

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
THE O'GARA GROUP, INC.		03/06/2012	CORPORATION: OHIO
O'GARA TRAINING AND SERVICES, LLC d/b/a Critical Incident Solutions, LLC		03/06/2012	LIMITED LIABILITY COMPANY: OHIO
RECEIVING PARTY DATA			
Name:	JPMorgan Chase Bank, N.A.		
Street Address:	8044 Montgomery Road/Mail Code: OH3-4107		
Internal Address:	ATTN: Thomas J. Reinhold		
City:	Cincinnati		
State/Country:	OHIO		
Postal Code:	45236		
Entity Type:	National Association: UNITED STATES		
PROPERTY NUMBERS Total: 6			
Property Type	Number	Word Mark	
Registration Number:	3071023	SSI	
Registration Number:	3094532	SAFETY & SECURITY INSTITUTE	
Registration Number:	3116160	THE RESPONDER	
Registration Number:	3156212	PERIMETER CONTROL KIT	
Registration Number:	3161572	SECURE PRODUCT CREATIONS	
Registration Number:	3067618	R4SYSTEMS	
CORRESPONDENCE DATA			
Fax Number:	(614)464-1737		
Phone:	6145597282		
Email:	squimby@fbtlaw.com		
<i>Correspondence will be sent to the e-mail address first; if that is unsuccessful, it will be sent via US Mail.</i>			

OP \$165.00 3071023

Correspondent Name: Samantha M. Quimby
Address Line 1: FROST BROWN TODD LLC
Address Line 2: 10 West Broad Street - Suite 2300
Address Line 4: Columbus, OHIO 43215

NAME OF SUBMITTER:	Samantha M. Quimby
Signature:	/samantha m quimby/
Date:	03/09/2012

Total Attachments: 44

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PLEDGE AND SECURITY AGREEMENT

THIS PLEDGE AND SECURITY AGREEMENT (as it may be amended or modified from time to time, this "Security Agreement") is entered into as of March 6, 2012 by and among THE O'GARA GROUP, INC., an Ohio corporation ("TOG"), SENSOR TECHNOLOGY SYSTEMS, INC., an Ohio corporation ("STS"), O'GARA TRAINING AND SERVICES, LLC, an Ohio limited liability company ("OTS"), SECURE PRODUCT CREATIONS, LLC, an Ohio limited liability company ("SPC"), TOG MOBILE SYSTEMS, INC., an Ohio corporation ("TMS"), O'GARA SENSOR SYSTEMS, INC., an Ohio corporation ("OSS"), DIFFRACTION LTD., a Vermont corporation ("DFF"), O'GARA SAFETY & SECURITY INSTITUTE, INC., an Ohio corporation ("OSI"), O'GARA-HOMELAND DEFENSE SOLUTIONS, INC., an Ohio corporation ("OHS"), O'GARA-TRACOR, INC., an Ohio corporation ("OTI"), and PROTECTION DEVICES, INC., a Texas corporation ("PDI") (TOG, STS, OTS, SPC, TMS, OSS, DFF, OSI, OHS, OTI, and PDI, each a "Grantor", and collectively the "Grantors"), and JPMorgan Chase Bank, N.A., (the "Lender").

PRELIMINARY STATEMENT

The Grantors and the Lender are entering into a Credit Agreement dated as of the date hereof (as it may be amended or modified from time to time, the "Credit Agreement"). Each Grantor is entering into this Security Agreement in order to induce the Lender to enter into and extend credit to the Grantors under the Credit Agreement and to secure the Obligations that it has agreed to guarantee pursuant to Section 13.3 of the Credit Agreement.

ACCORDINGLY, the Grantors and the Lender, hereby agree as follows:

ARTICLE I DEFINITIONS

1.1. Terms Defined in Credit Agreement. All capitalized terms used herein and not otherwise defined shall have the meanings assigned to such terms in the Credit Agreement.

1.2. Terms Defined in UCC. Terms defined in the UCC which are not otherwise defined in this Security Agreement are used herein as defined in the UCC.

1.3. Definitions of Certain Terms Used Herein. As used in this Security Agreement, in addition to the terms defined in the first paragraph hereof and in the Preliminary Statement, the following terms shall have the following meanings:

"Accounts" shall have the meaning set forth in Article 9 of the UCC.

"Article" means a numbered article of this Security Agreement, unless another document is specifically referenced.

"Chattel Paper" shall have the meaning set forth in Article 9 of the UCC.

"Closing Date" means the date of the Credit Agreement.

"Collateral" shall have the meaning set forth in Article II.

"Collateral Access Agreement" means any landlord waiver or other agreement, in form and substance satisfactory to the Lender, between the Lender and any third party (including any bailee,

consignee, customs broker, or other similar Person) in possession of any Collateral or any landlord of any real property where any Collateral is located, as such landlord waiver or other agreement may be amended, restated, or otherwise modified from time to time.

"Collateral Report" means any certificate (including any Borrowing Base Certificate), report or other document delivered by any Grantor to the Lender with respect to the Collateral pursuant to any Loan Document.

"Copyrights" means, with respect to any Person, all of such Person's right, title, and interest in and to the following: (a) all copyrights, rights and interests in copyrights, works protectable by copyright, copyright registrations, and copyright applications; (b) all renewals of any of the foregoing; (c) all income, royalties, damages, and payments now or hereafter due and/or payable under any of the foregoing, including, without limitation, damages or payments for past or future infringements for any of the foregoing; (d) the right to sue for past, present, and future infringements of any of the foregoing; and (e) all rights corresponding to any of the foregoing throughout the world.

"Default" means any event or condition which constitutes an Event of Default or which upon notice, lapse of time or both would, unless cured or waived, become an Event of Default.

"Deposit Accounts" shall have the meaning set forth in Article 9 of the UCC.

"Documents" shall have the meaning set forth in Article 9 of the UCC.

"Equipment" shall have the meaning set forth in Article 9 of the UCC.

"Event of Default" means an event described in Section 5.1.

"Exhibit" refers to a specific exhibit to this Security Agreement, unless another document is specifically referenced.

"Fixtures" shall have the meaning set forth in Article 9 of the UCC.

"General Intangibles" shall have the meaning set forth in Article 9 of the UCC.

"Goods" shall have the meaning set forth in Article 9 of the UCC.

"Instruments" shall have the meaning set forth in Article 9 of the UCC.

"Inventory" shall have the meaning set forth in Article 9 of the UCC.

"Investment Property" shall have the meaning set forth in Article 9 of the UCC.

"Letter-of-Credit Rights" shall have the meaning set forth in Article 9 of the UCC.

"Licenses" means, with respect to any Person, all of such Person's right, title, and interest in and to (a) any and all licensing agreements or similar arrangements in and to its Patents, Copyrights, or Trademarks, (b) all income, royalties, damages, claims, and payments now or hereafter due or payable under and with respect thereto, including, without limitation, damages and payments for past and future breaches thereof, and (c) all rights to sue for past, present, and future breaches thereof.

"Lien" means, with respect to any asset, (a) any mortgage, deed of trust, lien, pledge, hypothecation, encumbrance, charge or security interest in, on or of such asset, (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset and (c) in the case of Equity Interests, any purchase option, call or similar right of a third party with respect to such Equity Interests.

"Montross Equipment" means the Equipment listed on Schedule A to the Intercreditor Agreement among the Lender, the Grantors and Monroe Capital Partners Fund LP, as such Agreement may be amended, restated or modified in accordance with its terms.

"Patents" means, with respect to any Person, all of such Person's right, title, and interest in and to: (a) any and all patents and patent applications; (b) all inventions and improvements described and claimed therein; (c) all reissues, divisions, continuations, renewals, extensions, and continuations-in-part thereof; (d) all income, royalties, damages, claims, and payments now or hereafter due or payable under and with respect thereto, including, without limitation, damages and payments for past and future infringements thereof; (e) all rights to sue for past, present, and future infringements thereof; and (f) all rights corresponding to any of the foregoing throughout the world.

"Pledged Collateral" means all Instruments, Securities and other Investment Property of the Grantors, whether or not physically delivered to the Lender pursuant to this Security Agreement, all to the extent that a Grantor has agreed to pledge the foregoing to the Lender.

"Receivables" means the Accounts, Chattel Paper, Documents, Investment Property, Instruments and any other rights or claims to receive money which are General Intangibles or which are otherwise included as Collateral.

"Section" means a numbered section of this Security Agreement, unless another document is specifically referenced.

"Security" shall have the meaning set forth in Article 8 of the UCC.

"Stock Rights" means all dividends, instruments or other distributions and any other right or property which the Grantors shall receive or shall become entitled to receive for any reason whatsoever with respect to, in substitution for or in exchange for any Equity Interest constituting Collateral, any right to receive an Equity Interest and any right to receive earnings, in which the Grantors now have or hereafter acquire any right, issued by an issuer of such Equity Interest.

"Supporting Obligations" shall have the meaning set forth in Article 9 of the UCC.

"Trademarks" means, with respect to any Person, all of such Person's right, title, and interest in and to the following: (a) all trademarks (including service marks), trade names, trade dress, and trade styles and the registrations and applications for registration thereof and the goodwill of the business symbolized by the foregoing; (b) all licenses of the foregoing, whether as licensee or licensor; (c) all renewals of the foregoing; (d) all income, royalties, damages, and payments now or hereafter due or payable with respect thereto, including, without limitation, damages, claims, and payments for past and future infringements thereof; (e) all rights to sue for past, present, and future infringements of the foregoing, including the right to settle suits involving claims and demands for royalties owing; and (f) all rights corresponding to any of the foregoing throughout the world.

"UCC" means the Uniform Commercial Code, as in effect from time to time, of the State of Ohio or of any other state the laws of which are required as a result thereof to be applied in connection with the attachment, perfection or priority of, or remedies with respect to, Lender's Lien on any Collateral.

The foregoing definitions shall be equally applicable to both the singular and plural forms of the defined terms.

