

03-02-2000



101279956

**RECORDATION FORM COVER SHEET
TRADEMARKS ONLY**

MRO
1-28-00

TO: The Commissioner of Patents and Trademarks: Please record the attached original document(s) or copy(ies).

Submission Type

New

Resubmission (Non-Recordation)
Document ID #

Correction of PTO Error
Reel # Frame #

Corrective Document
Reel # Frame #

Conveyance Type

Assignment License

Security Agreement Nunc Pro Tunc Assignment

Merger

Change of Name

Other

Effective Date
Month Day Year

Conveying Party

Mark if additional names of receiving parties attached

Name Execution Date
Month Day Year

Formerly

Individual General Partnership Limited Partnership Corporation Association

Other

Citizenship State of Incorporation/Organization

Receiving Party

Mark if additional names of receiving parties attached

Name

DBA/AKA/TA

Composed of

Address (line 1)

Address (line 2)

Address (line 3)
City State/Country Zip Code

Individual General Partnership Limited Partnership Corporation Association

Other

Citizenship State of Incorporation/Organization

If document to be recorded is an assignment and the receiving party is not domiciled in the United States, an appointment of a domestic representative should be attached (Designation must be a separate document from the Assignment.)

03/02/2000 DEBITES 00000157 020755 1570641

FOR OFFICE USE ONLY

01 FC:481 40.00 CH
02 PD:482 175.00 CH

Please report for this collection of information is estimated to average approximately 30 minutes per Cover Sheet to be recorded, including time for reviewing the document and gathering the data needed to complete the Cover Sheet. Send comments regarding this burden estimate to the U.S. Patent and Trademark Office, Chief Information Officer, Washington, D.C. 20231 and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Paperwork Reduction Project (0651-0027), Washington, D.C. 20503. See OMB Information Collection Budget Package 0651-0027, Patent and Trademark Assignment Practice. DO NOT SEND REQUESTS TO RECORD ASSIGNMENT DOCUMENTS TO THIS ADDRESS.

Domestic Representative Name and Address

Enter for the first Receiving Party only.

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

Correspondent Name and Address

Area Code and Telephone Number

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

Pages Enter the total number of pages of the attached conveyance document including any attachments.

#

Trademark Application Number(s) or Registration Number(s)

Mark if additional numbers attached

Enter either the Trademark Application Number or the Registration Number (DO NOT ENTER BOTH numbers for the same property).

Trademark Application Number(s)

Registration Number(s)

<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text" value="1578841"/>	<input type="text" value="1723567"/>	<input type="text" value="2078575"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text" value="1520755"/>	<input type="text" value="1792497"/>	<input type="text" value="2038626"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text" value="1517129"/>	<input type="text" value="1758196"/>	<input type="text"/>

Number of Properties

Enter the total number of properties involved.

#

Fee Amount

Fee Amount for Properties Listed (37 CFR 3.41):

\$

Method of Payment:

Enclosed

Deposit Account

Deposit Account

(Enter for payment by deposit account or if additional fees can be charged to the account.)

Deposit Account Number:

#

Authorization to charge additional fees:

Yes

No

Statement and Signature

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document. Charges to deposit account are authorized, as indicated herein.

Sally A. Steffen
Name of Person Signing

Sally A. Steffen
Signature

1/27/00
Date Signed

TRADEMARK ASSIGNMENT

This Trademark Assignment ("Assignment") is made this 7 day of December, 1999 by CECO FILTERS, INC., a Delaware corporation (the "Assignor"), to PNC BANK, NATIONAL ASSOCIATION, a national banking association, as agent (the "Agent"), for the banks (the "Banks") from time to time parties to the Credit Agreement (the "Credit Agreement") dated as of the date hereof among the Assignor, Air Purator Corporation, New Busch Co., Inc., CECO Group, Inc., The Kirk & Blum Manufacturing Company, and kbd/Technic, Inc. (collectively, the "Borrowers"), the Agent and the Banks, pursuant to the Trademark Security Agreement dated as of the date hereof by and between the Assignor and the Agent (the "Trademark Security Agreement").

Background

Section 5(a) of the Trademark Security Agreement provides that the Assignor shall execute a written assignment of the Trademarks listed on Exhibit A thereto (attached hereto as Exhibit 1A) and deliver such assignment to the Agent to be held in escrow until such time as (a) an Event of Default under the Credit Agreement shall occur and be continuing and the Agent has elected to exercise its remedies in respect thereof, or (b) the Assignor requests delivery of the assignment pursuant to Section 6 of the Trademark Security Agreement.

1. Assignment. The Assignor hereby assigns to Agent for the benefit of the Banks, and its and their successors and assigns, the Trademarks referred to in Exhibit 1A together with any goodwill of the business in connection with which such Trademarks are used, and registrations and applications therefor (collectively, the "Assigned Material").

2. Amendment. The provisions of this Assignment shall be read cumulatively with the provisions of Sections 2, 3, 4, 5, 7, 8 and 9 of the Trademark Security Agreement. This Assignment amends the Trademark Security Agreement by deleting Sections 1 and 6 of the Trademark Security Agreement which Sections 1 and 6 shall be of no further force or effect in respect of the Assigned Material.

3. No Other Assignment. The Assignor warrants and represents that it has made no other assignment or disposition of the Assigned Material other than in favor of the Agent.

4. Right to File. Upon the occurrence and during the continuance of an Event of Default and the election by the Agent to exercise its remedies in respect thereof, the Agent shall be entitled, without prior notice to the Assignor, to file this Assignment with the United States Patent and Trademark Office and shall have the right, at any time (but shall have no obligation) to take, in its name or in the name of the Assignor or otherwise, such actions as the Agent may, at any time or from time to time, deem necessary to sell, transfer and assign the Assigned Material.

5. Reliance. If the Agent shall elect to exercise its rights hereunder and under the Assignment, the United States Patent and Trademark Office shall have the right to rely upon the Agent's written statement of the Agent's right to sell, assign and transfer the Assigned Material and the Assignor hereby irrevocably authorizes the United States Patent and Trademark Office to recognize such sale by the Agent either in the Assignor's name or in the Agent's name without the necessity or obligation of the United States Patent and Trademark Office to ascertain the existence of any default by the Assignor under the Credit Agreement.

6. Notices. Notices that may or are required to be delivered hereunder shall be sufficient if in writing and sent to the addresses designated below, or such other address as the Assignor and the Agent may designate in writing by notices similarly sent.

7. No Further Assignments. The Assignor shall not further assign, transfer or convey its interests in the Assigned Material without the prior written consent of the Agent.

8. Governing Law and Severability. This Assignment shall be construed according to the laws of the Commonwealth of Pennsylvania without regard to its conflicts of laws principles and if any of its provisions are judicially determined to be in conflict with any law of the Commonwealth of Pennsylvania or otherwise judicially determined to be unenforceable for any reason whatsoever, such provision shall be deemed null and void to the extent of such unenforceability but shall be deemed separable from and shall not invalidate any other provision of this Assignment.

IN WITNESS WHEREOF, the Assignor has caused this Assignment to be signed by its officer thereunto duly authorized, and its corporate seal to be hereto affixed and attested by its said officer as of the date first above written.

CECO FILTERS, INC.

By: Steven I. Taub
Steven I. Taub, President

Address for Notices:
1029 Conshohocken Road
Conshohocken, PA 19428
Telecopier No. 610-825-3108
Telephone No. 610-825-8585

EXHIBIT 1A

TRADEMARKS

<u>Registration No.</u>	<u>Mark</u>	<u>Country</u>	<u>Registration Date</u>
1,578,841	N-SERT	USA	01/23/90
1,520,755	SITE-PAK	USA	01/17/89
1,517,129	X-SERT	USA	12/20/88
1,723,567	THE CLEAR STACK PEOPLE	USA	10/13/92
1,792,497	TWIN-PAK	USA	09/14/93
1,758,196	N-ESTED	USA	03/15/93
2,078,575	CECO	USA	07/15/97
2,038,626	"PEEK PERFORMANCE" (Stylized Letters)	USA	11/26/96

TRADEMARKS AND TRADEMARK LICENSES

1. KBM and kbd/Technic, Inc. ("KTI") operate their businesses under the names "The Kirk & Blum Manufacturing Company" and "kbd/Technic", respectively.

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TRADEMARK SECURITY AGREEMENT

This Trademark Security Agreement is made and entered into as of the 7 day of December, 1999, between CECO FILTERS, INC., a Delaware corporation (the "Assignor"), and PNC BANK, NATIONAL ASSOCIATION, as agent for certain Banks referred to below (the "Agent").

