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SECURITY AGREEMENT
RE: PATENTS TRADEMARKS AND COPYRIGHTS

THIS SECURITY AGREEMENT RE: PATENTS, TRADEMARKS AND COPYRIGHTS (the "Agreement") is made and entered into as of June 8, 2001 by and between DIMENSIONS ACQUISITION LLC, a Delaware limited liability company, with a mailing address at 1801 North 12th Street, Reading, PA 19604 (the "Debtor" or "Borrower"), and BANK ONE, N.A., a national banking association with a mailing address at 100 East Broad Street, Columbus, Ohio 43271-0171 (the "Lender").

Background

The following is a mutual statement by the parties of certain factual matters which form the basis of this Agreement.

A. Loans. The Borrower, Dimensions Holding LLC, a Delaware limited liability company and the sole member of the Borrower, and the Lender have entered into a Loan Agreement of even date herewith (the "Loan Agreement") pursuant to which the Lender has agreed to lend to the Borrower the maximum sum of up to \$7,000,000 under a revolving line of credit (the "Revolving Loan Commitment") and a term loan in the maximum sum of \$5,500,000 (the "Term Loan"). The Revolving Loan Commitment is evidenced by a promissory note (the "Revolving Loan Note") of the Borrower. The borrowings under the Revolving Loan Commitment are sometimes hereinafter referred to as the Revolving Loan Loans. The borrowing under the Term Loan is evidenced by a promissory note (the "Term Note", and, collectively with the Revolving Loan Note, the "Notes") and is sometimes hereinafter referred to as the Term Loan. The Revolving Loan Loans and Term Loan are hereinafter collectively referred to as the "Loans." Capitalized terms used in this Agreement that are not otherwise defined herein shall have the meanings ascribed to them in the Loan Agreement.

B. Security Interest. The Lender is willing to make the Loans to the Borrower upon the condition that the Borrower grant to and create in favor of the Lender security interests in certain property of the Borrower as security for (i) the payment of the Notes, (ii) the payment of all amounts owing pursuant to this Security Agreement, the Loan Agreement and the other Loan Documents to which the Borrower is a party, and (iii) the performance by the Borrower of, and compliance with, all of the terms, covenants, conditions, stipulations and agreements contained in this Security Agreement, the Loan Agreement, the Notes and the other Loan Documents (collectively, the "Secured Obligations"). The Borrower has determined that the execution and delivery of this Agreement is in furtherance of its corporate purposes and in its best interest and that it will derive substantial benefit, whether directly or indirectly, from the execution of this Agreement, having regard for all relevant facts and circumstances.

Statement of Agreement

For and in consideration of the Loans made by the Lender to the Borrower, and intending to be legally bound hereby, the parties hereto covenant and agree as follows:

Section 1. Grant of Security Interest in the Collateral; Obligations Secured. (a) The Borrower hereby pledges and grants to the Lender a security interest in, and acknowledges and agrees that the Lender has and shall continue to have a continuing security interest in, any and all right, title and interest of the Borrower, whether now existing or hereafter acquired or arising, in and to the following:

(i) **Patents.** Patents, whether now owned or hereafter acquired, or in which Borrower now has or hereafter acquires any rights (the term "Patent" means and includes (A) all letters patent of the United States of America or any other country or any political subdivision thereof, now existing or hereafter acquired, all registrations and recordings thereof, and all applications for letters patent of the United States of America or any other country or any political subdivision thereof, now existing or hereafter acquired, including without limitation registrations, recordings and applications therefor in the United States Patent and Trademark Office or any other country or any political subdivision thereof and (B) all reissues, continuations, continuations-in-part or extensions thereof), including without limitation each Patent listed on Schedule A-1 hereto, and all of the inventions now or hereafter described and claimed in the Borrower's Patents;