ARTICLE II GRANT OF SECURITY INTEREST

Each Grantor hereby pledges, assigns and grants to the Lender, a security interest in all of its right, title and interest in, to and under all personal property and other assets, whether now owned by or owing to, or hereafter acquired by or arising in favor of such Grantor (including under any trade name or derivations thereof), and whether owned or consigned by or to, or leased from or to, such Grantor, and regardless of where located (all of which will be collectively referred to as the "Collateral"), including:

- (i) all Accounts;
- (ii) all Chattel Paper;
- (iii) all Copyrights, Patents and Trademarks;
- (iv) all Documents;
- (v) all Equipment;
- (vi) all Fixtures;
- (vii) all General Intangibles;
- (viii) all Goods;
- (ix) all Instruments;
- (x) all Inventory;
- (xi) all Investment Property;
- (xii) all cash or cash equivalents;
- (xiii) all letters of credit, Letter-of-Credit Rights and Supporting Obligations;
- (xiv) all Deposit Accounts with any bank or other financial institution;
- (xv) all accessions to, substitutions for and replacements, proceeds (including Stock Rights), insurance proceeds and products of the foregoing, together with all books and records, customer lists, credit files, computer files, programs, printouts and other computer materials and records related thereto and any General Intangibles at any time evidencing or relating to any of the foregoing;

to secure the prompt and complete payment and performance of the Obligations.

**ARTICLE III
REPRESENTATIONS AND WARRANTIES**

Each Grantor represents and warrants to the Lender that:

3.1. Title, Perfection and Priority. Such Grantor has good and valid rights in or the power to transfer the Collateral and title to the Collateral with respect to which it has purported to grant a security interest hereunder, free and clear of all Liens except for Permitted Liens, and has full power and authority to grant to the Lender the security interest in the Collateral pursuant hereto. When financing statements have been filed in the appropriate offices against such Grantor in the locations listed on Exhibit H, the Lender will have a fully perfected first priority security interest in that Collateral in which a security interest may be perfected by filing, other than that Collateral consisting of the Montross Equipment in which the Lender shall have a fully perfected second priority security interest, in each case, subject only to Permitted Liens.

3.2. Type and Jurisdiction of Organization, Organizational and Identification Numbers. The type of entity of such Grantor, its state of organization, the organizational number issued to it by its state of organization and its federal employer identification number are set forth on Exhibit A.

3.3. Principal Location. Such Grantor's mailing address and the location of its place of business (if it has only one) or its chief executive office (if it has more than one place of business) are disclosed in Exhibit A; such Grantor has no other places of business except those set forth in Exhibit A.

3.4. Collateral Locations. The location of each Grantor's chief executive office, principal place of business, offices and all warehouses and premises where Collateral is stored or located, and the locations of its books and records concerning the Collateral are set forth in Exhibit A.

3.5. Deposit Accounts. All of such Grantor's Deposit Accounts are listed on Exhibit B. Such Deposit Accounts shall be replaced with accounts at Lender in accordance with the terms of Article 7 and the Credit Agreement.

3.6. Exact Names. Such Grantor's name in which it has executed this Security Agreement is the exact name as it appears in such Grantor's organizational documents, as amended, as filed with such Grantor's jurisdiction of organization. Except as set forth on Exhibit A, such Grantor has not, during the past five years, been known by or used any other corporate or fictitious name, or been a party to any merger or consolidation, or been a party to any acquisition.

3.7. Letter-of-Credit Rights and Chattel Paper. Exhibit C lists all Letter-of-Credit Rights and Chattel Paper of such Grantor. All action by such Grantor necessary or desirable to protect and perfect the Lender's Lien on each item listed on Exhibit C (including the delivery of all originals and the placement of a legend on all Chattel Paper as required hereunder) has been duly taken. The Lender will have a fully perfected first priority security interest in the Collateral listed on Exhibit C, subject only to Permitted Liens.

3.8. Accounts and Chattel Paper.

(a) The names of the obligors, amounts owing, due dates and other information with respect to its Accounts and Chattel Paper are and will be correctly stated in all material respects in all records of such Grantor relating thereto and in all invoices and Collateral Reports with respect thereto furnished to the Lender by such Grantor from time to time. As of the time when each Account or each

item of Chattel Paper arises, such Grantor shall be deemed to have represented and warranted that such Account or Chattel Paper, as the case may be, and all records relating thereto, are genuine and in all material respects what they purport to be.

(b) With respect to its Accounts, except as specifically disclosed on the most recent Collateral Reports with respect to Accounts, (i) all Accounts are Eligible Accounts; (ii) all Accounts represent bona fide sales of Inventory or rendering of services to Account Debtors in the ordinary course of such Grantor's business and are not evidenced by a judgment, Instrument or Chattel Paper; (iii) there are no setoffs, claims or disputes existing or asserted with respect thereto and such Grantor has not made any agreement with any Account Debtor for any extension of time for the payment thereof (except as allowed by such Grantor in the ordinary course of its business), any compromise or settlement for less than the full amount thereof, any release of any Account Debtor from liability therefor, or any deduction therefrom except a discount or allowance allowed by such Grantor in the ordinary course of its business for prompt payment and disclosed to the Lender; (iv) to such Grantor's knowledge, there are no facts, events or occurrences which in any way impair the validity or enforceability thereof or could reasonably be expected to reduce the amount payable thereunder as shown on such Grantor's books and records and any invoices, statements and Collateral Reports with respect thereto; (v) such Grantor has not received any notice of proceedings or actions which are threatened or pending against any Account Debtor which could reasonably be expected to result in any adverse change in such Account Debtor's financial condition; and (vi) such Grantor has no knowledge that any Account Debtor has become insolvent or is generally unable to pay its debts as they become due.

3.9. Inventory. With respect to any of its Inventory scheduled or listed on the most recent Collateral Report, (a) such Inventory (other than Inventory in transit) is located at one of such Grantor's locations set forth on Exhibit A, (b) no Inventory (other than Inventory in transit) is now, or shall at any time or times hereafter be stored at any other location except as permitted by Section 4.1(e), (c) such Grantor has good, indefeasible and merchantable title to such Inventory and such Inventory is not subject to any Lien or security interest or document whatsoever except for the security interest granted to the Lender hereunder and Permitted Liens, (d) except as specifically disclosed in the most recent Collateral Report, such Inventory is Eligible Inventory of good and merchantable quality, free from any defects, (e) such Inventory is not subject to any licensing, patent, royalty, trademark, trade name or copyright agreements with any third parties which would require any consent of any third party upon sale or disposition of that Inventory or the payment of any monies to any third party upon such sale or other disposition, (f) to such Grantor's knowledge, such Inventory has been produced in accordance with the Federal Fair Labor Standards Act of 1938, as amended, and all rules, regulations and orders thereunder and (g) the completion of manufacture, sale or other disposition of such Inventory by the Lender following an Event of Default shall not require the consent of any Person and shall not constitute a breach or default under any contract or agreement to which such Grantor is a party or to which such property is subject.

3.10. Intellectual Property. Such Grantor does not have any interest in, or title to, any Patent, Trademark or Copyright except as set forth in Exhibit D. This Security Agreement is effective to create a valid and continuing Lien and, upon filing of appropriate financing statements in the offices listed on Exhibit H and this Security Agreement with the United States Copyright Office and the United States Patent and Trademark Office, fully perfected first priority security interests in favor of the Lender on such Grantor's Patents, Trademarks and Copyrights, such perfected security interests are enforceable as such as against any and all creditors of and purchasers from such Grantor; and all action necessary or desirable to protect and perfect the Lender's Lien on such Grantor's Patents, Trademarks or Copyrights shall have been duly taken.

3.11. Filing Requirements. None of its Equipment is covered by any certificate of title, except for the vehicles described in Part I of Exhibit E. None of the Collateral owned by it is of a type for which security interests or liens may be perfected by filing under any federal statute except for (a) the vehicles described in Part II of Exhibit E and (b) Patents, Trademarks and Copyrights held by such Grantor and described in Exhibit D.

3.12. No Financing Statements, Security Agreements. No financing statement or security agreement describing all or any portion of the Collateral which has not lapsed or been terminated naming such Grantor as debtor has been filed or is of record in any jurisdiction except for financing statements or security agreements (a) naming the Lender as the secured party and (b) in respect to other Permitted Liens.

3.13. Pledged Collateral.

(a) Exhibit G sets forth a complete and accurate list of all Pledged Collateral owned by such Grantor. Such Grantor is the direct, sole beneficial owner and sole holder of record of the Pledged Collateral listed on Exhibit G as being owned by it, free and clear of any Liens, except for the security interest granted to the Lender hereunder and Permitted Liens. Such Grantor further represents and warrants that (i) all Pledged Collateral owned by it constituting an Equity Interest has been (to the extent such concepts are relevant with respect to such Pledged Collateral) duly authorized, validly issued, are fully paid and non-assessable, (ii) with respect to any certificates delivered to the Lender representing an Equity Interest, either such certificates are Securities as defined in Article 8 of the UCC as a result of actions by the issuer or otherwise, or, if such certificates are not Securities, such Grantor has so informed the Lender so that the Lender may take steps to perfect its security interest therein as a General Intangible, (iii) all such Pledged Collateral held by a securities intermediary is covered by a control agreement among such Grantor, the securities intermediary and the Lender pursuant to which the Lender has control and (iv) all Pledged Collateral which represents Indebtedness owed to such Grantor, to the knowledge of such Grantor, has been duly authorized, authenticated or issued and delivered by the issuer of such Indebtedness, is the legal, valid and binding obligation of such issuer and such issuer is not in default thereunder.

(b) In addition, (i) none of the Pledged Collateral owned by it has been issued or transferred in violation of the securities registration, securities disclosure or similar laws of any jurisdiction to which such issuance or transfer may be subject, (ii) except for pledges of the Pledged Collateral in favor of the Term Loan Agent, no options, warrants, calls or commitments of any character whatsoever (A) exist relating to such Pledged Collateral or (B) obligate the issuer of any Equity Interest included in the Pledged Collateral to issue additional Equity Interests, and (iii) except for the consent of the Term Loan Agent which has been obtained by Grantors, no consent, approval, authorization, or other action by, and no giving of notice, filing with, any governmental authority or any other Person is required for the pledge by such Grantor of such Pledged Collateral pursuant to this Security Agreement or for the execution, delivery and performance of this Security Agreement by such Grantor, or for the exercise by the Lender of the voting or other rights provided for in this Security Agreement or for the remedies in respect of the Pledged Collateral pursuant to this Security Agreement, except as may be required in connection with such disposition by laws affecting the offering and sale of securities generally.

(c) Except as set forth in Exhibit G, such Grantor owns 100% of the issued and outstanding Equity Interests which constitute Pledged Collateral owned by it and none of the Pledged Collateral which represents Indebtedness owed to such Grantor is subordinated in right of payment to other Indebtedness or subject to the terms of an indenture.