Background

The Assignor, Air Purator Corporation, New Busch Co., Inc., CECO Group, Inc., The Kirk & Blum Manufacturing Company, and kbd/Technic, Inc. (collectively, the "Borrowers"), the banks and other financial institutions from time to time parties thereto (the "Banks"), and the Agent have entered into a Credit Agreement, dated as of the date hereof (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"). The Assignor is executing and delivering this Trademark Security Agreement as collateral security for the Loans made by the Banks pursuant to the Credit Agreement. The Credit Agreement, the Notes (as defined therein) and all related documents, instruments and agreements referred to therein are hereafter referred to as the "Loan Documents".

NOW, THEREFORE, in consideration of the premises and to induce the Agent and the Banks to enter into the Loan Documents, and intending to be legally bound hereby, the parties agree as follows:

1. Grant of Security Interest. Pursuant to and in confirmation of the terms and conditions of the Credit Agreement and as additional collateral security for the performance of the obligations under the terms and provisions of the Loan Documents (the "Secured Indebtedness"), the Assignor hereby grants and conveys to the Agent, for the benefit of the Banks, and its and their successors and assigns, a security interest in and to all of the Assignor's right, title and interest existing in the trademarks which are registered or for which application for registration has been made with the United States Patent and Trademark Office in the name of the Assignor, as listed on Exhibit A attached hereto (as the same may be amended pursuant hereto from time to time), and in the trademarks hereafter acquired or filed by the Assignor, including without limitation all renewals thereof, all proceeds of infringement suits to sue for past, present and future infringements and all rights corresponding thereto in the United States, together with any goodwill of the business in connection with which all such trademarks are used ("Trademarks").

2. Representations and Warranties. The Assignor represents and warrants to the Agent that:

(a) The Trademarks are subsisting and have not been adjudged invalid or unenforceable;

(b) Each of the Trademarks is valid and enforceable;

(c) There is no outstanding claim that the use of any of the Trademarks violates the rights of any third person;

(d) The Assignor is the sole and exclusive owner of the entire and unencumbered right, title and interest in and to each of the Trademarks, free and clear of any liens, charges and encumbrances (including without limitation pledges, assignments, licenses, registered user agreements and covenants by the Assignor not to sue third persons), except liens, charges and encumbrances in favor of PNC Bank, National Association ("PNC") in its capacity as lender under the Trademark Security Agreement by Assignor in favor of PNC, which shall be removed promptly after the date hereof;

(e) The Assignor has the right to enter into this Trademark Security Agreement and perform its terms; and

(f) The Assignor will use for the duration of this Trademark Security Agreement, proper statutory notice, where appropriate, in connection with its use of the Trademarks.

3. New Trademarks. If before the Secured Indebtedness shall have been paid in full, the Assignor shall obtain rights to any new trademarks, the provisions of Section 1 shall automatically apply thereto and the Assignor shall give the Agent prompt written notice thereof.

4. Covenants. The Assignor covenants that until the Secured Indebtedness is fully satisfied:

(a) Further Documentation; Pledge of Instruments. At any time and from time to time, upon the written request of the Agent, the Assignor will promptly and duly execute and deliver any and all such further instruments and documents and take such further action as the Agent may reasonably deem necessary in obtaining the full benefits of this Trademark Security Agreement and of the rights and powers herein granted, including, without limitation, the filing of any financing or continuation statements under the Uniform Commercial Code with respect to the liens and security interests granted hereby. The Assignor also hereby authorizes the Agent to file any such financing or continuation statement without the signature of the Assignor to the extent permitted by applicable law. After an Event of Default (as defined in the Credit Agreement) which is continuing, if any amount payable under or in connection with any of the Trademarks shall be or become evidenced by any promissory note or other instrument, such note or instrument shall be immediately pledged to the Agent hereunder, duly endorsed in a manner satisfactory to the Agent.

(b) Maintenance of Trademarks. The Assignor will not do any act, or omit to do any act, whereby the Trademarks which are necessary for the operation of the Assignor's business or any registration or application appurtenant thereto, may become abandoned, invalidated, unenforceable, avoided, avoidable, or will otherwise diminish in value, and shall notify the Agent immediately if it knows of any reason or has reason to know of any ground under which this result

may occur. The Assignor shall take appropriate action at its expense to halt the infringement of the Trademarks.

(c) Indemnification. The Assignor assumes all responsibility and liability arising from the use of the Trademarks, and the Assignor hereby indemnifies and holds the Agent harmless from and against any claim, suit, loss, damage or expense (including reasonable attorneys' fees) arising out of the Assignor's operations of its business from the use of the Trademarks.

(d) Limitation of Liens on Trademarks. Except as permitted by the Credit Agreement, the Assignor will not create, permit or suffer to exist, and will defend the Trademarks against and take such other action as is necessary to remove any lien, security interest, encumbrance, claim or right, in or to the Trademarks.

(e) Notices. The Assignor will advise the Agent promptly, in reasonable detail, (i) of any lien or claim made or asserted against any of the Trademarks, (ii) of any material change in the composition of the Trademarks, and (iii) of the occurrence of any other event which would have a material adverse effect on the value of any of the Trademarks or on the security interests created hereunder.

(f) Limitation on Further Uses of Trademarks. The Assignor will not assign, sell, mortgage, lease, transfer, pledge, hypothecate, grant a security interest in or lien upon, encumber, grant an exclusive or non-exclusive license, or otherwise dispose of any of the Trademarks, without prior written consent of the Agent.

5. Remedies, Rights Upon Event of Default.

(a) Pursuant to this Trademark Security Agreement and as a condition to the Agent entering into the Credit Agreement, the Assignor shall execute and deliver to the Agent a written Assignment of Trademarks (attached hereto as Exhibit B) (the "Assignment"). The Agent shall hold the Assignment in escrow until (i) such time as an Event of Default occurs and is continuing and the Agent has elected to exercise its remedies hereunder and under the other Loan Documents or (ii) until the Assignor requests delivery of the Assignment pursuant to Section 6 hereof. Upon the occurrence and during the continuance of any such Event of Default and the exercise by the Agent of its remedies in respect thereof, the Agent shall be entitled, without prior notice to the Assignor, to file the Assignment with the United States Patent and Trademark Office and shall have the right, at any time (but shall have no obligation) to take, in its name or in the name of the Assignor or otherwise, such actions as the Agent may, at any time or from time to time, deem necessary to sell, transfer and assign the Trademarks. If the Agent shall elect to exercise its rights hereunder and under the Assignment, the United States Patent and Trademark Office shall have the right to rely upon the Agent's written statement of the Agent's right to sell, assign and transfer the Trademarks and the Assignor hereby irrevocably authorizes the United States Patent and Trademark Office to recognize such sale by the Agent either in the Assignor's name or in the Agent's name

without the necessity or obligation of the United States Patent and Trademark Office to ascertain the existence of any default by the Assignor under the Loan Documents.

(b) If an Event of Default shall occur and be continuing, all payments received by the Assignor under or in connection with any of the Trademarks shall be held by the Assignor in trust for the Agent, shall be segregated from other funds of the Assignor and shall forthwith upon receipt by the Assignor, be turned over to the Agent, in the same form as received by the Assignor (duly indorsed by the Assignor to the Agent, if required), and any and all such payments so received by the Agent (whether from the Assignor or otherwise) shall be applied in whole or in part by the Agent against all or any part of the Secured Indebtedness in such order as the Agent shall elect. Any balance of such payments held by the Agent and remaining after payment in full of all the Secured Indebtedness shall be paid over to the Assignor or to whomsoever may be lawfully entitled to receive the same.

(c) If any Event of Default shall occur and be continuing, the Agent may exercise in addition to all other rights and remedies granted to it in this Trademark Security Agreement and in any other instrument or agreement securing, evidencing or relating to the Secured Indebtedness, all rights and remedies of a Agent under the Uniform Commercial Code. The Assignor shall remain liable for any deficiency if the proceeds of any sale or disposition of the Trademarks are insufficient to pay all amounts to which the Agent is entitled. The Assignor shall also be liable for the reasonable fees of any attorneys employed by the Agent to collect any such deficiency and also as to any reasonable attorneys' fees incurred by the Agent with respect to the collection of any of the Secured Indebtedness and the enforcement of any of the Agent's respective rights hereunder.

6. Termination. Upon payment and satisfaction in full of the Secured Indebtedness, the Agent shall, at the Assignor's expense, release the security interest in the Trademarks granted hereunder and execute and deliver such instruments and other documents and take such further actions as may be necessary to carry out such release, including (a) cancellation of this Agreement by written notice (in substantially the form of Exhibit C attached hereto), executed on behalf of the Agent, to the United States Patent and Trademark Office and (b) delivery of the Assignment to the Assignor.