(ii) **Patent Licenses.** Patent Licenses, whether now owned or hereafter acquired, or in which the Borrower now has or hereafter acquires any rights (the term "Patent Licenses" means and includes any written agreement granting to any person any right to exploit, use or practice any invention on which a Patent is owned by another person), including without limitation each Patent License listed on Schedule A-2 hereto, and all royalties and other sums due or to become due under or in respect of the Borrower's Patent Licenses, together with the right to sue for and collect all such royalties and other sums;

(iii) **Trademarks.** Trademarks, whether now owned or hereafter acquired, or in which the Borrower now has or hereafter acquires any rights (the term "Trademarks" means and includes (A) all trademarks, trade names, trade styles, service marks and logos, all prints and labels on which said trademarks, trade names, trade styles, service marks and logos have appeared or appear and all designs and general intangibles of like nature, now existing or hereafter adopted or acquired, all registrations and recordings thereof, and all applications in connection therewith, including without limitation registrations, recordings and applications in the United States Patent and Trademark Office or in any similar office or agency of the United States of America, any state thereof or any other country or any political subdivision thereof and (B) all renewals thereof), including without limitation each Trademark application and registration listed on

Schedule B-1 hereto, and all of the goodwill of the business connected with the use of, and symbolized by, each Trademark;

(iv) **Trademark Licenses.** Trademark Licenses, whether now owned or hereafter acquired, or in which the Borrower now has or hereafter acquires any rights (the term "Trademark Licenses" means and includes any written agreement granting to any person any right to use or exploit any Trademark or Trademark registration of another person), including without limitation the agreements described in Schedule B-2 hereto, and all of the goodwill of the business connected with the use of, and symbolized by, each Trademark licensed and all royalties and other sums due or to become due under or in respect of the Borrower's Trademark Licenses, together with the right to sue for and collect all such royalties and other sums;

(v) **Copyrights.** Copyrights and Copyright registrations, whether now owned or hereafter acquired, or in which the Borrower now has or hereafter acquires any rights (the term "Copyrights" means and includes (A) all original works of authorship fixed in any tangible medium of expression, now existing or hereafter adopted or acquired, all registrations and recordings thereof, and all applications in connection therewith, including without limitation registrations, recordings and applications in the United States Copyright Office or in any similar office or agency of the United States of America, any state thereof or any other country or any political subdivision thereof and (B) all renewals thereof), including without limitation each Copyright registration listed on Schedule C-1 hereto;

(vi) **Copyright Licenses.** Copyright Licenses, whether now owned or hereafter acquired, or in which the Borrower now has or hereafter acquires any rights (the term "Copyright Licenses" means and includes any written agreement granting to any person any right to use or exploit any Copyright or Copyright registration of another person), including without limitation the agreements described in Schedule C-2 hereto, and all royalties and other sums due or to become due under or in respect of the Borrower's Copyright Licenses, together with the right to sue for and collect all such royalties and other sums; and

(vii) **Proceeds and Products.** All proceeds and products of the foregoing and all insurance of the foregoing and proceeds thereof, whether now existing or hereafter arising, including without limitation (A) any claim of the Borrower against third parties for damages by reason of past, present or future infringement of any Patent or any Patent licensed under any Patent License, (B) any claims by the Borrower against third parties for damages by reason of past, present or future infringement or dilution of any Trademark or of any Trademark licensed under any Trademark License, or for injury to the goodwill of the business connected with the use of, or symbolized by, any Trademark or of any Trademark licensed under any Trademark License, (C) any claim of the Borrower against third parties for damages by reason of past, present or future infringement

of any Copyright or any Copyright licensed under any Copyright License, and (D) any claim of the Borrower against third parties for damages by reason of past, present or future infringement of any Copyright or any Copyright licensed under any Copyright License, and (E) any claim by the Borrower against third parties for damages by reason of past, present or future misappropriation or wrongful use or disclosure of any trade secret or other property or right described above or of any such trade secret or other property or right licensed under any license or agreement described above, and together with the right to sue for and collect the damages described in the immediately preceding clauses (A), (B), (C) and (D);