ARTICLE IV COVENANTS

From the date of this Security Agreement, and thereafter until this Security Agreement is terminated, each Grantor agrees that:

4.1. General.

(a) Collateral Records. Such Grantor will maintain complete and accurate books and records with respect to the Collateral owned by it, and furnish to the Lender, such reports relating to such Collateral as set forth in the Credit Agreement.

(b) Authorization to File Financing Statements; Ratification. Such Grantor hereby authorizes the Lender to file all financing statements and other documents and take such other actions as may from time to time be requested by the Lender in order to maintain a first perfected security interest in and, if applicable, control of, the Collateral owned by such Grantor. Any financing statement filed by the Lender may be filed in any filing office in any UCC jurisdiction and may (i) indicate such Grantor's Collateral (1) as all assets of the 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 or such jurisdiction, or (2) by any other description which reasonably approximates the description contained in this Security Agreement, and (ii) contain any other information required by part 5 of Article 9 of the UCC for the sufficiency or filing office acceptance of any financing statement or amendment, including whether such Grantor is an organization, the type of organization and any organization identification number issued to such Grantor. Such Grantor also agrees to furnish any such information described in the foregoing sentence to the Lender promptly upon request. Such Grantor also ratifies its authorization for the Lender to have filed in any UCC jurisdiction any initial financing statements or amendments thereto if filed prior to the date hereof.

(c) Further Assurances. Such Grantor will furnish to the Lender statements and schedules further identifying and describing the Collateral and such other reports and information in connection with its Collateral as required by the Credit Agreement or as Lender may reasonably request. Such Grantor also agrees to take any and all actions necessary to defend title to the Collateral against all persons and to defend the security interest of the Lender in its Collateral and the priority thereof against any Lien not expressly permitted hereunder.

(d) Other Financing Statements. Such Grantor will not authorize the filing of any financing statement naming it as debtor covering all or any portion of the Collateral owned by it, except for financing statements (i) naming the Lender as the secured party, and (ii) in respect to other Permitted Liens. Such Grantor acknowledges that it is not authorized to file any financing statement or amendment or termination statement with respect to any financing statement naming the Lender a secured party without the prior written consent of the Lender, subject to such Grantor's rights under Section 9-509(d)(2) of the UCC.

(e) Locations. Such Grantor will not (i) maintain any Collateral owned by it at any location other than those locations listed on Exhibit A, (ii) otherwise change, or add to, such locations without the Lender's prior written consent as required by the Credit Agreement, or (iii) change its principal place of business or chief executive office from the location identified on Exhibit A, other than as permitted by the Credit Agreement.

(f) Compliance with Terms. Such Grantor will perform and comply in all material respects with all obligations in respect of the Collateral owned by it and all agreements to which it is a party or by which it is bound relating to such Collateral.

4.2. Receivables.

(a) Certain Agreements on Receivables. Such Grantor will not make or agree to make any discount, credit, rebate or other reduction in the original amount owing on a Receivable or accept in satisfaction of a Receivable less than the original amount thereof, except that, prior to the occurrence of an Event of Default, such Grantor may reduce the amount of Accounts arising from the sale of Inventory or provision of services in accordance with its present policies and in the ordinary course of business.

(b) Collection of Receivables. Except as otherwise provided in this Security Agreement, such Grantor will collect and enforce, at such Grantor's sole expense, all amounts due or hereafter due to such Grantor under the Receivables owned by it.

(c) Delivery of Invoices. Such Grantor will deliver to the Lender promptly upon the Lender's written request after the occurrence and during the continuation of an Event of Default duplicate invoices with respect to each Account owned by such Grantor bearing such language of assignment as the Lender shall specify.

(d) Disclosure of Counterclaims on Receivables. If, to the knowledge of such Grantor, any dispute, setoff, claim, counterclaim or defense exists or has been asserted or threatened with respect to any such Receivable, such Grantor will promptly disclose such fact to the Lender in writing.

(e) Electronic Chattel Paper. Such Grantor shall take all steps necessary to grant the Lender control of all electronic chattel paper in accordance with the UCC and all "transferable records" as defined in each of the Uniform Electronic Transactions Act and the Electronic Signatures in Global and National Commerce Act.

4.3. Inventory and Equipment.

(a) Maintenance of Goods. Such Grantor will do all things necessary to maintain, preserve, protect and keep its Inventory and the Equipment in good repair and working and saleable condition, except for damaged or defective goods arising in the ordinary course of such Grantor's business and except for ordinary wear and tear in respect of the Equipment.

(b) Returned Inventory. In the event any Account Debtor returns Inventory to such Grantor when an Event of Default exists, such Grantor, upon the written request of the Lender, shall: (i) hold the returned Inventory in trust for the Lender; (ii) segregate all returned Inventory from all of its other property; (iii) dispose of the returned Inventory solely according to the Lender's written instructions; and (iv) not issue any credits or allowances with respect thereto without the Lender's prior written consent. All returned Inventory shall be subject to the Lender's Liens thereon. Whenever any Inventory is returned, the related Account shall be deemed ineligible to the extent of the amount owing by the Account Debtor with respect to such returned Inventory and such returned Inventory shall not be Eligible Inventory.

(c) Equipment. Such Grantor shall promptly inform the Lender of any additions to or deletions from its Equipment which individually exceed \$250,000. Other than the Montross

Equipment, such 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 the Lender does not have a Lien. Such Grantor will not, without the Lender's prior written consent, which consent will not be unreasonably delayed, conditioned or withheld, alter or remove any identifying symbol or number on any of such Grantor's Equipment constituting Collateral.

(d) Titled Vehicles. Such Grantor will give the Lender notice of its acquisition of any vehicle covered by a certificate of title and deliver to the Lender, upon the Lender's written request, the original of any vehicle title certificate and provide and/or file all other documents or instruments necessary to have the Lien of the Lender noted on any such certificate or with the appropriate state office.

4.4. Delivery of Instruments, Securities, Chattel Paper and Documents. Such Grantor will (a) deliver to the Lender immediately upon execution of this Security Agreement the originals of all Chattel Paper, Securities and Instruments constituting Collateral owned by it (if any then exist), (b) hold in trust for the Lender upon receipt and immediately thereafter deliver to the Lender any such Chattel Paper, Securities and Instruments constituting Collateral, (c) upon the Lender's written request, deliver to the Lender (and thereafter hold in trust for the Lender upon receipt and promptly deliver to the Lender) any Document evidencing or constituting Collateral and (d) promptly upon the Lender's written request, deliver to the Lender a duly executed amendment to this Security Agreement, in the form of Exhibit I hereto (the "Amendment"), pursuant to which such Grantor will pledge such additional Collateral. Such Grantor hereby authorizes the Lender to attach each Amendment to this Security Agreement and agrees that all additional Collateral owned by it set forth in such Amendments shall be considered to be part of the Collateral.

4.5. Uncertificated Pledged Collateral. Such Grantor will permit the Lender from time to time to cause the appropriate issuers (and, if held with a securities intermediary, such securities intermediary) of uncertificated securities or other types of Pledged Collateral owned by it not represented by certificates to mark their books and records with the numbers and face amounts of all such uncertificated securities or other types of Pledged Collateral not represented by certificates and all rollovers and replacements therefor to reflect the Lien of the Lender granted pursuant to this Security Agreement. With respect to any Pledged Collateral owned by it, such Grantor will take all reasonable actions necessary to cause (a) the issuers of uncertificated securities which are Pledged Collateral and (b) any securities intermediary which is the holder of any Pledged Collateral, to cause the Lender to have and retain control over such Pledged Collateral. Without limiting the foregoing, such Grantor will, with respect to Pledged Collateral held with a securities intermediary, cause such securities intermediary to enter into a control agreement with the Lender, in form and substance satisfactory to the Lender, giving the Lender control.

4.6. Pledged Collateral.

(a) Changes in Capital Structure of Issuers. Such Grantor will not without the prior written consent of the Lender, which consent will not be unreasonably delayed, conditioned or withheld: (i) permit or suffer any issuer of an Equity Interest constituting Pledged Collateral owned by it to dissolve, merge, liquidate, retire any of its Equity Interests or other Instruments or Securities evidencing ownership, reduce its capital, sell or encumber all or substantially all of its assets (except for Permitted Liens and Permitted Dispositions) or merge or consolidate with any other entity, or (ii) vote any such Pledged Collateral in favor of any of the foregoing.

(b) Exercise of Rights in Pledged Collateral.

(i) Subject to clause (ii) below, such Grantor shall have the right to exercise all voting rights or other rights relating to the Pledged Collateral owned by it for all purposes not inconsistent with this Security Agreement, the Credit Agreement or any other Loan Document; *provided however, that* no vote or other right shall be exercised or action taken which would have the effect of impairing the rights of the Lender in respect of the Pledged Collateral.

(ii) Such Grantor will permit the Lender or its nominee at any time after the occurrence and during the continuance of an Event of Default, without notice, to exercise all voting rights or other rights relating to the Pledged Collateral owned by it, including, without limitation, exchange, subscription or any other rights, privileges, or options pertaining to any Equity Interest or Investment Property constituting such Pledged Collateral as if it were the absolute owner thereof.

(iii) Such Grantor shall be entitled to collect and receive for its own use all cash dividends and interest paid in respect of the Pledged Collateral owned by it to the extent not in violation of the Credit Agreement; *provided however, that* until actually paid, all rights to such distributions shall remain subject to the Lien created by this Security Agreement; and

(iv) All other distributions in respect of any Pledged Collateral owned by such Grantor, whenever paid or made, shall be delivered to the Lender to hold as Pledged Collateral and shall, if received by such Grantor, be received in trust for the benefit of the Lender, be segregated from the other property or funds of such Grantor, and be forthwith delivered to the Lender as Pledged Collateral in the same form as so received (with any necessary endorsement).

4.7. Intellectual Property.

(a) Such Grantor will use commercially reasonable efforts to secure all consents and approvals necessary or appropriate for the assignment to or benefit of the Lender of any License held by such Grantor and to enforce the security interests granted hereunder.

(b) Such Grantor shall notify the Lender promptly if it knows or has reason to know that any application or registration relating to any Patent, Trademark or Copyright material to the conduct of such Grantor's business (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 such Grantor's ownership of any Patent, Trademark or Copyright material to the conduct of such Grantor's business, its right to register the same, or to keep and maintain the same.