7. Notices. Notices that may or are required to be delivered hereunder shall be sufficient if in writing and sent to the addresses designated below, or such other address as the Assignor and the Agent may designate in writing by notices similarly sent.

8. Governing Law and Severability. This Agreement and the Assignment shall be construed according to the laws of the Commonwealth of Pennsylvania without regard to its conflicts of laws principles and if any of its provisions are judicially determined to be in conflict with any law of the Commonwealth of Pennsylvania or otherwise judicially determined to be unenforceable for any reason whatsoever, such provision shall be deemed null and void to the extent

of such unenforceability but shall be deemed separable from and shall not invalidate any other provision of this Trademark Security Agreement or the Assignment.

9. Successors and Assigns. The terms, covenants and conditions contained herein shall inure to the benefit of and be binding upon the parties hereto, their successors and permitted assigns.

IN WITNESS WHEREOF, each of the Assignor and the Agent has caused this Agreement to be executed by its duly authorized officer as of the date first above written.

CECO FILTERS, INC.

By: Steven I. Taub
Steven I. Taub
President

Address for Notices:
1029 Conshohocken Road
Conshohocken, PA 19928
Telecopier No. 610-825-3108
Telephone No. 610-825-8585

PNC BANK, NATIONAL ASSOCIATION

By: John G. Siegest
John G. Siegest
Vice President

Address for Notices:
1600 Market Street
22nd Floor
Philadelphia, PA 19103
Telecopier No. 215-585-4143
Telephone No. 215-585-5355

COMMONWEALTH OF PENNSYLVANIA :

: ss.

COUNTY OF PHILADELPHIA :

On the 7 day of December, 1999, before me, the subscriber, a Notary Public in and for the Commonwealth and County aforesaid, personally appeared Steven I. Taub, who acknowledged himself to be the President of CECO FILTERS, INC., a Delaware corporation, and that he, being authorized to do so, executed the foregoing Agreement for the purposes therein contained by signing the name of the corporation by himself as such officer.

WITNESS my hand and seal the day and year aforesaid.

Karissa Furcht
Notary Public

My Commission Expires:

NOTARIAL SEAL
KARISSA J. FURCHT, Notary Public
City of Philadelphia, Phila. County
My Commission Expires Aug. 6, 2001

COMMONWEALTH OF PENNSYLVANIA :
 : SS.
COUNTY OF PHILADELPHIA :

On the 7 day of December, 1999, before me, the subscriber, a Notary Public in and for the Commonwealth and County aforesaid, personally appeared John G. Siegrist, who acknowledged himself to be a Vice President of PNC Bank, National Association, a national banking association, and that he, being authorized to do so, executed the foregoing Agreement for the purposes therein contained by signing the name of PNC Bank, National Association by himself as such officer.

WITNESS my hand and seal the day and year aforesaid.

Karissa Furcht
Notary Public

My Commission Expires:



EXHIBIT A

TRADEMARKS

Exhibit A to the Trademark Security Agreement dated as of March 16, 1999, by and between CECO Filters, Inc. and PNC Bank, National Association.

<u>Registration No.</u>	<u>Mark</u>	<u>Country</u>	<u>Registration Date</u>
1,578,841	N-Sert	USA	01/23/90
1,520,755	Sile-Pak	USA	01/17/89
1,517,129	X-Sert	USA	12/20/88
1,723,567	Clear Stack People (The)	USA	10/13/92
1,792,497	Twin-Pak	USA	09/14/93
1,758,196	N-Ested	USA	03/15/93
2,078,575	CECO	USA	07/15/97
2,038,626	"PEEK PERFORMANCE" (Stylized Letters)	USA	11/26/96

SECURITY AGREEMENT

This Security Agreement is made and entered into as of the 7th day of December, 1999, among CECO Filters, Inc., Air Purator Corporation, New Busch Co., Inc., U.S. Facilities Management Company, Inc., CECO Group, Inc., The Kirk & Blum Manufacturing Company, and kbd/Technic, Inc. (collectively, the "Borrower") and U.S. Facilities Management Company, Inc. ("USFM", and together with the Borrower, collectively the "Debtor"), and PNC BANK, NATIONAL ASSOCIATION, as agent (the "Agent") for (a) the banks and other financial institutions (collectively, the "Banks") from time to time parties to the Credit Agreement, dated as of the date hereof (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among the Borrower, the Banks, and the Agent and (b) the other holders of Obligations (as defined below).

WITNESSETH:

WHEREAS, pursuant to the provisions of the Credit Agreement and upon the terms and subject to the conditions set forth therein, the Banks have severally agreed to make certain loans to the Borrower to be evidenced by the notes issued by the Borrower thereunder; and

WHEREAS, it is a condition precedent to the obligation of the Banks to make their respective loans to the Borrower under the Credit Agreement that the Debtor shall have executed and delivered this Security Agreement to the Agent for the ratable benefit of the holders of the Obligations.

NOW, THEREFORE, in consideration of the premises and to induce the Agent and the Banks to enter into the Credit Agreement and for the Banks to make their respective loans to the Borrower under the Credit Agreement, the Debtor hereby agrees with the Agent, for the ratable benefit of the holders of the Obligations, as follows:

1. Defined Terms. Unless otherwise defined herein, terms which are defined in the Credit Agreement and used herein are so used as so defined; the following terms are used herein as defined in the Code (which is defined below): Accounts, Chattel Paper, Deposit Accounts, Documents, Equipment, Farm Products, Financial Assets, General Intangibles, Instruments, Inventory, Investment Property and Proceeds; and the following terms shall have the following meanings:

"Code" shall mean the Uniform Commercial Code as from time to time in effect in the Commonwealth of Pennsylvania.

"Collateral" shall have the meaning assigned to it in Section 2 of this Security Agreement.

"Contracts" shall mean all contracts and other agreements between the Debtor and any other Person, as the same may from time to time be amended, supplemented or otherwise modified, including, without limitation, (a) all rights of the Debtor to receive moneys due and to become due to them thereunder or in connection therewith, (b) all rights of the Debtor to damages arising out of, or for, breach or default in respect thereof and (c) all rights of the Debtor to perform and to exercise all remedies thereunder.

"Obligations" shall mean the unpaid principal of and interest on (including, without limitation, interest accruing after the maturity of the Loans and interest accruing after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, relating to the Debtor, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding) the Loans, and all other obligations and liabilities of the Debtor to the Banks and the Agent, whether direct or indirect, absolute or contingent, due or to become due, or now existing or hereafter incurred, which may arise under, out of, or in connection with, the Credit Agreement, the Notes, the Letters of Credit, the Interest Rate Protection Agreements, the other Loan Documents, and any other document made, delivered or given in connection therewith or herewith, whether on account of principal, interest, reimbursement obligations, fees, indemnities, costs, expenses (including, without limitation, all fees and disbursements of counsel to the Agent or the Banks that are required to be paid by the Debtor pursuant to the terms of the Credit Agreement or any other Loan Document) or otherwise.

"Patents" shall mean (a) all letters patent of the United States or any other country or any political subdivision thereof, and all reissues and extensions thereof, including, without limitation, any thereof referred to in Schedule I hereto, and (b) all applications for letters patent of the United States and all divisions, continuations and continuations-in-part thereof or any other country or any political subdivision, including, without limitation, any thereof referred to in Schedule I hereto.

"Patent License" shall mean all agreements, whether written or oral, providing for the grant by the Debtor of any right to manufacture, use or sell any invention covered by a Patent, including, without limitation, any thereof referred to in Schedule I hereto.

"Security Agreement" shall mean this Security Agreement, as amended, supplemented or otherwise modified from time to time.

"Trademarks" shall mean (a) all trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos and other source or business identifiers, and the goodwill associated therewith, now existing or hereafter adopted or acquired, all registrations and recordings thereof, and all applications in connection therewith, whether in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or any other country or any political subdivision thereof, or otherwise, including, without limitation, any thereof referred to in Schedule II hereto, and (b) all reissues, extensions or renewals thereof.

"Trademark License" shall mean any agreement, written or oral, providing for the grant by the Debtor of any right to use any Trademark, including, without limitation, any thereof referred to in Schedule II hereto.