all of the foregoing being herein sometimes referred to as the "Collateral"; provided, however, that the Collateral described above shall not include any interest of the Borrower in any contract, license, permit or similar general intangible if the granting of a security interest therein is prohibited by the terms of the written agreement creating or evidencing such contract, license, permit or similar intangible, provided, further, that, notwithstanding anything set forth in the proviso set forth above to the contrary, to the extent not prohibited by law, the Lender shall at all times have a security interest in all rights of the Borrower to payments of money due or to become due under any such contract, license, permit or similar general intangible, and all proceeds thereof, and, if and when the prohibition which prevents the granting of a security interest in any such property is removed, terminated or otherwise becomes unenforceable as a matter of law, the Lender will be deemed to have, and at all times to have had, a security interest in such property and the Collateral will be deemed to include, and at all times to have included, such property; and

(b) This Agreement, including the security interest granted hereunder, is made and given to secure, and shall secure, the prompt payment or performance in full when due, whether by lapse of time, acceleration or otherwise, of the Secured Obligations.

Section 2. Continuing Agreement; Termination and Release. This Agreement is made for collateral purposes only. This Agreement shall be a continuing agreement in every respect and shall remain in full force and effect until all of the Secured Obligations shall have been fully paid and satisfied and all of the Lender's obligations to provide credit under the Loan Agreement shall have terminated. Upon such termination of this Agreement, the Lender shall, upon the request and at the expense of the Borrower, forthwith release, assign and transfer, without recourse, and, to the extent applicable, deliver, against receipt and without recourse to the Lender, such of the Collateral as may then be in the possession of the Lender and as shall not have been sold or otherwise applied pursuant to the terms hereof to or on the order of the Borrower. Said release, assignment, transfer and delivery shall include an instrument in form recordable in the United States Patent and Trademark Office and the United States Copyright Office by which the Lender shall terminate, release and, without representation, recourse or warranty, reassign to the Borrower all rights in each Patent, Patent License, Trademark, Trademark License, Copyright and Copyright License, including each registration thereof and application therefor, conveyed and transferred to the Lender pursuant to this Agreement.

Section 3. No Release. Nothing set forth in this Agreement shall relieve the Borrower from the performance of any term, covenant, condition or agreement on the Borrower's part to be performed or observed under or in respect of any of the Collateral or from any liability to any party under or in respect of any of the Collateral or impose any obligation on the Lender to perform or observe any such term, covenant, condition or agreement on the Borrower's part to be so performed or observed or impose any liability on the Lender for any act or omission on the part of the Borrower relative thereto or for any breach of any representation or warranty on the part of the Borrower contained in this Agreement or under or in respect of the Collateral or made in connection herewith or therewith.

Section 4. [Reserved]

Section 5. Representations and Warranties of the Borrower. The Borrower hereby represents and warrants to the Lender as follows:

(a) The Borrower is, and, as to the Collateral acquired by it from time to time after the date hereof, the Borrower will be, the owner or, as applicable, licensee of all the Collateral. The Borrower's rights in the Collateral are and shall remain free and clear of any lien, pledge, security interest, encumbrance, assignment, collateral assignment or charge of any kind, including without limitation any filing of, or agreement to file, a financing statement as debtor under the Uniform Commercial Code or any similar statute, except for the lien and security interest created by this Agreement and Permitted Liens. The Borrower has made no previous assignment, conveyance, transfer or agreement in conflict with the liens granted hereby. The Borrower further represents and warrants to the Lender that Schedules A-1, A-2, B-1, B-2, C-1 and C-2 hereto, respectively, are true and correct lists of all Patents, Patent Licenses, and all registered Trademarks, Trademark Licenses, Copyrights and Copyright Licenses owned or used by the Borrower as of the date hereof and that Schedules A-1, A 2, B-1, B-2, C-1 and C-2 are true and correct with respect to the matters set forth therein as of the date hereof.