(c) In no event shall such Grantor, either directly or through any agent, employee, licensee or designee, file an application for the registration of any Patent, Trademark or Copyright with the United States Patent and Trademark Office, the United States Copyright Office or any similar office or agency without promptly giving the Lender notice thereof, and, upon request of the Lender, such Grantor shall execute and deliver any and all security agreements as the Lender may reasonably request to evidence the Lender's first priority security interest on such Patent, Trademark or Copyright, and the General Intangibles of such Grantor relating thereto or represented thereby.

(d) Such Grantor shall take all reasonable actions necessary to maintain and pursue each application, to obtain the relevant registration and to maintain the registration of each of its Patents, Trademarks and Copyrights (now or hereafter existing), including the filing of applications for renewal, affidavits of use, affidavits of noncontestability and opposition and interference and cancellation proceedings, unless such Grantor shall determine that such Patent, Trademark or Copyright is not material to the conduct of such Grantor's business.

(e) Such Grantor shall, unless it 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 Lender shall, in its reasonable discretion, deem appropriate under the circumstances to protect such Patent, Trademark or Copyright. In the event that such Grantor institutes suit because any of its Patents, Trademarks or Copyrights constituting Collateral is infringed upon, or misappropriated or diluted by a third party, such Grantor shall comply with Section 4.8.

4.8 Commercial Tort Claims. Such Grantor shall promptly, and in any event within five (5) Business Days after the same is acquired by it, notify the Lender of any commercial tort claim (as defined in the UCC) acquired by it and, unless the Lender otherwise consents, such Grantor shall enter into an amendment to this Security Agreement, in the form of Exhibit I hereto, granting to Lender a first priority security interest in such commercial tort claim.

4.9. Letter-of-Credit Rights. If such Grantor is or becomes the beneficiary of a letter of credit, it shall promptly, and in any event within five (5) Business Days after becoming a beneficiary, notify the Lender thereof and cause the issuer and/or confirmation bank to (i) consent to the assignment of any Letter-of-Credit Rights to the Lender and (ii) agree to direct all payments thereunder to a Deposit Account at the Lender for application to the Obligations, all in form and substance reasonably satisfactory to the Lender.

4.10. Reserved.

4.11. Insurance. (a) In the event any Collateral is located in any area that has been designated by the Federal Emergency Management Agency as a "Special Flood Hazard Area", such Grantor shall purchase and maintain flood insurance on such Collateral (including any personal property which is located on any real property leased by such Grantor within a "Special Flood Hazard Area"). The amount of flood insurance required by this Section shall at a minimum comply with applicable law, including the Flood Disaster Protection Act of 1973, as amended.

(b) All insurance policies required hereunder or under the Credit Agreement shall name the Lender as an additional insured or as lender loss payee, as applicable, and shall contain lender loss payable clauses or mortgagee clauses, through endorsements in form and substance reasonably satisfactory to the Lender, which provide that: (i) all proceeds thereunder with respect to any Collateral shall be payable to the Lender subject to the terms of any intercreditor agreement with respect thereto; (ii) no such insurance shall be affected by any act or neglect of the insured or owner of the property described in such policy; and (iii) such policy and lender loss payable or mortgagee clauses may be canceled, amended, or terminated only upon at least thirty days prior written notice given to the Lender.

(c) All premiums on any such insurance shall be paid when due by such Grantor, and copies of the policies delivered to the Lender promptly upon the Lender's written request therefor. If such Grantor fails to obtain any insurance as required by this Section, the Lender may obtain such

insurance at the Borrower's expense. By purchasing such insurance, the Lender shall not be deemed to have waived any Default arising from the Grantor's failure to maintain such insurance or pay any premiums therefor.

4.12. Collateral Access Agreements. If requested in writing by Lender, such Grantor shall use commercially reasonable efforts to obtain a Collateral Access Agreement, from the lessor of each leased property, mortgagee of owned property or bailee or consignee with respect to any warehouse, processor or converter facility or other location where Collateral is stored or located, which agreement or letter shall provide access rights, contain a waiver or subordination of all Liens or claims that the landlord, mortgagee, bailee or consignee may assert against the Collateral at that location, and shall otherwise be reasonably satisfactory in form and substance to the Lender.

4.13. Change of Name or Location; Change of Fiscal Year. Such Grantor shall not (a) change its name as it appears in official filings in the state of its incorporation or organization, (b) change its chief executive office, principal place of business, mailing address, corporate offices or warehouses or locations at which Collateral is held or stored, or the location of its records concerning the Collateral as set forth in this Security Agreement, (c) change the type of entity that it is, (d) change its organization identification number, if any, issued by its state of incorporation or other organization, or (e) change its state of incorporation or organization, in each case, unless the Lender shall have received at least thirty (30) days prior written notice of such change and any reasonable action requested by the Lender in connection therewith has been completed or taken (including any action to continue the perfection of any Liens in favor of the Lender in any Collateral), *provided that*, any new location shall be in the continental U.S. Such Grantor shall not change its fiscal year which currently ends on December 31.

ARTICLE V EVENTS OF DEFAULT AND REMEDIES

5.1. Events of Default. The occurrence of any Event of Default as defined in the Loan Agreement shall constitute an Event of Default hereunder.

5.2. Remedies.

(a) Upon the occurrence of an Event of Default, the Lender may exercise any or all of the following rights and remedies:

(i) those rights and remedies provided in this Security Agreement, the Credit Agreement, or any other Loan Document; *provided that*, this Section 5.2(a) shall not be understood to limit any rights or remedies available to the Lender prior to an Event of Default;

(ii) those rights and remedies available to a secured party under the UCC (whether or not the UCC applies to the affected Collateral) or under any other applicable law (including, without limitation, any law governing the exercise of a bank's right of setoff or bankers' lien) when a debtor is in default under a security agreement;

(iii) give notice of sole control or any other instruction under any control agreement with any securities intermediary and take any action therein with respect to such Collateral;

(iv) without notice (except as specifically provided in Section 8.1 or elsewhere herein), demand or advertisement of any kind to any Grantor or any other Person, enter

the premises of the Grantor where any Collateral is located to collect, receive, assemble, process, appropriate, sell, lease, assign, grant an option or options to purchase or otherwise dispose of, deliver, or realize upon, the Collateral or any part thereof in one or more parcels at public or private sale or sales (which sales may be adjourned or continued from time to time with or without notice and may take place at any Grantor's premises or elsewhere), for cash, on credit or for future delivery without assumption of any credit risk, and upon such other terms as the Lender may deem commercially reasonable; and

(v) concurrently with written notice to the applicable Grantor, transfer and register in its name or in the name of its nominee the whole or any part of the Pledged Collateral, to exchange certificates or instruments representing or evidencing Pledged Collateral for certificates or instruments of smaller or larger denominations, exercise the voting and all other rights as a holder with respect thereto, to collect and receive all cash dividends, interest, principal and other distributions made thereon and to otherwise act with respect to the Pledged Collateral as though the Lender was the outright owner thereof.

(b) The Lender may comply with any applicable state or federal law requirements in connection with a disposition of the Collateral and compliance will not be considered to adversely affect the commercial reasonableness of any sale of the Collateral.

(c) The Lender 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 the Lender, the whole or any part of the Collateral so sold, free of any right of equity redemption, which equity redemption the Grantor hereby expressly releases.

(d) Until the Lender is able to effect a sale, lease, or other disposition of Collateral, the Lender 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 reasonably deemed appropriate by the Lender. The Lender may, if it so elects, obtain the appointment of a receiver to take possession of Collateral and to enforce any of the Lender's remedies, with respect to such appointment.

(e) Notwithstanding the foregoing, the Lender shall not be required to (i) make any demand upon, or pursue or exhaust any of its rights or remedies against, any Grantor, any other obligor, guarantor, pledgor or any other Person with respect to the payment of the Obligations or to pursue or exhaust any of its rights or remedies with respect to any Collateral therefor or any direct or indirect guarantee thereof, (ii) marshal the Collateral or any guarantee of the Obligations or to resort to the Collateral or any such guarantee in any particular order, or (iii) effect a public sale of any Collateral.

(f) Each Grantor recognizes that the Lender may be unable to effect a public sale of any or all the Pledged Collateral and may be compelled to resort to one or more private sales thereof in accordance with clause (a) above. Each Grantor also acknowledges that any private sale may result in prices and other terms less favorable to the seller than if such sale were a public sale and, notwithstanding such circumstances, agrees that any such private sale shall not be deemed to have been made in a commercially unreasonable manner solely by virtue of such sale being private. The Lender shall be under no obligation to delay a sale of any of the Pledged Collateral for the period of time necessary to permit the Grantor or the issuer of the Pledged Collateral to register such securities for public sale under the Securities Act of 1933, as amended, or under applicable state securities laws, even if the Grantor and the issuer would agree to do so.

5.3. Grantor's Obligations Upon Default. Upon the written request of the Lender after the occurrence and during the continuation of an Event of Default, each Grantor will:

(a) assemble and make available to the Lender the Collateral and all books and records relating thereto at any place or places specified by the Lender, whether at a Grantor's premises or elsewhere;

(b) permit the Lender, by the Lender's representatives and agents, to enter, occupy and use any premises where all or any part of the Collateral, or the books and records relating thereto, or both, are located, to take possession of all or any part of the Collateral or the books and records relating thereto, or both, to remove all or any part of the Collateral or the books and records relating thereto, or both, and to conduct sales of the Collateral, without any obligation to pay the Grantor for such use and occupancy;

(c) take, or cause an issuer of Pledged Collateral to take, any and all actions necessary to register or qualify the Pledged Collateral to enable the Lender to consummate a public sale or other disposition of the Pledged Collateral; and

(d) at its own expense, cause the independent certified public accountants then engaged by each Grantor to prepare and deliver to the Lender, at any time, and from time to time, promptly upon the Lender's request, the following reports with respect to the applicable Grantor: (i) a reconciliation of all Accounts; (ii) an aging of all Accounts; (iii) trial balances; and (iv) a test verification of such Accounts.

5.4. Grant of Intellectual Property License. For the purpose of enabling the Lender to exercise the rights and remedies under this Article V at such time as the Lender shall be lawfully entitled to exercise such rights and remedies, each Grantor hereby (a) grants to the Lender an irrevocable, nonexclusive license (exercisable without payment of royalty or other compensation to any Grantor) to use, license or sublicense any intellectual property rights now owned or hereafter acquired by such Grantor, and wherever the same may be located, and including in such license access to all media in which any of the licensed items may be recorded or stored and to all computer software and programs used for the compilation or printout thereof and (b) irrevocably agrees that the Lender may sell any of such Grantor's Inventory directly to any person, including without limitation persons who have previously purchased the Grantor's Inventory from such Grantor and in connection with any such sale or other enforcement of the Lender's rights under this Security Agreement, may sell Inventory which bears any Trademark owned by or licensed to such Grantor and any Inventory that is covered by any Copyright owned by or licensed to such Grantor and the Lender may finish any work in process and affix any Trademark owned by or licensed to such Grantor and sell such Inventory as provided herein. Notwithstanding the forgoing, the Lender shall not be permitted to take any action that would constitute a default under any Licenses to which any Grantor is a party.