2. Grant of Security Interest. As collateral security for the prompt and complete payment and performance when due (whether at the stated maturity, by acceleration or otherwise) of the Obligations, the Debtor hereby grants to the Agent for the ratable benefit of the holders of the Obligations a security interest in all of the following property now owned or at any time hereafter acquired by the Debtor or in which the Debtor now has or at any time in the future may acquire any right, title or interest (collectively, the "Collateral"):

- (i) all Accounts;
- (ii) all Chattel Paper;
- (iii) all Contracts;
- (iv) Deposit Accounts;
- (v) all Documents;
- (vi) all Equipment;
- (vii) all General Intangibles;
- (viii) all Instruments;
- (ix) all Inventory;
- (x) all Patents;
- (xi) all Patent Licenses;
- (xii) all Payment Intangibles;

- (xiii) all Trademarks;
- (xiv) all Trademark Licenses;
- (xv) all Financial Assets and other Investment Property; and
- (xvi) to the extent not otherwise included, all Proceeds and products of any and all of the foregoing.

3. Rights of Agent and Holders of Obligations; Limitations on Agent's and Holders' Obligations.

(a) Debtor Remains Liable under Accounts and Contracts. Anything herein to the contrary notwithstanding, the Debtor shall remain liable under each of the Accounts and Contracts to observe and perform all the conditions and obligations to be observed and performed by it thereunder, all in accordance with the terms of any agreement giving rise to each such Account and in accordance with and pursuant to the terms and provisions of each such Contract. No holder of any Obligation shall have any obligation or liability under any Account (or any agreement giving rise thereto) or under any Contract by reason of or arising out of this Security Agreement or the receipt by such holder of any payment relating to such Account or Contract pursuant hereto, nor shall any holder of any Obligation be obligated in any manner to perform any of the obligations of the Debtor under or pursuant to any Account (or any agreement giving rise thereto) or under or pursuant to any Contract, to make any payment, to make any inquiry as to the nature or the sufficiency of any payment received by it or as to the sufficiency of any performance by any party under any Account (or any agreement giving rise thereto) or under any Contract, to present or file any claim, to take any action to enforce any performance or to collect the payment of any amounts which may have been assigned to it or to which it may be entitled at any time or times.

(b) Notice to Account Debtors and Contracting Parties. Upon the request of the Agent at any time after the occurrence and during the continuance of an Event of Default, the Debtor shall notify account debtors on the Accounts and parties to the Contracts that the Accounts and the Contracts have been assigned to the Agent for the ratable benefit of the holders of the Obligations and shall indicate on all billings that payments in respect thereof shall be made directly to the Agent. During the existence of an Event of Default, the Agent may in its own name or in the name of others communicate with account debtors on the Accounts and parties to the Contracts to verify with them to its satisfaction the existence, amount and terms of any Accounts or Contracts.

(c) Analysis of Accounts. Subject to the last sentence of clause (b) of this paragraph 3, the Agent shall have the right to make test verifications of the Accounts in any manner and through any medium that it reasonably considers advisable, and the Debtor shall furnish all such assistance and information as the Agent may require in connection therewith. At any time and from time to time, upon the Agent's request and at the expense of the Debtor, the Debtor shall cause

independent public accountants or others satisfactory to the Agent to furnish to the Agent reports showing reconciliations, aging and test verifications of, and trial balances for, the Accounts.

(d) Collections on Accounts. Prior to the occurrence of an Event of Default, the Proceeds of Accounts so collected by the Debtor shall be received and held by the Debtor in trust for the Agent and the other holders of the Obligations but may be applied by the Debtor in its discretion towards payment of the Obligations or other partnership purposes. Upon the occurrence of an Event of Default, the authority hereby given to the Debtor to collect the Proceeds of Accounts in trust for the Agent and the other holders of Obligations may be terminated by the Agent at any time and, following any such termination, the Debtor shall deliver to the Agent on the date of receipt by the Debtor, all Proceeds in the form of cash, checks, drafts, notes and other remittances received in payment of or on account of the Debtor's Accounts. Following receipt by the Agent, such Proceeds shall be deposited in a special bank account (the "Cash Collateral Account") maintained with the Agent over which the Agent alone shall have power of withdrawal. All Proceeds other than cash shall be deposited in precisely the form in which received, except for the addition thereto of the endorsement of the Debtor when necessary to permit collection of the items, which endorsement the Debtor agrees to make. The Debtor will not commingle any such Proceeds with any of the Debtor's other funds or property but will hold them separate and apart from any other funds or property and upon an express trust for the Agent until deposit thereof is made in the Cash Collateral Account.

4. Representations and Warranties. The Debtor hereby represents and warrants that:

(a) Title; No Other Liens. Except for the Lien granted to the Agent for the ratable benefit of the holders of the Obligations pursuant to this Security Agreement and the other Liens permitted to exist on the Collateral pursuant to the Credit Agreement and the other Loan Documents, the Debtor owns each item of the Collateral free and clear of any and all Liens or claims of others. No security agreement, financing statement or other public notice with respect to all or any part of the Collateral is on file or of record in any public office, except such as may have been filed in favor of the Agent, for the ratable benefit of the holders of the Obligations, pursuant to this Security Agreement or as may be permitted pursuant to the Credit Agreement or the other Loan Documents.

(b) Perfected First Priority Liens. The Liens granted pursuant to this Security Agreement constitute perfected Liens on the Collateral in favor of the Agent, for the ratable benefit of the holders of the Obligations, which are prior to all other Liens on the Collateral in existence on the date hereof (other than Liens permitted by the Credit Agreement or the other Loan Documents), and are enforceable as such against all creditors of and purchasers from the Debtor and against any owner or purchaser of the real property where any of the Equipment is located and any present or future creditor obtaining a Lien on such real property; provided, that with respect to USFM, this subsection (b) shall not be deemed breached if the Lien on USFM's assets is voided or unenforceable as a fraudulent conveyance.

(c) Accounts. To the best of the Debtor's knowledge, the amount represented by the Debtor to the Agent, the Banks or other holders of Obligations from time to time in any reports requested by or furnished to the Agent, any Bank or any other holder of Obligations as owing by each account debtor or by all account debtors in respect of the Accounts will at such time be the correct amount actually owing by such account debtor or debtors thereunder. No amount payable to the Debtor under or in connection with any Account is evidenced by any Instrument or Chattel Paper which has not been delivered to the Agent. The Debtor keeps its records concerning the Accounts at the location or locations set forth in Schedule III.

(d) Contracts. To the best of the Debtor's knowledge, each Contract is in full force and effect and constitutes a valid and legally enforceable obligation of the parties thereto, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditor's rights generally. No consent or authorization of, filing with or other act by or in respect of any Governmental Authority is required in connection with the execution, delivery, performance, validity or enforceability of any of the Contracts by any party thereto other than those which have been duly obtained, made or performed, are in full force and effect and do not subject the scope of any such Contract to any material adverse limitation, either specific or general in nature. No amount payable to the Debtor under or in connection with any Contract is evidenced by any Instrument or Chattel Paper which had not been delivered to the Agent.

(e) Inventory. The types, amounts and valuations of the Inventory or any other information regarding the same represented by the Debtor from time to time in any reports requested by or furnished to the Agent, the Banks or other holders of Obligations will at such time be accurate to the best of the Debtor's knowledge. The Debtor keeps records concerning the Inventory at the location or locations listed on Schedule IV. The Inventory is kept at the locations listed on Schedule V hereto.

(f) Equipment. The Equipment is kept at the locations listed on Schedule VI hereto.

(g) Chief Executive Office and Place of Formation. The location of the Debtor's chief executive office and chief place of business, and the corporate or other form and state of formation is set forth on Schedule VII.

(h) Farm Products. None of the Collateral constitutes, or is the Proceeds of, Farm Products.

(i) Patents and Trademarks. Schedule I hereto includes all Patents and Patent Licenses owned by the Debtor in its own name as of the date hereof. Schedule II hereto includes all Trademarks and Trademark Licenses owned by the Debtor in its own name as of the date hereof. To the best of the Debtor's knowledge, each Patent and Trademark is valid, subsisting.

unexpired, enforceable and has not been abandoned. Except as set forth in either such Schedule, none of such Patents and Trademarks is the subject of any licensing or franchise agreement. No holding, decision or judgment has been rendered by any Governmental Authority which would limit, cancel or question the validity of any Patent or Trademark. No action or proceeding is pending (i) seeking to limit, cancel or question the validity of any Patent or Trademark, or (ii) which, if adversely determined, would have a material adverse effect on the value of any Patent or Trademark.

(j) Power and Authority; Authorization. The Debtor has the corporate or other power and authority and the legal right to execute and deliver, to perform its obligations under, and to grant the Lien on the Collateral pursuant to, this Security Agreement and has taken all necessary corporate or other action to authorize its execution, delivery and performance of, and grant of the Lien on the Collateral pursuant to, this Security Agreement.