(b) The Borrower has made all necessary filings and recordations to protect its interests in the Collateral in each case to the extent a failure to do so could reasonably be expected to have a Material Adverse Effect.

(c) The Borrower owns directly or has rights to use all the Collateral and all rights with respect to any of the foregoing used in or necessary for the business of the Borrower in the ordinary course as presently conducted, except where the failure to own or have such rights would not have a Material Adverse Effect. The use of the Collateral and all rights with respect to the foregoing by the Borrower does not, to the actual knowledge of the Borrower, infringe, in any material respect, on the rights of any party, nor has any claim of such infringement been made.

(d) Upon appropriate filings and the acceptance thereof in the appropriate offices under the Uniform Commercial Code, in the United States Patent and Trademark Office and the United States Copyright Office, this Agreement will create a valid and duly perfected lien on and security interest in the Collateral located in the United States

of America effective against purchasers from and creditors of the Borrower, subject to no prior liens or encumbrances other than Permitted Liens.

Section 6. Covenants and Agreements of the Borrower. The Borrower hereby covenants and agrees with the Lender as follows:

(a) On a continuing basis, the Borrower will, at the expense of the Borrower, subject to any prior licenses, encumbrances and restrictions and prospective licenses, encumbrances and restrictions permitted hereunder, make, execute, acknowledge and deliver, and file and record in the proper filing and recording places within the United States of America, all such instruments, including without limitation appropriate financing and continuation statements and collateral agreements, and take all such action as may reasonably be deemed necessary or advisable by the Lender (i) to carry out the intent and purposes of this Agreement, (ii) to assure and confirm to the Lender the grant or perfection of the security interest in the Collateral intended to be created hereby, subject to no prior Liens or encumbrances other than Permitted Liens, for the benefit of the Lender or (iii) to enable the Lender to exercise and enforce its rights and remedies hereunder with respect to the Collateral.

(b) Without limiting the generality of the foregoing paragraph (a) of this Section 6, the Borrower (i) will not enter into any agreement that would impair or conflict with the Borrower's obligations hereunder; (ii) will, promptly following its becoming aware thereof, notify the Lender of (x) any final adverse determination in any proceeding in the United States Patent and Trademark Office or the United States Copyright Office that could reasonably be expected to have a Material Adverse Effect or (y) the institution of any proceeding or any adverse determination in any federal, state, local or foreign court or administrative body regarding the Borrower's claim of ownership in or right to use any of the Collateral, its right to register any such Collateral or its right to keep and maintain such registration, in each case, that could reasonably be expected to have a Material Adverse Effect; (iii) will preserve and maintain all rights in the Collateral, unless no longer used in the ordinary course of the Borrower's business or no longer deemed necessary to the Borrower's business; (iv) will not grant or permit to exist any lien or encumbrance upon or with respect to the Collateral or any portion thereof except Permitted Liens and will not execute any security agreement or financing statement covering any of the Collateral except in favor of the Lender; (v) will not permit to lapse or become abandoned (unless no longer used in the ordinary course of the Borrower's business or no longer deemed necessary to the Borrower's business), or settle or compromise any pending or future material litigation or material administrative proceeding with respect to any Collateral that could reasonably be expected to have a Material Adverse Effect without the prior written consent of the Lender (which consent shall not be unreasonably withheld), or, except for licenses of Collateral in the ordinary course of business, contract for sale or otherwise sell, convey, assign or dispose of, or grant any option with respect to, the Collateral or any portion thereof; (vi) upon the Borrower obtaining knowledge thereof, will promptly notify the Lender in writing of any event that could reasonably be expected to have a Material Adverse Effect on the value of any of the Collateral, the ability of the Borrower or the Lender to dispose of any such