ARTICLE VI ATTORNEY IN FACT; PROXY

6.1. Authorization for Lender to Take Certain Action.

(a) Each Grantor irrevocably authorizes the Lender at any time and from time to time in the sole discretion of the Lender and appoints the Lender as its attorney in fact (i) to execute on behalf of such Grantor as debtor and to file financing statements necessary or desirable in the Lender's sole discretion to perfect and to maintain the perfection and priority of the Lender's security interest in the

Collateral, (ii) to endorse and collect any cash proceeds of the Collateral, (iii) to file a carbon, photographic or other reproduction of this Security Agreement or any financing statement with respect to the Collateral as a financing statement and to file any other financing statement or amendment of a financing statement (which does not add new collateral or add a debtor) in such offices as the Lender in its sole discretion deems necessary or desirable to perfect and to maintain the perfection and priority of the Lender's security interest in the Collateral, (iv) to contact and enter into one or more agreements with the issuers of uncertificated securities which are Pledged Collateral or with securities intermediaries holding Pledged Collateral as may be necessary or advisable to give the Lender control over such Pledged Collateral, (v) to apply the proceeds of any Collateral received by the Lender to the Obligations, (vi) to discharge past due taxes, assessments, charges, fees or Liens on the Collateral (except for such Liens that are Permitted Liens), (vii) to contact Account Debtors for any reason, (viii) to demand payment or enforce payment of the Receivables in the name of the Lender or the Grantor and to endorse any and all checks, drafts, and other instruments for the payment of money relating to the Receivables, (ix) to sign such Grantor's name on any invoice or bill of lading relating to the Receivables, drafts against any Account Debtor of the Grantor, assignments and verifications of Receivables, (x) to exercise all of such Grantor's rights and remedies with respect to the collection of the Receivables and any other Collateral, (xi) to settle, adjust, compromise, extend or renew the Receivables, (xii) to settle, adjust or compromise any legal proceedings brought to collect Receivables, (xiii) to prepare, file and sign such Grantor's name on a proof of claim in bankruptcy or similar document against any Account Debtor of such Grantor, (xiv) to prepare, file and sign such Grantor's name on any notice of Lien, assignment or satisfaction of Lien or similar document in connection with the Receivables, (xv) to change the address for delivery of mail addressed to such Grantor to such address as the Lender may designate and to receive, open and dispose of all mail addressed to such Grantor, and (xvi) to do all other acts and things necessary to carry out this Security Agreement; and such Grantor agrees to reimburse the Lender on demand for any payment made or any reasonable expense incurred by the Lender in connection with any of the foregoing; *provided that*, this authorization shall not relieve such Grantor of any of its obligations under this Security Agreement or under the Credit Agreement.

(b) All acts of said attorney or designee are hereby ratified and approved. The powers conferred on the Lender, under this Section 6.1 are solely to protect the Lender's interests in the Collateral and shall not impose any duty upon the Lender to exercise any such powers. The Lender agrees that, except for the powers granted in Section 6.1(a)(i)-(vi) and Section 6.1(a)(xvi), it shall not exercise any power or authority granted to it unless an Event of Default has occurred and is continuing.

6.2. Proxy. EACH GRANTOR HEREBY IRREVOCABLY CONSTITUTES AND APPOINTS THE LENDER AS ITS PROXY AND ATTORNEY-IN-FACT (AS SET FORTH IN SECTION 6.1 ABOVE) WITH RESPECT TO ITS PLEDGED COLLATERAL, INCLUDING THE RIGHT TO VOTE ANY OF THE PLEDGED COLLATERAL, WITH FULL POWER OF SUBSTITUTION TO DO SO. IN ADDITION TO THE RIGHT TO VOTE ANY OF THE PLEDGED COLLATERAL, THE APPOINTMENT OF THE LENDER AS PROXY AND ATTORNEY-IN-FACT SHALL INCLUDE THE RIGHT TO EXERCISE ALL OTHER RIGHTS, POWERS, PRIVILEGES AND REMEDIES TO WHICH A HOLDER OF ANY OF THE PLEDGED COLLATERAL WOULD BE ENTITLED (INCLUDING GIVING OR WITHHOLDING WRITTEN CONSENTS OF SHAREHOLDERS, CALLING SPECIAL MEETINGS OF SHAREHOLDERS AND VOTING AT SUCH MEETINGS). SUCH PROXY SHALL BE EFFECTIVE, AUTOMATICALLY AND WITHOUT THE NECESSITY OF ANY ACTION (INCLUDING ANY TRANSFER OF ANY OF THE PLEDGED COLLATERAL ON THE RECORD BOOKS OF THE ISSUER THEREOF) BY ANY PERSON (INCLUDING THE ISSUER OF THE PLEDGED COLLATERAL OR ANY OFFICER OR AGENT THEREOF), UPON THE OCCURRENCE OF AND DURING THE CONTINUATION OF AN EVENT OF DEFAULT.

6.3. Nature of Appointment; Limitation of Duty. THE APPOINTMENT OF THE LENDER AS PROXY AND ATTORNEY-IN-FACT IN THIS ARTICLE VI IS COUPLED WITH AN INTEREST AND SHALL BE IRREVOCABLE UNTIL THE DATE ON WHICH THIS SECURITY AGREEMENT IS TERMINATED IN ACCORDANCE WITH SECTION 8.13. NOTWITHSTANDING ANYTHING CONTAINED HEREIN, NEITHER THE LENDER NOR ANY OF ITS AFFILIATES, NOR ANY OF ITS OR ITS AFFILIATES' RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, AGENTS OR REPRESENTATIVES SHALL HAVE ANY DUTY TO EXERCISE ANY RIGHT OR POWER GRANTED HEREUNDER OR OTHERWISE OR TO PRESERVE THE SAME AND SHALL NOT BE LIABLE FOR ANY FAILURE TO DO SO OR FOR ANY DELAY IN DOING SO, EXCEPT IN RESPECT OF DAMAGES ATTRIBUTABLE SOLELY TO ITS OWN GROSS NEGLIGENCE OR WILLFUL MISCONDUCT AS FINALLY DETERMINED BY A COURT OF COMPETENT JURISDICTION; PROVIDED THAT, IN NO EVENT SHALL THEY BE LIABLE FOR ANY PUNITIVE, EXEMPLARY, INDIRECT OR CONSEQUENTIAL DAMAGES.

ARTICLE VII COLLECTION OF COLLATERAL PROCEEDS; DEPOSIT ACCOUNTS

7.1. Collection of Proceeds. As soon as practicable but no later than ninety (90) days after the Closing Date, each Grantor shall establish and thereafter maintain its operating accounts with Lender for the purpose of disbursements and collections of Collateral proceeds.

7.2. Deposit Accounts. As soon as practicable but no later than ninety (90) days after the Closing Date, each Grantor shall use Lender as its primary bank of account and thereafter maintain all deposit, disbursement, and other operating accounts at Lender.

ARTICLE VIII GENERAL PROVISIONS

8.1. Waivers. Each Grantor hereby waives notice of the time and place of any public sale or the time after which any private sale or other disposition of all or any part of the Collateral may be made. To the extent such notice may not be waived under applicable law, any notice made shall be deemed reasonable if sent to the Grantors, addressed as set forth in Article IX, at least ten days prior to (i) the date of any such public sale or (ii) the time after which any such private sale or other disposition may be made. To the maximum extent permitted by applicable law, each Grantor waives all claims, damages, and demands against the Lender arising out of the repossession, retention or sale of the Collateral, except to the extent such arise out of the gross negligence or willful misconduct of the Lender as finally determined by a court of competent jurisdiction. To the extent it may lawfully do so, each Grantor absolutely and irrevocably waives and relinquishes the benefit and advantage of, and covenants not to assert against the Lender, any valuation, stay, appraisal, extension, moratorium, redemption or similar laws and any and all rights or defenses it may have as a surety now or hereafter existing which, but for this provision, might be applicable to the sale of any Collateral made under the judgment, order or decree of any court, or privately under the power of sale conferred by this Security Agreement, or otherwise. Except as otherwise specifically provided herein, each Grantor hereby waives presentment, demand, protest or any notice (to the maximum extent permitted by applicable law) of any kind in connection with this Security Agreement or any Collateral.

8.2. Limitation on the Lender's Duty with Respect to the Collateral. The Lender shall have no obligation to clean-up or otherwise prepare the Collateral for sale. The Lender shall use reasonable care with respect to the Collateral in its possession or under its control. The Lender 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 the Lender, or any income thereon or as to the preservation of rights against prior parties or any other rights pertaining thereto. To the extent that applicable law imposes duties on the Lender to exercise remedies in a commercially reasonable manner, each Grantor acknowledges and agrees that it is commercially reasonable for the Lender (i) to fail after good faith efforts to incur expenses reasonably deemed significant by the Lender to prepare Collateral for disposition or otherwise to transform raw material or work in process into finished goods or other finished products for disposition, (ii) to fail to obtain third party consents for access to Collateral to be disposed of, or to obtain or, if not required by other law, to fail to obtain governmental or third party consents for the collection or disposition of Collateral to be collected or disposed of, (iii) to fail to exercise collection remedies against Account Debtors or other Persons obligated on Collateral or to remove Liens on or any adverse claims against Collateral where such effort, in the reasonable discretion of the Lender, are overly burdensome, (iv) to exercise collection remedies against Account Debtors and other Persons obligated on Collateral directly or through the use of reputable collection agencies and other reputable collection specialists, (v) to advertise dispositions of Collateral through publications or media of general circulation, whether or not the Collateral is of a specialized nature, (vi) to contact other Persons, whether or not in the same business as such Grantor, for expressions of interest in acquiring all or any portion of the Collateral, (vii) to hire one or more professional auctioneers to assist in the disposition of Collateral, whether or not the Collateral is of a specialized nature, (viii) to dispose of Collateral by utilizing nationally recognized internet sites that provide for the auction of assets of the types included in the Collateral or that have the reasonable capacity of doing so, or that match buyers and sellers of assets, (ix) to dispose of assets in wholesale rather than retail markets, (x) to disclaim disposition warranties, such as title, possession or quiet enjoyment, (xi) to purchase insurance or credit enhancements to insure the Lender against risks of loss, collection or disposition of Collateral or to provide to the Lender a guaranteed return from the collection or disposition of Collateral, or (xii) to the extent deemed appropriate by the Lender, to obtain the services of other brokers, investment bankers, consultants and other professionals to assist the Lender in the collection or disposition of any of the Collateral. Each Grantor acknowledges that the purpose of this Section 8.2 is to provide non-exhaustive indications of what actions or omissions by the Lender would be commercially reasonable in the Lender's exercise of remedies against the Collateral and that other actions or omissions by the Lender shall not be deemed commercially unreasonable solely on account of not being indicated in this Section 8.2. Without limitation upon the foregoing, nothing contained in this Section 8.2 shall be construed to grant any rights to the Grantor or to impose any duties on the Lender that would not have been granted or imposed by this Security Agreement or by applicable law in the absence of this Section 8.2.