(k) Enforceability. This Security Agreement constitutes a legal, valid and binding obligation of the Debtor enforceable in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and, with respect to USFM, fraudulent conveyance laws.

(l) No Conflict. The execution, delivery and performance of this Security Agreement will not violate any provision of any Requirement of Law or Contractual Obligation of the Debtor and will not result in the creation or imposition of any Lien on any of the properties or revenues of the Debtor pursuant to any Requirement of Law or Contractual Obligation of the Debtor, except as contemplated hereby.

(m) No Consents, etc. No consent or authorization of, filing with, or other act by or in respect of, any arbitrator or Governmental Authority and no consent of any other Person (including, without limitation, any partner or creditor of the Debtor), is required in connection with the execution, delivery, performance, validity or enforceability of this Security Agreement.

(n) No Litigation. No litigation, investigation or proceeding of or before any arbitrator or Governmental Authority is pending or, to the knowledge of the Borrower, threatened by or against the Borrower or against any of its properties or revenues with respect to this Security Agreement or any of the transactions contemplated hereby.

5. Covenants. The Debtor covenants and agrees with the Agent, the Banks and the other holders of Obligations that from and after the date of this Security Agreement until the Obligations are paid in full and the Revolving Credit Commitment is terminated it will:

(a) Further Documentation; Pledge of Instruments and Chattel Paper. At any time and from time to time, upon the written request of the Agent, and at the sole expense of the Debtor, promptly and duly execute and deliver such further instruments and documents and take such further action as the Agent may reasonably request for the purpose of obtaining or preserving the full benefits of this Security Agreement and of the rights and powers herein granted, including,

without limitation, the filing of any financing or continuation statements under the Uniform Commercial Code in effect in any jurisdiction with respect to the Liens created hereby. The Debtor also hereby authorizes the Agent to file any such financing or continuation statements without the signature of the Debtor to the extent permitted by applicable law. A carbon, photographic, facsimile or other reproduction of this Security Agreement shall be sufficient as a financing statement for filing in any jurisdiction. If any amount payable under or in connection with any of the Collateral shall be or become evidenced by any Instrument or Chattel Paper, such Instrument or Chattel Paper shall be immediately delivered to the Agent, duly endorsed in a manner satisfactory to the Agent, to be held as Collateral pursuant to this Security Agreement.

(b) Indemnification. Pay, and save the Agent, the Banks and any other holders of any Obligations harmless from, any and all liabilities, costs and expenses (including, without limitation, legal fees and expenses) (i) with respect to, or resulting from, any delay in paying any and all excise, sales or other taxes which may be payable or determined to be payable with respect to any of the Collateral, (ii) with respect to, or resulting from, any delay in complying with any Requirement of Law applicable to any of the Collateral or (iii) in connection with any of the transactions contemplated by this Security Agreement. In any suit, proceeding or action brought by the Agent, any Bank or any other holder of any Obligation under any Account or Contract for any sum owing thereunder, or to enforce any provisions of any Account or Contract, the Debtor will save, indemnify and keep the Agent, each Bank and each other holder of Obligations harmless from and against all expense, loss or damage suffered by reason of any defense, setoff, counterclaim, recoupment or reduction of liability whatsoever of the account debtor or obligor thereunder, arising out of a breach by the Debtor of any obligation thereunder or arising out of any other agreement with the Debtor, or any indebtedness or liability at any time owing to or in favor of such account debtor or obligor or its successors by the Debtor. Notwithstanding the foregoing, the Debtor shall have no obligation to the Agent, any Bank or any other holder of any Obligations under this paragraph with respect to any liability arising solely from the gross negligence or willful misconduct of such Person.

(c) Maintenance of Records. Keep and maintain at its own cost and expense satisfactory and complete records of the Collateral, including, without limitation, a record of all payments received and all credits granted with respect to the Accounts. For the Agent's, the Banks', the other holders' of Obligations further security, the Agent, for the ratable benefit of the holders of the Obligations, shall have a security interest in all of the Debtor's books and records pertaining to the Collateral, and the Debtor shall, during the continuance of an Event of Default, turn over copies of any such books and records to the Agent or to its representatives during normal business hours at the request of the Agent.

(d) Right of Inspection and Audit. Give to the Agent at all times upon reasonable prior notice full and free access during normal business hours to all of its books, correspondence and records and the Agent and the Banks and their respective representatives may examine, inspect or audit the same, take extracts therefrom and make photocopies thereof, and the Debtor agrees to render to the Agent, at the Debtor's cost and expense upon reasonable prior notice.

such clerical and other assistance as may be reasonably requested with regard thereto. The Agent and the Banks and their respective representatives shall at all times also have the right to enter into and upon any premises where any of the Inventory or Equipment is located for the purpose of examining, inspecting or auditing the same, observing its use or otherwise protecting their interests therein.

(e) Compliance with Laws, etc. Comply in all material respects with all Requirements of Law applicable to the Collateral or any part thereof or to the operation of its business; provided, however, that the Debtor may contest any Requirement of Law in any reasonable manner which shall not, in the sole opinion of the Agent, adversely affect the Agent's rights or the priority of its Liens on the Collateral.

(f) Compliance with Terms of Contracts, etc. Except for USFM, perform and comply in all material respects with all its obligations under the Contracts and all its other Contractual Obligations relating to the Collateral.

(g) Payment of Obligations. Except for USFM, pay promptly when due all taxes, assessments and governmental charges or levies imposed upon the Collateral or in respect of its income or profits therefrom, as well as all claims of any kind (including, without limitation, claims for labor, materials and supplies) against or with respect to the Collateral, except that no such charge need be paid if (i) the validity thereof is being contested in good faith by appropriate proceedings, (ii) such proceedings do not involve any material danger of the sale, forfeiture or loss of any of the Collateral or any interest therein and (iii) such charge is adequately reserved against on the Debtor's books in accordance with GAAP.

(h) Limitation on Liens on Collateral. Not create, incur or permit to exist, will defend the Collateral against, and take such other action as is necessary to remove, any Lien or claim on or to the Collateral, other than the Liens created hereby and other than as permitted pursuant to the Credit Agreement and the other Loan Documents, and will defend the right, title and interest of the Agent for the benefit of the holders of the Obligations in and to any of the Collateral against the claims and demands of all Persons whomsoever.

(i) Limitations on Dispositions of Collateral. Not sell, transfer, lease or otherwise dispose of any of the Collateral, or attempt, offer or contract to do so except as expressly permitted pursuant to the Credit Agreement and the other Loan Documents.

(j) Limitations on Modifications, Waivers, Extensions of Contracts and Agreements Giving Rise to Accounts. Not (i) amend, modify, terminate or waive any provision of any Contract or any agreement giving rise to an Account in any manner which could reasonably be expected to materially adversely affect the value of such Contract or Account as Collateral, except, if no Event of Default shall exist, in the ordinary course of business based on its reasonable business judgment, (ii) fail to exercise promptly and diligently each and every material right which it may have under each Contract and each agreement giving rise to an Account (other than any right of

termination), except, if no Event of Default shall exist, in the ordinary course of business based on its reasonable business judgment, or (iii) fail to deliver to the Agent a copy of each demand, notice or document received by it relating in any way to any Contract or any agreement giving rise to an Account and which could individually or in the aggregate reasonably be expected to have a Material Adverse Effect.

(k) Limitations on Discounts, Compromises, Extensions of Accounts. Not grant any extension of the time of payment of any of the Accounts, compromise, compound or settle the same for less than the full amount thereof, release, wholly or partially, any Person liable for the payment thereof, or allow any credit or discount whatsoever thereon, other than in the ordinary course of business as generally conducted by the Debtor over a period of time.

(l) Further Identification of Collateral. Furnish to the Agent, the Banks and the other holders of the Obligations from time to time statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as the Agent may reasonably request, all in reasonable detail.

(m) Notices. Advise the Agent promptly, in reasonable detail, at its address set forth in the Credit Agreement, (i) of any Lien (other than Liens created hereby or permitted under the Credit Agreement and the other Loan Documents) on, or claim asserted against, any of the Collateral and (ii) of the occurrence of any other event which could reasonably be expected to have a material adverse effect on the aggregate value of the Collateral or on the Liens created hereunder.

(n) Changes in Locations, Name, Place of Organization, etc. Unless it shall have given the Agent at least 30 days prior written notice thereof, the Debtor will not (i) change the location of its chief executive office or chief place of business from that specified in Schedule VII attached hereto or remove its books and records from the location specified in Section 4(g), (ii) permit any of the Inventory or Equipment to be kept in a county other than the counties listed on Schedules V and VI hereto, (iii) change its name, identity or organizational structure to such an extent that any financing statement filed by the Agent in connection with this Security Agreement would become seriously misleading or (iv) change the state of its organization.