Collateral or the rights and remedies of the Lender in relation thereto, including without limitation a levy or threat of levy or any legal process against any such Collateral that could reasonably be expected to have a Material Adverse Effect; (vii) will diligently keep reasonable records respecting the Collateral; (viii) hereby authorizes the Lender, in its sole discretion, to file one or more financing or continuation statements relative to all or any part of the Collateral without the signature of the Borrower where permitted by law (and the Collateral Agent agrees to provide the Borrower notice after any such filing is made pursuant to this clause (viii)), provided the failure to give such notice shall not affect the validity or enforceability of the relevant filing; (ix) will furnish to the Lender from time to time statements and schedules further identifying and describing the Collateral and such other materials evidencing or reports pertaining to the Collateral as the Lender may reasonably request, all in reasonable detail; (x) will pay when due any and all taxes, levies, maintenance fees, charges, assessments, licenses fees and similar taxes or impositions payable in respect of the Collateral except to the extent being contested in good faith by appropriate proceedings which prevent the enforcement of the matter being contested (and for which the Borrower has established adequate reserves) and do not interfere with the business of the Borrower in the ordinary course or unless no longer necessary to the Borrower's business; and (xi) comply in all material respects with all laws, rules and regulations applicable to the Collateral.

(c) If, before the Secured Obligations shall have been paid and satisfied in full, the Borrower shall obtain any rights to or become entitled to the benefit of any new patent, patent application, service mark, trade name, trademark, trademark application, trademark registration, copyright, copyright application, copyright registration, license renewal or extension, or patent for any reissue, division, continuation, renewal, extension, or continuation-in-part of any Patent or any improvement on any Patent, the provisions of this Agreement shall automatically apply thereto and the same shall automatically constitute Collateral and be and become subject to the assignment, lien and security interest created hereby, as the case may be, without further action by any party, all to the same extent and with the same force and effect as if the same had originally been Collateral hereunder. If the Borrower so obtains or becomes entitled to any of the rights described above which are material, the Borrower shall promptly give written notice thereof to the Lender. The Borrower agrees to confirm the attachment of the lien and security interest created hereby to any such rights described above by execution of instruments, including, but not limited to, instruments for recordation with the United States Patent and Trademark Office and the United States Copyright Office, in form and substance acceptable to the Lender.

(d) The Borrower shall promptly notify the Lender of any future Collateral and, upon receipt of such notice by the Lender, Schedules A-1, A-2, B-1, B-2, C-1 and C-2 hereto shall be deemed amended to include reference to any such future Collateral.

(e) The Borrower shall prosecute diligently applications for the Patents, Trademarks and Copyrights now or hereafter pending and make application on unpatented but patentable inventions and registrable but unregistered Trademarks and Copyrights, that, in each case, in the Borrower's reasonable judgment would be

materially beneficial to the business of the Borrower in the ordinary course as presently, and as now contemplated will be, conducted, file and prosecute opposition and cancellation proceedings and perform all acts necessary to preserve and maintain all rights in the Collateral, unless as to any Patent, Trademark or Copyright, in the reasonable judgment of the Borrower, such Patent, Trademark or Copyright has become immaterial or obsolete to such business of the Borrower. Any expenses incurred in connection with such actions shall be borne by the Borrower.

(f) The Borrower will, with respect to the Collateral, comply with the provisions regarding insurance contained in Section 6.7 of the Loan Agreement.

(g) The Borrower shall not abandon any right to file any material patent application, trademark application, service mark application, copyright application, patent, trademark or copyright without the prior written consent of the Lender, which consent shall not be unreasonably withheld.

Section 7. Supplements; Further Assurances. The Borrower (i) agrees that it will join with the Lender in executing and, at its own expense, file and refile, or permit the Lender to file and refile, such financing statements, continuation statements and other instruments and documents (including without limitation this Agreement) in such offices (including without limitation the United States Patent and Trademark Office and the United States Copyright Office) as the Lender may reasonably deem necessary or appropriate in order to perfect and preserve the rights and interests granted to the Lender hereunder and (ii) hereby authorizes the Lender to file and refile such instruments and documents and any other instruments or documents related thereto without the signature of the Borrower where permitted by law and (iii) agrees to do such further acts and things, and to execute and deliver to the Lender such additional instruments and documents, as the Lender may require to carry into effect the purposes of this Agreement or to better assure and confirm unto the Lender its respective rights, powers and remedies hereunder. All of the foregoing are to be at the sole cost of the Borrower. Any reasonable costs of the foregoing incurred by the Lender shall be payable by the Borrower upon demand, together with interest thereon from the date of incurrence at the Default Rate until so paid, and shall constitute additional Secured Obligations.