8.3. Compromises and Collection of Collateral. The Grantors and the Lender recognize that setoffs, counterclaims, defenses and other claims may be asserted by obligors with respect to certain of the Receivables, that certain of the Receivables may be or become uncollectible in whole or in part and that the expense and probability of success in litigating a disputed Receivable may exceed the amount that reasonably may be expected to be recovered with respect to a Receivable. In view of the foregoing, the Grantor agrees that the Lender may at any time and from time to time, if an Event of Default has occurred and is continuing, compromise with the obligor on any Receivable, accept in full payment of any Receivable such amount as the Lender in its reasonable discretion shall determine or abandon any Receivable, and any such action by the Lender shall be commercially reasonable so long as the Lender acts in good faith based on information known to it at the time it takes any such action.

8.4. Secured Party Performance of Debtor Obligations. Without having any obligation to do so, the Lender may perform or pay any obligation which the Grantor has agreed to perform or pay in this Security Agreement and has failed to perform or pay and the Grantors shall reimburse the Lender for any

reasonable amounts paid by the Lender pursuant to this Section 8.4. The Grantors' obligation to reimburse the Lender pursuant to the preceding sentence shall be an Obligation payable on demand.

8.5. Dispositions Not Authorized. No Grantor is authorized to sell or otherwise dispose of the Collateral except Permitted Dispositions.

8.6. No Waiver; Amendments; Cumulative Remedies. No delay or omission of the Lender to exercise any right or remedy granted under this Security Agreement shall impair such right or remedy or be construed to be a waiver of any Default or Event of Default, or an acquiescence therein, and any single or partial exercise of any such right or remedy shall not preclude any other or further exercise thereof or the exercise of any other right or remedy. No waiver, amendment or other variation of the terms, conditions or provisions of this Security Agreement whatsoever shall be valid unless in writing signed by the Lender and the Grantors, and then only to the extent in such writing specifically set forth. All rights and remedies contained in this Security Agreement or by law afforded shall be cumulative and all shall be available to the Lender until the Obligations have been paid in full.

8.7. Limitation by Law; Severability of Provisions. 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 or not entitled to be recorded or registered, in whole or in part. Any provision in this Security Agreement that is held to be inoperative, unenforceable, or invalid in any jurisdiction shall, as to that jurisdiction, be inoperative, unenforceable, or invalid without affecting the remaining provisions in that jurisdiction or the operation, enforceability, or validity of that provision in any other jurisdiction, and to this end the provisions of this Security Agreement are declared to be severable.

8.8. Reinstatement. This Security Agreement shall remain in full force and effect and continue to be effective should any petition be filed by or against any Grantor for liquidation or reorganization, should the Grantor become insolvent or make an assignment for the benefit of any creditor or creditors or should a receiver or trustee be appointed for all or any significant part of any Grantor's assets, and shall continue to be effective or be reinstated, as the case may be, if at any time payment and performance of 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.

8.9. Benefit of Agreement. The terms and provisions of this Security Agreement shall be binding upon and inure to the benefit of the Grantors, the Lender and their respective successors and assigns (including all persons who become bound as a debtor to this Security Agreement), except that no Grantor shall have the right to assign its rights or delegate its obligations under this Security Agreement or any interest herein, without the prior written consent of the Lender. No sales of participations, assignments, transfers, or other dispositions of any agreement governing the Obligations or any portion thereof or interest therein shall in any manner impair the Lien granted to the Lender hereunder.

8.10. Survival of Representations. All representations and warranties of the Grantors contained in this Security Agreement shall survive the execution and delivery of this Security Agreement.

8.11. Taxes and Expenses. Any taxes (including income taxes) payable or ruled payable by Federal or State authority in respect of this Security Agreement shall be paid by the Grantors, together with interest and penalties, if any. The Grantors shall reimburse the Lender for any and all reasonable out-of-pocket expenses and internal charges (including reasonable attorneys', auditors' and accountants' fees and reasonable time charges of attorneys, paralegals, auditors and accountants who may be employees of the Lender) paid or incurred by the Lender in connection with the preparation, execution, delivery, administration, collection and enforcement of this Security Agreement and in the audit, analysis, administration, collection, preservation or sale of the Collateral (including the expenses and charges associated with any periodic or special audit of the Collateral). Any and all costs and expenses incurred by the Grantors in the performance of actions required pursuant to the terms hereof shall be borne solely by the Grantors.

8.12. Headings. The title of and section headings in this Security Agreement are for convenience of reference only, and shall not govern the interpretation of any of the terms and provisions of this Security Agreement.

8.13. Termination. This Security Agreement shall continue in effect (notwithstanding the fact that from time to time there may be no Obligations outstanding) until (i) the Credit Agreement has terminated pursuant to its express terms and (ii) all of the Obligations have been indefeasibly paid and performed in full (or with respect to any outstanding Letters of Credit, a cash deposit has been delivered to the Lender as required by the Credit Agreement) and no commitments of the Lender which would give rise to any Obligations are outstanding.

8.14. Entire Agreement. This Security Agreement embodies the entire agreement and understanding among the Grantors and the Lender relating to the Collateral and supersedes all prior agreements and understandings among the Grantors and the Lender relating to the Collateral.

8.15. **CHOICE OF LAW. THIS SECURITY AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS (AND NOT THE LAW OF CONFLICTS) OF THE STATE OF OHIO, BUT GIVING EFFECT TO FEDERAL LAWS APPLICABLE TO NATIONAL BANKS.**

8.16. **CONSENT TO JURISDICTION. EACH GRANTOR AND THE LENDER HEREBY IRREVOCABLY SUBMIT TO THE NON-EXCLUSIVE JURISDICTION OF ANY U.S. FEDERAL OR OHIO STATE COURT SITTING IN CINCINNATI, OHIO IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS SECURITY AGREEMENT OR ANY OTHER LOAN DOCUMENT AND EACH GRANTOR AND THE LENDER HEREBY IRREVOCABLY AGREE THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURT AND IRREVOCABLY WAIVE ANY OBJECTION IT MAY NOW OR HEREAFTER HAVE AS TO THE VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN SUCH A COURT OR THAT SUCH COURT IS AN INCONVENIENT FORUM. NOTHING HEREIN SHALL LIMIT THE RIGHT OF THE LENDER TO BRING PROCEEDINGS AGAINST ANY GRANTOR IN THE COURTS OF ANY OTHER JURISDICTION. ANY JUDICIAL PROCEEDING BY ANY GRANTOR AGAINST THE LENDER OR ANY AFFILIATE OF THE LENDER INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS SECURITY AGREEMENT OR ANY OTHER LOAN DOCUMENT SHALL BE BROUGHT ONLY IN A COURT IN CINCINNATI, OHIO.**

8.17. **WAIVER OF JURY TRIAL.** EACH GRANTOR AND THE LENDER HEREBY WAIVE TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER (WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE) IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS SECURITY AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE RELATIONSHIP ESTABLISHED THEREUNDER.

8.18. Indemnity. Each Grantor hereby agrees to indemnify the Lender, and its successors, assigns, agents and employees, from and against any and all liabilities, damages, penalties, suits, costs, and expenses of any kind and nature (including, without limitation, all expenses of litigation or preparation therefor whether or not the Lender is a party thereto) imposed on, incurred by or asserted against the Lender, or its successors, assigns, agents and employees, in any way relating to or arising out of this Security Agreement, or the manufacture, purchase, acceptance, rejection, ownership, delivery, lease, possession, use, operation, condition, sale, return or other disposition of any Collateral (including, without limitation, latent and other defects, whether or not discoverable by the Lender or any Grantor, and any claim for Patent, Trademark or Copyright infringement) except to the extent caused by the Lender's (or any of Lender's successors, assigns, agents and employees) gross negligence or willful misconduct.

8.19. Counterparts. This Security Agreement may be executed in any number of counterparts, all of which taken together shall constitute one agreement, and any of the parties hereto may execute this Security Agreement by signing any such counterpart. Delivery of an executed counterpart of a signature page of this Security Agreement by facsimile or other electronic transmission shall be effective as delivery of a manually executed counterpart of this Security Agreement.

8.20. Intercreditor Agreement; Delivery of Term Loan Priority Collateral. This instrument is subject to the terms of an Intercreditor Agreement among JPMorgan Chase Bank, N.A., its successors and assigns, Monroe Capital Partners Fund LP, its successors and assigns, and the Loan Parties referred to therein, as amended from time to time. Any obligation of any Grantor hereunder with respect to the delivery or control of any Collateral that constitutes Term Loan Priority Collateral shall be deemed to be satisfied if such Grantor delivers or provides control of such Term Loan Priority Collateral to the Term Loan Agent in accordance with the requirements of the corresponding provision of the applicable Term Loan Document.

ARTICLE IX NOTICES

9.1. Sending Notices. Any notice required or permitted to be given under this Security Agreement shall be sent in accordance with the Credit Agreement.

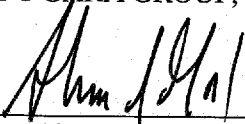
9.2. Change in Address for Notices. Each of the Grantors and the Lender may change the address for service of notice upon it in accordance with the Credit Agreement.

[Signature Pages Follow]

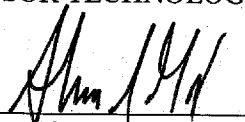
IN WITNESS WHEREOF, the Grantors and the Lender have executed this Security Agreement as of the date first above written.