(o) Patents and Trademarks.

(i) Except with respect to any Trademark that it shall reasonably determine is of negligible economic value to it, (i) maintain each Trademark in full force free from any claim of abandonment for non-use, (ii) maintain as in the past the quality of products and services offered under such Trademark, (iii) employ such Trademark with the appropriate notice of registration, (iv) not adopt or use any mark which is confusingly similar or a colorable imitation of such Trademark unless the Agent, for the ratable benefit of the holders of the Obligations, shall obtain a perfected security interest in such mark pursuant to this Security Agreement, and (v) not (and not permit any licensee or sublicensee thereof

to) do any act or knowingly omit to do any act whereby any Trademark may become invalidated.

(ii) Not, except with respect to any Patent that it shall reasonably determine is of negligible economic value to it, do any act, or omit to do any act, whereby any Patent may become abandoned or dedicated.

(iii) Notify the Banks immediately if it knows, or has reason to know, that any application or registration relating to any Patent or Trademark may become abandoned or dedicated, or of any adverse determination or development (including, without limitation, the institution of, or any such determination or development in, any proceeding in the United States Patent and Trademark Office or any court or tribunal in any country) regarding its ownership of any Patent or Trademark or its right to register the same or to keep and maintain the same.

(iv) Whenever the Debtor, either by itself or through any agent, employee, licensee or designee, shall file an application for the registration of any Patent or Trademark with the United States Patent and Trademark Office or any similar office or agency in any other country or any political subdivision thereof, report such filing to the Agent within five Business Days after the last day of the fiscal quarter in which such filing occurs. Upon request of the Agent, the Debtor shall execute and deliver any and all agreements, instruments, documents, and papers as the Agent may request to evidence the Agent's security interest in any Patent or Trademark and the goodwill and general intangibles of the Debtor relating thereto or represented thereby, and the Debtor hereby constitutes the Agent its attorney-in-fact to execute and file all such writings for the foregoing purposes, all acts of such attorney being hereby ratified and confirmed; such power being coupled with an interest is irrevocable until the Obligations are paid in full and the Revolving Credit Commitment is terminated.

(v) Take all reasonable and necessary steps, including, without limitation, in any proceeding before the United States Patent and Trademark Office, or any similar office or agency in any other country or any political subdivision thereof, to maintain and pursue each application (and to obtain the relevant registration) and to maintain each registration of the Patents and Trademarks, including, without limitation, filing of applications for renewal, affidavits of use and affidavits of incontestability.

(vi) In the event that any Patent or Trademark included in the Collateral is infringed, misappropriated or diluted by a third party, promptly notify the Agent after it learns thereof and shall, unless it shall reasonably determine that such Patent or Trademark is of negligible economic value to it, which determination it shall promptly report to the Agent, promptly sue for infringement, misappropriation or dilution, to seek injunctive relief where appropriate and to recover any and all damages for such infringement.

misappropriation or dilution, or take such other actions as it shall reasonably deem appropriate under the circumstances to protect such Patent or Trademark.

6. Agent's Appointment as Attorney-in-Fact.

(a) Powers. The Debtor hereby irrevocably constitutes and appoints the Agent and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of the Debtor and in the name of the Debtor or in its own name, from time to time in the Agent's discretion, for the purpose of carrying out the terms of this Security Agreement, to take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Security Agreement, and, without limiting the generality of the foregoing, the Debtor hereby gives the Agent the power and right, on behalf of the Debtor, without notice to or assent by the Debtor, to do the following:

(i) in the case of any Account, at any time when the authority of the Debtor to collect the Accounts has been curtailed or terminated pursuant to Section 3(d) hereof, or in the case of any other Collateral, at any time when any Event of Default shall have occurred and is continuing, in the name of the Debtor or its own name, or otherwise, to take possession of and indorse and collect any checks, drafts, notes, acceptances or other instruments for the payment of moneys due under any Account, Instrument, General Intangible or Contract or with respect to any other Collateral and to file any claim or to take any other action or proceeding in any court of law or equity or otherwise deemed appropriate by the Agent for the purpose of collecting any and all such moneys due under any Account, Instrument, General Intangible or Contract or with respect to any other Collateral whenever payable;

(ii) to pay or discharge taxes and Liens levied or placed on or threatened against the Collateral other than Collateral of USFM (provided that, the foregoing shall not apply to any Lien permitted by the Credit Agreement or the other Loan Documents), to effect any repairs or any insurance called for by the terms of this Security Agreement and to pay all or any part of the premiums therefor and the costs thereof;

(iii) upon the occurrence and during the continuance of any Event of Default, (A) to direct any party liable for any payment under any of the Collateral to make payment of any and all moneys due or to become due thereunder directly to the Agent or as the Agent shall direct; (B) to ask or demand for, collect, receive payment of and receipt for, any and all moneys, claims and other amounts due or to become due at any time in respect of or arising out of any Collateral; (C) to sign and indorse any invoices, freight or express bills, bills of lading, storage or warehouse receipts, assignments, verifications, notices and other documents in connection with any of the Collateral; (D) to commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect the Collateral or any proceeds thereof and to enforce any other right in respect of

any Collateral; (E) to defend any suit, action or proceeding brought against the Debtor with respect to any Collateral; (F) to settle, compromise or adjust any suit, action or proceeding described in clause (E) above and, in connection therewith, to give such discharges or releases as the Agent may deem appropriate; (G) to assign any Patent or Trademark (along with the goodwill of the business to which any such Trademark pertains), throughout the world for such term or terms, on such conditions, and in such manner, as the Agent shall in its sole discretion determine; (H) seek all governmental approvals required for the operation of the Debtor; and (I) subject to paragraph 19, to sell, transfer, pledge and make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though the Agent were the absolute owner thereof for all purposes, and to do, at the Agent's option and the Debtor's expense, at any time, or from time to time, all acts and things which the Agent deems necessary to protect, preserve or realize upon the Collateral and the Agent's Liens thereon and to effect the intent of this Security Agreement, all as fully and effectively as the Debtor might do; and

(iv) execute in its own name or on behalf of the Debtor such UCC financing statement forms and similar instruments as the Agent may from time to time deem reasonably necessary or desirable to protect and perfect its security interest in the Collateral.

The Debtor hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue hereof. This power of attorney is a power coupled with an interest and shall be irrevocable.

(b) Other Powers. The Debtor also authorizes the Agent, the Banks and the other holders of Obligations, at any time and from time to time, to execute, in connection with the sale provided for in Section 8 hereof, any endorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral.

(c) No Duty on Agent's or Holders' Part. The powers conferred on the Agent and the other holders of the Obligations hereunder are solely to protect their interests in the Collateral and shall not impose any duty to exercise any such powers. The Agent and the other holders of the Obligations shall be accountable only for amounts that they actually receive as a result of the exercise of such powers, and neither they nor any of their officers, directors, employees or agents shall be responsible to the Debtor for any act or failure to act hereunder, except for their own gross negligence or willful misconduct.

7. Performance by Agent of Debtor's Obligations. If the Debtor fails to perform or comply with any of its agreements contained herein and the Agent, as provided for by the terms of this Security Agreement, shall itself perform or comply, or otherwise cause performance or compliance, with such agreement, the expenses of the Agent incurred in connection with such performance or compliance, together with interest thereon at a rate per annum equal to the rate of interest then payable on Base Rate Loans shall be payable by the Debtor to the Agent on demand and shall constitute Obligations secured hereby; provided that, nothing herein shall obligate the Agent to do any of the foregoing..

