consideration of the foregoing, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Assignor hereby assigns and transfers to Assignee all right, title and interest in and to the Mark, together with the goodwill of the business symbolized by the Mark, and the pending application for registration.

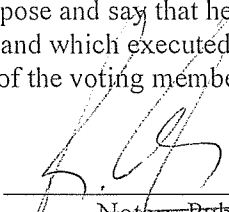
Fiber-Span, LLC

By: 
Name: Henry Wojtunik
Title: Manager

STATE OF New Jersey)
)
COUNTY OF Somerset) ss.:

On the 3rd day of February, 2012, before me personally came Henry Wojtunik, to me known, who, being by me duly sworn, did depose and say that he is the Manager of Fiber-Span, LLC, the limited liability company described in, and which executed the foregoing instrument; and that the instrument was so executed by him by order of the voting members of said limited liability company.

(SEAL)


Notary Public

Attorney at Law
STATE of New Jersey