GRANTORS:

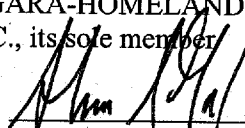
THE O'GARA GROUP, INC.,

By: 
Name: Abram S. Gordon
Title: Vice President and Secretary

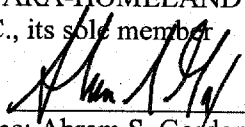
SENSOR TECHNOLOGY SYSTEMS, INC.,

By: 
Name: Abram S. Gordon
Title: Vice President and Secretary

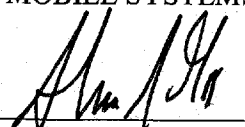
O'GARA TRAINING AND SERVICES, LLC,

By: O'GARA-HOMELAND DEFENSE SOLUTIONS,
INC., its sole member
By: 
Name: Abram S. Gordon
Title: Secretary

SECURE PRODUCT CREATIONS, LLC,

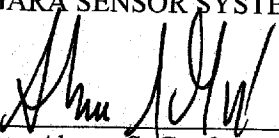
By: O'GARA-HOMELAND DEFENSE SOLUTIONS,
INC., its sole member
By: 
Name: Abram S. Gordon
Title: Secretary

TOG MOBILE SYSTEMS, INC.,

By: 
Name: Abram S. Gordon
Title: Secretary

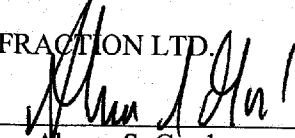
GRANTORS:

O'GARA SENSOR SYSTEMS, INC.

By: 
Name: Abram S. Gordon

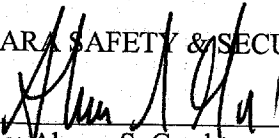
Title: Secretary

DIFFRACTION LTD.

By: 
Name: Abram S. Gordon

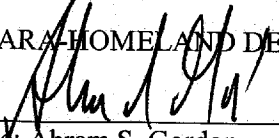
Title: Secretary

O'GARA SAFETY & SECURITY INSTITUTE, INC.

By: 
Name: Abram S. Gordon

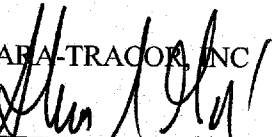
Title: Secretary

O'GARA HOMELAND DEFENSE SOLUTIONS, INC.

By: 
Name: Abram S. Gordon

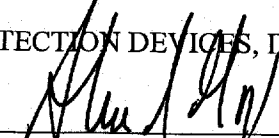
Title: Secretary

O'GARA-TRACOR, INC

By: 
Name: Abram S. Gordon

Title: Secretary

PROTECTION DEVICES, INC

By: 
Name: Abram S. Gordon

Title: Secretary

TRADEMARK

REEL: 004733 FRAME: 0855

IN WITNESS WHEREOF, the Grantors and the Lender have executed this Security Agreement as of the date first above written.

LENDER:

JPMORGAN CHASE BANK, N.A.

By: 

Print Name: Thomas J. Reinhold

Title: Senior Vice President

EXHIBIT A

INFORMATION AND COLLATERAL LOCATIONS: THE O'GARA GROUP, INC.

- I. **Name of Grantor:** The O'Gara Group, Inc.
- II. **State of Incorporation or Organization:** Ohio
- III. **Type of Entity:** Corporation
- IV. **Organizational Number assigned by State of Incorporation or Organization:** 1145630
- V. **Federal Identification Number:** 20-2790142
- VI. **Principal Place of Business and Chief Executive Office:** 7870 East Kemper Road, Suite 460, Cincinnati, OH 45249
- VII. **Corporate Offices:** 7870 East Kemper Road, Suite 460, Cincinnati, OH 45249
- VIII. **Warehouses:** None
- IX. **Other Premises at which Collateral is Stored or Located:** See subsidiary premises.
- X. **Locations of Records Concerning Collateral:** 7870 East Kemper Road, Suite 460, Cincinnati, OH 45249.
- XI. **Grantor's Names/Acquisitions:**

The O'Gara Group, Inc. acquired the shares of Protection Devices, Inc., a Texas corporation, on December 30, 2011, which were subsequently transferred to its wholly-owned subsidiary, TOG Mobile Systems, Inc. TOG Merger Co., an Ohio corporation, merged into The O'Gara Group, Inc. December 31, 2009.

INFORMATION AND COLLATERAL LOCATIONS – O’GARA TRAINING AND SERVICES, LLC

- I. **Name of Grantor:** O’Gara Training and Services, LLC
- II. **State of Incorporation or Organization:** Ohio
- III. **Type of Entity:** Limited Liability Company
- IV. **Organizational Number assigned by State of Incorporation or Organization:** 1331117
- V. **Federal Identification Number:** 36-4510434
- VI. **Principal Place of Business and Chief Executive Office:** 700 Pete Rose Way, Suite 4N, Cincinnati, OH 45203
- VII. **Corporate Offices:** 700 Pete Rose Way, Suite 4N, Cincinnati, OH 45203
- VIII. **Warehouses:** None
- IX. **Other Premises at which Collateral is Stored or Located:**
 - a. 18047 Kings Highway, Montross, VA 22520
 - b. Parcel A 309 Acres, Parcel C 31.09 Acres, Montross, VA 22520
- X. **Locations of Records Concerning Collateral:** 7870 East Kemper Road, Suite 460, Cincinnati, OH 45249
- XI. **Grantor’s Names/Acquisitions**

O’Gara Training and Services, LLC was previously organized as Critical Incident Solutions, LLC and has registered the trade name Critical Incident Solutions, LLC with the State of Ohio.

INFORMATION AND COLLATERAL LOCATIONS – TOG MOBILE SYSTEMS, INC.

- I. **Name of Grantor:** TOG Mobile Systems, Inc.
- II. **State of Incorporation or Organization:** Ohio
- III. **Type of Entity:** Corporation
- IV. **Organizational Number assigned by State of Incorporation or Organization:** 1762787
- V. **Federal Identification Number:** 26-2067423
- VI. **Principal Place of Business and Chief Executive Office:** 7870 East Kemper Road, Suite 460, Cincinnati, OH 45249
- VII. **Corporate Offices:** 7870 East Kemper Road, Suite 460, Cincinnati, OH 45249
- VIII. **Warehouses:** None
- IX. **Other Premises at which Collateral is Stored or Located:** None
- X. **Locations of Records Concerning Collateral:** 7870 East Kemper Road, Suite 460, Cincinnati, OH 45249.
- XI. **Grantor's Names/Acquisitions**

TOG Mobile Systems, Inc. was originally organized as O'Gara Mobile Security, Inc., later changed its name to TOG Mobile Security, Inc. and then to TOG Mobile Systems, Inc. TOG Mobile Systems, Inc. registered the trade name TOG Mobile Security with the State of Ohio.

INFORMATION AND COLLATERAL LOCATIONS –SENSOR TECHNOLOGY SYSTEMS, INC.

- I. **Name of Grantor:** Sensor Technology Systems, Inc.
- II. **State of Incorporation or Organization:** Ohio
- III. **Type of Entity:** Corporation
- IV. **Organizational Number assigned by State of Incorporation or Organization:** 787470
- V. **Federal Identification Number:** 31-1314876
- VI. **Principal Place of Business and Chief Executive Office:** 2794 Indian Ripple Road, Dayton, OH 45440
- VII. **Corporate Offices:** 7870 East Kemper Road, Suite 460, Cincinnati, OH 45249
- VIII. **Warehouses:** None
- IX. **Other Premises at which Collateral is Stored or Located:** None
- X. **Locations of Records Concerning Collateral:** 7870 East Kemper Road, Suite 460, Cincinnati, OH 45249
- XI. **Grantor's Names/Acquisitions**

Sensor Technology Systems, Inc. registered the fictitious name Specialized Technical Services with the State of Ohio.

INFORMATION AND COLLATERAL LOCATIONS – SECURE PRODUCT CREATIONS, LLC

- I. **Name of Grantor:** Secure Product Creations, LLC
- II. **State of Incorporation or Organization:** Ohio
- III. **Type of Entity:** Limited Liability Company
- IV. **Organizational Number assigned by State of Incorporation or Organization:** 1476516
- V. **Federal Identification Number:** 02-0707941
- VI. **Principal Place of Business or Chief Executive Office:** 7870 East Kemper Road, Suite 460, Cincinnati, OH 45249
- VII. **Corporate Offices:** 7870 East Kemper Road, Suite 460, Cincinnati, OH 45249
- VIII. **Warehouses:** None
- IX. **Other Premises at which Collateral is Stored or Located:** None
- X. **Locations of Records Concerning Collateral:** 7870 East Kemper Road, Suite 460, Cincinnati, OH 45249
- XI. **Grantor's Names/Acquisitions**
None

INFORMATION AND COLLATERAL LOCATIONS – O’GARA SAFETY & SECURITY INSTITUTE, INC.

- I. **Name of Grantor:** O’Gara Safety & Security Institute, Inc.
- II. **State of Incorporation or Organization:** Ohio
- III. **Type of Entity:** Corporation
- IV. **Organizational Number assigned by State of Incorporation or Organization:** 1600909
- V. **Federal Identification Number:** 20-4553933
- VI. **Principal Place of Business and Chief Executive Office:** 7870 East Kemper Road, Suite 460, Cincinnati, OH 45249
- VII. **Corporate Offices:** 7870 East Kemper Road, Suite 460, Cincinnati, OH 45249
- VIII. **Warehouses:** None
- IX. **Other Premises at which Collateral is Stored or Located:** 1245 Pine Tree Road, Alton, VA 24520
- X. **Locations of Records Concerning Collateral:** 7870 East Kemper Road, Suite 460, Cincinnati, OH 45249.
- XII. **Grantor’s Names/Acquisitions**
O’Gara Safety & Security Institute, Inc. was originally formed as O’Gara Virginia, Inc.