8. Remedies.

(a) If an Event of Default shall occur and be continuing, the Agent, on behalf of the holders of the Obligations, may exercise, in addition to all other rights and remedies granted to it in this Security Agreement and in any other instrument or agreement securing, evidencing or relating to the Obligations, all rights and remedies of a secured party under the Code. Without limiting the generality of the foregoing, the Agent, without demand of performance or other demand, presentment, protest, advertisement or notice of any kind (except any notice required by law referred to below) to or upon the Debtor or any other Person (all and each of which demands, defenses, advertisements and notices are hereby waived), may in such circumstances forthwith collect, receive, appropriate and realize upon the Collateral, or any part thereof, and/or may forthwith sell, lease, assign, give option or options to purchase, or otherwise dispose of and deliver the Collateral or any part thereof (or contract to do any of the foregoing), in one or more parcels at public or private sale or sales, at any exchange, broker's board or office of the Agent, any Bank or any other holder of Obligations or elsewhere upon such terms and conditions as it may deem advisable and at such prices as it may deem best, for cash or on credit or for future delivery without assumption of any credit risk. Any holder of any Obligation 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 the whole or any part of the Collateral so sold, free of any right or equity of redemption in the Debtor, which right or equity is hereby waived or released. The Debtor further agrees, at the Agent's request, to assemble the Collateral and make it available to the Agent at places which the Agent shall reasonably select, whether at the Debtor's premises or elsewhere. The Agent shall apply the net proceeds of any such collection, recovery, receipt, appropriation, realization or sale, after deducting all reasonable costs and expenses of every kind incurred therein or incidental to the care or safekeeping of any of the Collateral or in any way relating to the Collateral or the rights of the holders of the Obligations hereunder, including, without limitation, reasonable attorneys' fees and disbursements, to the payment in whole or in part of the Obligations, in such order as the Agent may elect, and only after such application and after the payment by the Agent of any other amount required by any provision of law, including, without limitation, Section 9504(a)(3) of the Code, need the Agent account for the surplus, if any, to the Debtor. To the extent permitted by applicable law, the Debtor waives all claims, damages and demands it may acquire against any holder of any Obligation arising out of the exercise by them of any rights hereunder. If any notice of a proposed sale or other disposition of Collateral shall be required by law, such notice shall be deemed reasonable and proper if given at least 10 days before such sale or other disposition. The Debtor shall remain liable for any deficiency if the proceeds of any sale or other disposition of the Collateral are insufficient to pay the Obligations and the fees and disbursements of any attorneys employed by the Agent, any Bank or any other holder of Obligations to collect such deficiency.

(b) The Debtor agrees, upon the occurrence and during the continuation of an Event of Default, to take any actions that the Agent may request in order to enable the Agent to obtain and enjoy the full rights and benefits granted to the Agent (for itself and for the ratable benefit of the holders of the Obligations) under this Agreement and the other Loan Documents. Without limiting the generality of the foregoing, the Debtor shall upon the occurrence and during

the continuation of an Event of Default, at the Debtor's sole cost and expense, assist in obtaining all approvals which are then required by law for or in connection with any action or transaction contemplated by this Agreement or Article 9 of the Uniform Commercial Code as in effect in any applicable jurisdiction.

9. Limitation on Duties Regarding Preservation of Collateral. The Agent's sole duty with respect to the custody, safekeeping and physical preservation of the Collateral in its possession, under Section 9207 of the Code or otherwise, shall be to deal with it in the same manner as the Agent deals with similar property for its own account. No holder of any Obligation, nor any of its respective directors, officers, employees or agents shall be liable for failure to demand, collect or realize upon all or any part of the Collateral or for any delay in doing so or shall be under any obligation to sell or otherwise dispose of any Collateral upon the request of the Debtor or otherwise.

10. Powers Coupled with an Interest. All authorizations and agencies herein contained with respect to the Collateral are irrevocable and powers coupled with an interest.

11. Severability. Any provision of this Security Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

12. Paragraph Headings. The paragraph headings used in this Security Agreement are for convenience of reference only and are not to affect the construction hereof or be taken into consideration in the interpretation hereof.

13. No Waiver; Cumulative Remedies. No holder of any Obligation shall by any act (except by a written instrument pursuant to Section 14 hereof), delay, indulgence, omission or otherwise be deemed to have waived any right or remedy hereunder or to have acquiesced in any Default or Event of Default or in any breach of any of the terms and conditions hereof. No failure to exercise, nor any delay in exercising, on the part of any holder of any Obligation, any right, power or privilege hereunder shall operate as a waiver thereof. No single or partial exercise of any right, power or privilege hereunder shall preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by any holder of any Obligation of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which such holder would otherwise have on any future occasion. The rights and remedies herein provided are cumulative, may be exercised singly or concurrently and are not exclusive of any rights or remedies provided by law.

14. Waivers and Amendments; Parties Bound; Governing Law. None of the terms or provisions of this Security Agreement may be waived, amended, supplemented or otherwise modified except by a written instrument executed by the Debtor and the Agent, provided that any provision of this Security Agreement may be waived by the Agent in a written letter or agreement.

executed by the Agent or by telex or facsimile transmission from the Agent. This Security Agreement shall be the joint and several obligations of the Debtor and, if this Security Agreement is executed by more than one party as Debtor, each of such parties shall make all of the representations, warranties, covenants and agreements contained herein. This Security Agreement shall be binding upon the successors and permitted assigns of the Debtor and shall inure to the benefit of the holders of the Obligations and their respective successors and assigns. **THIS SECURITY AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE SUBSTANTIVE LAWS OF THE COMMONWEALTH OF PENNSYLVANIA.**

15. Notices. All notices hereunder to the Debtor, the Agent or any of the Banks to be effective shall be in writing (including by telecopy), and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered or sent in the manner and to the respective addresses as provided in subsection 9.2 of the Credit Agreement.

16. Authority of Agent. The Debtor acknowledges that the rights and responsibilities of the Agent under this Security Agreement with respect to any action taken by the Agent or the exercise or non-exercise by the Agent of any option, right, request, judgment or other right or remedy provided for herein or resulting or arising out of this Security Agreement shall, as between the Agent and the holders of the Obligations, be governed by the Credit Agreement and by such other agreement with respect thereto as may exist from time to time among them. but, as between the Agent and the Debtor, the Agent shall be conclusively presumed to be acting as agent for the holders of the Obligations with full and valid authority so to act or refrain from acting, and the Debtor shall not be under any obligation, or entitlement, to make any inquiry respecting such authority.

17. Submission to Jurisdiction; Waivers.

(a) The Debtor hereby irrevocably and unconditionally:

(i) submits for itself and its property in any legal action or proceeding relating to this Security Agreement, or for recognition and enforcement of any judgment in respect thereof to the non-exclusive general jurisdiction of the courts of the Commonwealth of Pennsylvania, the courts of the United States of America for the Eastern District of Pennsylvania, and appellate courts from any thereof;

(ii) consents that any such action or proceeding may be brought in such courts, and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;

(iii) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially

similar form of mail). postage prepaid, to the Debtor at its address set forth in the Credit Agreement or at such other address of which the Agent shall have been notified;

(iv) waives and hereby acknowledges that it is estopped from raising any objections based on forum non conveniens, any claim that any of the above-referenced courts lack proper venue or any objection that any of such courts lack personal jurisdiction over it so as to prohibit such courts from adjudicating any issues raised in a complaint filed with such courts against the Debtor concerning this Security Agreement;

(v) acknowledges and agrees that the choice of forum contained in this paragraph shall not be deemed to preclude the enforcement of any judgement contained in any forum or the taking of any action under this Security Agreement to enforce the same in any appropriate jurisdiction;

(vi) waives, to the maximum extent not prohibited by law, any right it may have to claim or recover in any legal action or proceeding referred to in this subsection any special, exemplary or punitive or consequential damages; and

(vii) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction.


(b) Each of the parties hereto hereby unconditionally waives trial by jury in any legal action or proceeding referred to in paragraph (a) above or any mandatory counterclaim therein.

18. Counterparts. This Security Agreement may be executed by one or more of the parties to this Security Agreement on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. A set of the copies of this Security Agreement signed by all the parties shall be lodged with the Debtor and the Agent.

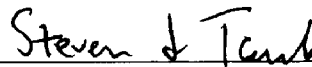
19. Further Assurances. The parties acknowledge their intent that, upon the occurrence and during the continuation of an Event of Default, the Agent shall receive, to the fullest extent permitted by all Requirements of Law and governmental policy, all rights necessary or desirable to obtain, use or sell the Collateral, and to exercise all remedies available to it under this Agreement, the Uniform Commercial Code as in effect in any applicable jurisdiction, or other applicable law. The parties further acknowledge and agree that, in the event of any change in law or governmental policy occurring subsequent to the date hereof that affects in any manner the Agent's rights of access to, or use or sale of, the Collateral, or the procedures necessary to enable the Agent to obtain such rights of access, use or sale, the Agent and the Debtor shall amend this Agreement in such manner as the Agent shall request, in order to provide to the Agent such rights to the greatest extent possible consistent with all Requirements of Law and governmental policy.

IN WITNESS WHEREOF, the parties hereto have caused this Security Agreement to be duly executed and delivered as of the date first above written.

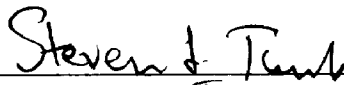
CECO GROUP, INC.