Section 8. The Lender May Perform. If the Borrower fails to perform any agreement contained herein after receipt of a written request to do so from the Lender, the Lender may itself (upon ten (10) days' prior written notice to the Borrower unless the Lender in good faith determines that immediate payment or performance is reasonably necessary to protect or preserve the Collateral), but shall not be obligated to, perform, or cause performance of, such agreement, and the reasonable expenses of the Lender, including the reasonable fees and expenses of its counsel, so incurred in connection therewith shall be payable by the Borrower.

Section 9. Remedies. Upon the occurrence and during the continuation of any Event of Default, the Lender shall have, in addition to all other rights provided herein, in the Loan Agreement or by law, the rights and remedies of a Lender under the Uniform Commercial Code, and further the Lender may, without demand and without advertisement, notice (except as required by law), hearing or process of law, all of which the Borrower hereby waives, at any time

or times, sell and deliver any or all of the Collateral at public or private sale, for cash, upon credit or otherwise, at such prices and upon such terms as the Lender deems advisable, in its sole discretion. In addition to all other sums due the Lender hereunder, the Borrower shall pay the Lender all reasonable costs and expenses incurred by the Lender, including reasonable attorneys' fees and court costs, in obtaining, liquidating or enforcing payment of the Collateral or the Secured Obligations or in the prosecution or defense of any action or proceeding by or against the Lender or the Borrower concerning any matter arising out of or connected with this Agreement or the Collateral or the Secured Obligations.

Without in any way limiting the foregoing, upon the occurrence and during the continuation of any Event of Default, the Lender may to the full extent permitted by applicable law, with ten (10) days' prior notice to the Borrower, and without advertisement, notice, hearing or process of law of any kind, all of which the Borrower hereby waives, (i) exercise any and all rights as beneficial and legal owner of the Collateral, including without limitation any and all consensual rights and powers with respect to the Collateral and (ii) sell or assign or grant a license to use, or cause to be sold or assigned or a license granted to use, any or all of the Collateral or any part hereof, in each case free of all rights and claims of the Borrower therein and thereto, but subject to any existing licenses in the Collateral permitted under the terms of this Agreement. In that connection, the Lender shall have the right to cause any or all of the Collateral to be transferred of record into the name of the Lender or its nominee as well as the right to impose (i) such limitations and restrictions on the sale or assignment of the Collateral as the Lender may deem to be necessary or appropriate to comply with any law, rule or regulation, whether federal, state or local, having applicability to the sale or assignment and (ii) requirements for any necessary governmental approvals.

Anything contained herein to the contrary notwithstanding, the Lender shall not sell, assign or otherwise transfer any Trademark or Trademark License without also transferring in connection therewith all of the business and goodwill associated therewith.

Failure by the Lender to exercise any right, remedy or option under this Agreement or any other agreement between the Borrower and the Lender or provided by law, or delay by the Lender in exercising the same, shall not operate as a waiver; no waiver shall be effective unless it is in writing, signed by the party against whom such waiver is sought to be enforced and then only to the extent specifically stated. Neither the Lender nor any party acting as attorney for the Lender shall be liable hereunder for any acts or omissions or for any error of judgment or mistake of fact or law other than their gross negligence or willful misconduct. The rights and remedies of the Lender under this Agreement shall be cumulative and not exclusive of any other right or remedy which the Lender may have.