INFORMATION AND COLLATERAL LOCATIONS – SECURE PRODUCT CREATIONS, LLC

- I. **Name of Grantor:** O’Gara-Homeland Defense Solutions, Inc.
- II. **State of Incorporation or Organization:** Ohio
- III. **Type of Entity:** Corporation
- IV. **Organizational Number assigned by State of Incorporation or Organization:** 1476516
- V. **Federal Identification Number:** 1655351
- VI. **Principal Place of Business or Chief Executive Office:** 700 Pete Rose Way, Cincinnati, OH 45203
- VII. **Corporate Offices:** 7870 East Kemper Road, Suite 460, Cincinnati, OH 45249
- VIII. **Warehouses:** None
- XI. **Other Premises at which Collateral is Stored or Located:** 7870 East Kemper Road, Suite 460, Cincinnati, OH 45249
- XII. **Locations of Records Concerning Collateral:** 7870 East Kemper Road, Suite 460, Cincinnati, OH 45249
- XII. **Grantor’s Names/Acquisitions**
O’Gara-Homeland Defense Solutions, Inc. was originally organized as O’Gara Acquisition-HDS, Inc. to merge with Homeland Defense Solutions, Inc.

INFORMATION AND COLLATERAL LOCATIONS – O’GARA-TRACOR, INC.

- I. **Name of Grantor:** O’Gara-Tracor, Inc.
- II. **State of Incorporation or Organization:** Ohio
- III. **Type of Entity:** Corporation
- IV. **Organizational Number assigned by State of Incorporation or Organization:** 1589511
- V. **Federal Identification Number:** 20-4332626
- VI. **Principal Place of Business and Chief Executive Office:** 7870 East Kemper Road, Suite 460, Cincinnati, OH 45249
- VII. **Corporate Offices:** 7870 East Kemper Road, Suite 460, Cincinnati, OH 45249
- VIII. **Warehouses:** None
- IX. **Other Premises at which Collateral is Stored or Located:** 155 West 35th Street, National City, California 91950.
- X. **Locations of Records Concerning Collateral:** 7870 East Kemper Road, Suite 460, Cincinnati, OH 45249.
- XIII. **Grantor’s Names/Acquisitions**
O’Gara-Tracor, Inc. was originally formed as O’Gara Acquisition Co.

INFORMATION AND COLLATERAL LOCATIONS – O’GARA SENSOR SYSTEMS, INC.

- I. **Name of Grantor:** O’Gara Sensor Systems, Inc.
- II. **State of Incorporation or Organization:** Ohio
- III. **Type of Entity:** Corporation
- IV. **Organizational Number assigned by State of Incorporation or Organization:** 1406910
- V. **Federal Identification Number:** 11-3701352
- VI. **Principal Place of Business and Chief Executive Office:** 7870 East Kemper Road, Suite 460, Cincinnati, OH 45249
- VII. **Corporate Offices:** 7870 East Kemper Road, Suite 460, Cincinnati, OH 45249
- VIII. **Warehouses:** None
- IX. **Other Premises at which Collateral is Stored or Located:** None
- X. **Locations of Records Concerning Collateral:** 7870 East Kemper Road, Suite 460, Cincinnati, OH 45249.
- XIV. **Grantor’s Names/Acquisitions**

O’Gara Sensor Systems, Inc. was originally organized as The O’Gara Group, Inc., then named STS Holding Company.

INFORMATION AND COLLATERAL LOCATIONS – DIFFRACTION LTD.

- I. **Name of Grantor:** Diffraction Ltd.
- II. **State of Incorporation or Organization:** Vermont
- III. **Type of Entity:** Corporation
- IV. **Organizational Number assigned by State of Incorporation or Organization:** V-52078-0
- V. **Federal Identification Number:** 03-0337343
- VI. **Principal Place of Business and Chief Executive Office:** 182 Mad River Park, Waitsfield, VT 05673
- VII. **Corporate Offices:** 182 Mad River Park, Waitsfield, VT 05673
- VIII. **Warehouses:** None
- IX. **Other Premises at which Collateral is Stored or Located:** None
- X. **Locations of Records Concerning Collateral:** 7870 East Kemper Road, Suite 460, Cincinnati, OH 45249.
- XV. **Grantor's Names/Acquisitions**
None

INFORMATION AND COLLATERAL LOCATIONS – PROTECTION DEVICES, INC.

- I. **Name of Grantor:** Protection Devices, Inc.
- II. **State of Incorporation or Organization:** Texas
- III. **Type of Entity:** Corporation
- IV. **Organizational Number assigned by State of Incorporation or Organization:** 144963400
- V. **Federal Identification Number:** 74-2848806
- VI. **Principal Place of Business and Chief Executive Office:** 4830 Whirlwind, San Antonio, TX 78217
- VII. **Corporate Offices:** 7870 East Kemper Road, Suite 460, Cincinnati, OH 45249
- VIII. **Warehouses:** None
- IX. **Other Premises at which Collateral is Stored or Located:** None
- X. **Locations of Records Concerning Collateral:** 7870 East Kemper Road, Suite 460, Cincinnati, OH 45249.
- XVI. **Grantor's Names/Acquisitions**

The O'Gara Group, Inc. acquired the shares of Protection Devices, Inc. on December 30, 2011, which were subsequently transferred to its wholly-owned subsidiary, TOG Mobile Systems, Inc..

EXHIBIT B

(See Section 3.5 of Security Agreement)

Deposit Accounts

Owner	Account	Bank	Account #	Currency
The O'Gara Group Inc.	Checking/Concentration	PNC Bank	40-0690-4666	US\$
STS Inc.	Checking/Zero Balance	PNC Bank	40-0690-4674	US\$
Critical Incident Solutions LLC	Checking/Zero Balance	PNC Bank	40-0834-3057	US\$
The O'Gara Group Inc. FSA	Flex Spending/Zero Balance	PNC Bank	40-0690-4738	US\$
The O'Gara Group Inc.	Sweep investment	PNC Bank	603018618	US\$
The O'Gara Group, Inc.	Checking/Concentration	Key Bank	359681167458	US\$
Sensor Technology Systems Inc	Checking/Zero Balance	Key Bank	359681133153	US\$
O'Gara Group FSA	Flex Spending/Zero Balance	Key Bank	359681198644	US\$

EXHIBIT C

(See Section 3.7 of Security Agreement)

LETTER OF CREDIT RIGHTS

None

CHATTEL PAPER

None

EXHIBIT D

(See Section 3.10 and 3.11 of Security Agreement)

INTELLECTUAL PROPERTY RIGHTS

PATENTS

Name of Grantor	Patent Description	Patent Number	Issue Date
STS	FLIP OPTIC ADAPTOR	8,085,484	12/27/2011

PATENT APPLICATIONS

Name of Grantor	Patent Application	Application Filing Date	Application Serial Number
OTS*	11/326,107	1/5/2006	

TRADEMARKS

Name of Grantor	Trademark	Registration Date	Registration Number
TOG	SSI	3/21/2006	3,071,023
TOG	SAFETY & SECURITY INSTITUTE	5/16/2006	3,094,532
OTS*	THE RESPONDER	7/18/2006	3,116,160
OTS*	PERIMETER CONTROL KIT	10/17/2006	3,156,212
OTS*	SECURE PRODUCT CREATIONS	10/24/2006	3,161,572
OTS*	R4SYSTEMS	3/14/2006	3,067,618

TRADEMARK APPLICATIONS

Name of Grantor	Trademark Application	Application Filing Date	Application Serial Number
None			

COPYRIGHTS

Name of Grantor	Copyright	Registration Date	Registration Number
STS	Entrec woms handheld solution	2007	TX0006606760
STS	Entrec WOMS Management Console	2007	TXu001369218
STS	ENTREC WOMS WEB server communication gateway	2007	TX0006599777

*OTS d/b/a Critical Incident Solutions, LLC

COPYRIGHT APPLICATIONS

Name of Grantor	Copyright Application	Application Filing Date	Application Serial Number
None			

INTELLECTUAL PROPERTY LICENSES

Name of Grantor	Name of Agreement	Date of Agreement	Parties to Agreement
None			

EXHIBIT E

(See Section 3.11 of Security Agreement)

TITLE DOCUMENTS

I. Vehicles subject to certificates of title:

Name of Grantor	Description	Title Number	State Where Issued
None			

II. Aircraft/engines/parts, ships, railcars and other vehicles governed by federal statute:

Name of Grantor	Description	Registration Number
None		

EXHIBIT G

(See Section 3.13 of Security Agreement and Definition of "Pledged Collateral")

LIST OF PLEDGED COLLATERAL, SECURITIES AND OTHER INVESTMENT PROPERTY

STOCKS

Name of Grantor	Issuer	Certificate Number(s)	Number of Shares	Class of Stock	Percentage of Outstanding Shares

OTHER SECURITIES OR OTHER INVESTMENT PROPERTY
(CERTIFICATED AND UNCERTIFICATED)

Name of Grantor	Issuer	Description of Collateral	Percentage Ownership Interest

EXHIBIT H

(See Section 3.1 of Security Agreement)

OFFICES IN WHICH FINANCING STATEMENTS HAVE BEEN FILED

Texas Secretary of State – PROTECTION DEVICES, INC.

Vermont Secretary of State - DIFFRACTION LTD.

Ohio Secretary of State – ALL OTHER GRANTORS

EXHIBIT I

(See Section 4.4 and 4.8 of Security Agreement)

AMENDMENT

This Amendment, dated _____, ___ is delivered pursuant to Section 4.4 of the Security Agreement referred to below. All defined terms herein shall have the meanings ascribed thereto or incorporated by reference in the Security Agreement. The undersigned hereby certifies that the representations and warranties in Article III of the Security Agreement are and continue to be true and correct. The undersigned further agrees that this Amendment may be attached to that certain Pledge and Security Agreement, dated _____, between the undersigned, as the Grantors, and JPMorgan Chase Bank, N.A., as the Lender, (the "Security Agreement") and that the Collateral listed on Schedule I to this Amendment shall be and become a part of the Collateral referred to in said Security Agreement and shall secure all Obligations referred to in the Security Agreement.

By: _____
Name: _____
Title: _____

SCHEDULE I TO AMENDMENT

STOCKS

Name of Grantor	Issuer	Certificate Number(s)	Number of Shares	Class of Stock	Percentage of Outstanding Shares

BONDS

Name of Grantor	Issuer	Number	Face Amount	Coupon Rate	Maturity

GOVERNMENT SECURITIES

Name of Grantor	Issuer	Number	Type	Face Amount	Coupon Rate	Maturity

**OTHER SECURITIES OR OTHER INVESTMENT PROPERTY
(CERTIFICATED AND UNCERTIFICATED)**

Name of Grantor	Issuer	Description of Collateral	Percentage Ownership Interest

[Add description of custody accounts or arrangements with securities intermediary, if applicable]

COMMERCIAL TORT CLAIMS

Name of Grantor	Description of Claim	Parties	Case Number; Name of Court where Case was Filed