By: 
Name: Phillip De Swiret
Title: President

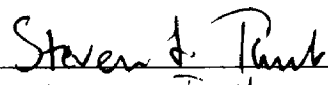
CECO FILTERS, INC.

By: 
Name: STEVEN J. TAWB
Title: President

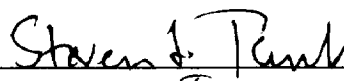
AIR PURATOR CORPORATION

By: 
Name: Steven Tawb
Title: President

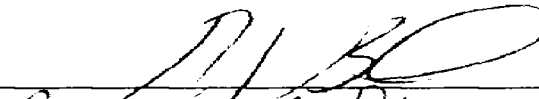
U.S. FACILITIES MANAGEMENT COMPANY, INC.

By: 
Name: Steven Tawb
Title: President

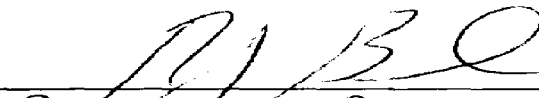
NEW BUSCH CO., INC.

By: 
Name: Steven Tawb
Title: President

**THE KIRK & BLUM MANUFACTURING
COMPANY**

By: 
Name: Richard Blum
Title: President

KBD/TECHNIC, INC.

By: 
Name: Richard Blum
Title: Vice President

**PNC BANK, NATIONAL ASSOCIATION,
as Agent and as a Bank**

By: 
Title: Vice President

SCHEDULE I

Licenses, Patents and Patent Licenses

CECO Filters, Inc.

Multi-Phase Thick-Bed Filter

Patent No. 4838903

Multi-Candle Fiber Mist Eliminator

Patent No. 4948398(USA)

Patent No. 2009020 (Canada)

Multiple Throat, Narrow Gap Venturi Scrubber and Method of Using Same

Patent No. 5336284

Multiple In-Duct Filter System

Patent No. 5730786

Mass Transfer Contact Apparatus (Canada)

Patent No. 4432914 (USA)

Patent No. 1207225 (Canada)

Patent No. EP0099656 (Great Britain)

Patent No. P3380620.9 (Germany)

Patent No. 1524768 (Japan)

Patent No. 40403 (Korea)

Patent No. 162901 (Mexico)

Ultraviolet Enhanced Mass Transfer Apparatus

Patent No. 5861123

Hydroentangled Fluoropolymer Fiber Bed for a Mist Eliminator

Patent No. 5948146

SCHEDULE 1 (continued)

New Busch Company

Strip Cooling, Heating or Drying Apparatus and Associated Method
Patent No. 5201132

Strip Cooling, Heating, Wiping or Drying Apparatus and Associated Method
Patent No. 5611151

Apparatus for Cooling Strip and Associated Method
Patent No. 5697169

Air Purator Corporation

Stitch Knitted Filters for High Temperature Fluids and Method for Making Them
Patent No. 4181514 (USA)
Patent No. 321429 (Canada)
Patent No. 7903666 (France)
Patent No. 1644918 (Japan)
Patent No. 79012779 (Sweden)

High-Temperature Filter Fabrics
Patent No. 4070519 (USA)
Patent No. 500648 (Australia)
Patent No. 175170 (Canada)
Patent No. 7712837 (France)
Patent No. 1579630 (Great Britain)
Patent No. 1371913 (Japan)
Patent No. 1407787 (Japan)
Patent No. 77047470 (Sweden)

SCHEDULE I

LICENSES, PATENTS AND PATENT LICENSES

1. The Kirk & Blum Manufacturing Company ("KBM") is the licensee in the following license/agreement, which includes a license of patented intellectual property:

Release - Construction Technology, Inc.

Cybermation Cutting System and Retrofits

\$60,000

November 6, 1997 effective date

SCHEDULE II

Trademarks and Trademark Licenses

CECO Filters, Inc.

N-Sert
Registration No. 1578841

Site-Pak
Registration No. 1520755

X-Sert
Registration No. 1517129

Clear Stack People (The)
Registration No. 1723567

Twin-Pak
Registration No. 1792497

N-Ested
Registration No. 1758196

CECO
Registration No. 2078575

NGV
Registration No. 2054025

Peek Performance
Registration No. 2038626

New Busch Company

Jet*Star
Registration No. 1834332

SCHEDULE II

TRADEMARKS AND TRADEMARK LICENSES

1. KBM and kbd/Technic, Inc. ("KTI") operate their businesses under the names "The Kirk & Blum Manufacturing Company" and "kbd/Technic", respectively.

SCHEDULE III

Location of Accounts Records

CECO Filters, Inc.
1029 Conshohocken Rd.
Conshohocken, PA 19428

New Busch Company
904 Mt. Royal Blvd.
Pittsburgh, PA 19428

SCHEDULE III

LOCATIONS OF ACCOUNT RECORDS

3120 Forder Street, Cincinnati, Ohio

SCHEDULE IV

Location of Inventory Records

CECO Filters, Inc.
1029 Conshohocken Rd.
Conshohocken, PA 19428

New Busch Company
904 Mt. Royal Blvd.
Pittsburgh, PA 15223

Air Purator Corporation
15 Fifth St., Area "B"
Taunton, MA 02780

SCHEDULE IV

LOCATIONS OF INVENTORY RECORDS

1. 3120 Forrer Street, Cincinnati, Ohio
2. 3131 Disney Street, Cincinnati, Ohio
3. 3501 West Kelly Street, Indianapolis, Indiana
4. 550 Horton Court, Lexington, Kentucky
5. 1450 South 15th Street, Louisville, Kentucky
6. 228-A Burgess Road, Greensboro, North Carolina
7. 1712 Spruce Street, Defiance, Ohio
8. One Timco Drive, Columbia, Tennessee

SCHEDULE V

Location of Inventory

CECO Filters, Inc.
1029 Conshohocken Rd.
Conshohocken, PA 19428

New Busch Company
51 Bridge St.
Pittsburgh, PA 15223

Air Purator Corporation
15 Fifth St., Area "B"
Taunton, MA 02780

SCHEDULE V

LOCATIONS OF INVENTORY

1. 3120 Forrer Street, Cincinnati, Ohio
2. 3131 Disney Street, Cincinnati, Ohio
3. 3501 West Kelly Street, Indianapolis, Indiana
4. 550 Horton Court, Lexington, Kentucky
5. 1450 South 15th Street, Louisville, Kentucky
6. 228-A Burgess Road, Greensboro, North Carolina
7. 1712 Spruce Street, Defiance, Ohio
8. One Timco Drive, Columbia, Tennessee

SCHEDULE VI

Location of Equipment

CECO Filters, Inc.
1029 Conshohocken Rd.
Conshohocken, PA 19428

New Busch Company
904 Mt. Royal Blvd.
Pittsburgh, PA 15223

Air Purator Corporation
15 Fifth St., Area "B"
Taunton, MA 02780

U.S. Facilities Management
4050 25th St.
Columbus, IN 47203

TRADEMARK

REEL: 002028 FRAME: 0744

SCHEDULE VI

LOCATIONS OF EQUIPMENT

1. 3120 Forrer Street, Cincinnati, Ohio
2. 3131 Disney Street, Cincinnati, Ohio
3. 3501 West Kelly Street, Indianapolis, Indiana
4. 550 Horton Court, Lexington, Kentucky
5. 1450 South 15th Street, Louisville, Kentucky
6. 228-A Burgess Road, Greensboro, North Carolina
7. 1712 Spruce Street, Defiance, Ohio
8. One Timco Drive, Columbia, Tennessee

SCHEDULE VII

Locations of Chief Executive Office, Form and Place of Organization

CECO Environmental Corporation
505 University Ave., Suite 1400
Toronto, Ontario, Canada
M5G 1X3

CECO Filters, Inc.
1029 Conshohocken Rd.
Conshohocken, PA 19428

New Busch Company
904 Mt. Royal Blvd.
Pittsburgh, PA 15223

Air Purator Corporation
15 Fifth St., Area "B"
Taunton, MA 02780

U.S. Facilities Management
4050 25th St.
Columbus, IN 47203

CECO Group, Inc.
3124 Forrer Street
Cincinnati, OH 45208

SCHEDULE VII

LOCATIONS OF CHIEF EXECUTIVE OFFICE, FORM AND PLACE OF ORGANIZATION

KBM, an Ohio corporation:

3120 Forrer Street, Cincinnati, Ohio

KTI, an Indiana corporation qualified to do business in Ohio:

3120 Forrer Street, Cincinnati, Ohio

ODMA MHODMA:CINTI.509407.1

RECORDED: 01/28/2000

**TRADEMARK
REEL: 002028 FRAME: 0747**