Section 10. Power of Attorney. The Borrower hereby irrevocably appoints the Lender, its nominee, or any other person whom the Lender may designate as the Borrower's attorney-in-fact, with full authority in the place and stead of the Borrower and in the name of the Borrower, the Lender or otherwise, upon the occurrence and during the continuation of any Event of Default, or if the Borrower fails to perform any agreement contained herein within ten (10) days after the Lender's written request, then to the extent necessary to enable the Lender to perform such agreement itself, from time to time in the Lender's discretion, to take any action

and to execute any instrument which the Lender may deem necessary or advisable to accomplish the purposes of this Agreement, including without limitation to record an assignment of the Patents, Patent Licenses, Trademarks and Trademark Licenses (provided that, in the case of Trademarks and Trademark Licenses the business and goodwill associated therewith are also assigned), if any, to the Lender with the United States Patent and Trademark Office, to record an assignment of the Copyrights and Copyright Licenses to the Lender with the United States Copyright Office, to prosecute diligently any Patent, Trademark or Copyright or any application for Patents, Trademarks or Copyrights pending as of the date of this Agreement or thereafter until the Secured Obligations shall have been paid in full, to make application on unpatented but patentable inventions and registrable but unregistered Trademarks or Copyrights, to file and prosecute opposition and cancellation proceedings, to do all other acts necessary or desirable to preserve all rights in Collateral and otherwise to file any claims or take any action or institute any proceedings which the Lender may deem necessary or desirable to accomplish the purpose of this Agreement. The Borrower hereby ratifies and approves all acts of any such attorney and agrees that neither the Lender nor any such attorney will be liable for any acts or omissions nor for any error of judgment or mistake of fact or law other than their gross negligence or willful misconduct. The foregoing power of attorney, being coupled with an interest, is irrevocable until the Secured Obligations have been fully paid and satisfied.

Section 11. Application of Proceeds. The proceeds and avails of the Collateral at any time received by the Lender upon the occurrence and during the continuation of any Event of Default shall, when received by the Lender in cash or its equivalent, be applied by or at the direction of the Lender in the following manner:

(a) First, to the payment or reimbursement of all reasonable advances, expenses and disbursements of the Lender (including, without limitation, the reasonable fees and disbursements of its counsel and agents) incurred in connection with the administration and enforcement of, or the preservation of any rights under, this Agreement or the Loan Agreement or in the collection of the obligations of the Borrower under the Notes; and

(b) Second, to be applied in any manner desired by the Lender to the satisfaction of the Secured Obligations.

Section 12. Miscellaneous. (a) The Borrower hereby indemnifies the Lender for any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, reasonable costs, reasonable expenses or disbursements (including reasonable attorneys' fees) of any kind and nature whatsoever which may be imposed on, incurred by or asserted against the Lender, in any way relating to or arising out of, directly or indirectly, (i) the manufacture, use or sale or other disposition of products or processes utilizing or embodying any Collateral or (ii) any transactions contemplated hereby or any enforcement of the terms hereof, including, but not limited to, any action of, or failure to act by, the Lender in connection with this Agreement; provided, however, that the Borrower shall not be liable for any of the foregoing to the extent they arise from the gross negligence or willful misconduct of the Lender.

(b) All communications hereunder shall be in writing and shall be given to the relevant party, and shall be deemed to have been made when given to the relevant party, in accordance with Section 9.1 of the Loan Agreement.

(c) In the event that any provision hereof shall be deemed to be invalid by reason of the operation of any law or by reason of the interpretation placed thereon by any court, this Agreement shall be construed as not containing such provision, but only as to such jurisdictions where such law or interpretation is operative, and the invalidity of such provision shall not affect the validity of any remaining provisions hereof, and any and all other provisions hereof which are otherwise lawful and valid shall remain in full force and effect.

(d) This Agreement shall be deemed to have been made in this State of Ohio and shall be governed by and construed in accordance with the laws of the State of Ohio, without regard to principles of conflicts of law, except as required by mandatory provisions of law and except to the extent that the validity or perfection of the security interest hereunder, or remedies hereunder, in respect of any particular Collateral are governed by the laws of a jurisdiction other than the State of Ohio. The headings in this instrument are for convenience of reference only and shall not limit or otherwise affect the meaning of any provision hereof.

(e) This Agreement may be executed in any number of counterparts and by different parties hereto on separate counterpart signature pages, each constituting an original, but all together one and the same instrument.

(f) Each of the parties hereto hereby, to the fullest extent permitted by law, waives trial by jury in any action brought under or in connection with this Agreement or any of the other Loan Documents.

STATE OF Ohio)
) SS
COUNTY OF Franklin)

I, the undersigned, a Notary Public in and for said County, in the State aforesaid, do hereby certify that Mary Slayman, Vice President of Bank One, N.A., a national banking association, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument as such officer, appeared before me this day in person and acknowledged that he signed and delivered the said instrument as his own free and voluntary act and as the free and voluntary act and deed of said bank for the uses and purposes therein set forth.

Given under my hand and notarial seal, this 8th day of June, 2001.



(Notarial Seal)

LAING P. AKERS
Attorney at Law
Notary Public, State of Ohio
My Commission Has No Expiration
Section 147.03 R.C.

Laing P. Akers
Notary Public

(Type or Print Name)

My Commission Expires: _____

SCHEDULE A-1

**TO SECURITY AGREEMENT
RE: PATENTS, TRADEMARKS AND COPYRIGHTS**

**U.S. Patent Numbers
and Pending U.S. Patent Application Numbers**

A. Patents and Patent Applications

Issued Patents - United States:

Description	Patent No.	Issued
Container	D361,508	8/22/95
Display Rack	5,934,489	8/10/99
Partitioned Container	D380,961	7/15/97

Pending Applications for Patents - United States:

None.

SCHEDULE A-2

**TO SECURITY AGREEMENT
RE: PATENTS, TRADEMARKS AND COPYRIGHTS**

Patent Licenses

SCHEDULE B-1

**TO SECURITY AGREEMENT
RE: PATENTS, TRADEMARKS AND COPYRIGHTS**

**Registered U.S. Trademarks
and Trademark Applications**

Registered Trademarks - United States:

Mark	Registration No.	Registration Date
Charts & Charms	2,114,808	11/18/97
From the Heart and Design	2,082,389	7/22/97
Feltworks	2,027,935	12/31/96
Simple Pleasures	1,980,286	6/11/96
Wire Whimsy	1,980,240	6/11/96
Quilties	1,953,731	1/30/96
Wooden Treasures	1,967,310	4/9/96
Fashionart	1,909,361	8/1/95
Dimensions	1,809,328	12/7/93
Learn-a-craft	1,695,412	6/16/92
Stitchables	1,521,059	1/17/89
No Count	1,496,866	7/19/88
Plasticpoint	1,276,328	5/1/84
S (Stylized)	1,232,807 *	3/29/83
S (Stylized)	1,224,373 *	1/18/83
Dimensions	1,214,121	10/26/82
Sunset	1,176,272 *	11/3/81
Sunset	1,194,015 *	4/20/82
Sunset	1,174,296 *	10/20/81

Mark	Registration No.	Registration Date
Sunset	1,187,817 *	1/26/82
Jiffy Stitchery	988,486 *	7/16/74
Daydreams	2,421,474	1/16/01
Creative Accents	2,272,959	8/24/99
From the Heart	1,536,491	4/25/89
Perler	2,086,904	8/12/97
Perler Beads and Design	1,341,060	6/11/85

* Defects in record chains of title: unreleased security interests of record. Such defects and unreleased security interests are described in Exhibit A attached hereto.

Pending Trademark Applications - United States:

None.

SCHEDULE B-2

**TO SECURITY AGREEMENT
RE: PATENTS, TRADEMARKS AND COPYRIGHTS**

Trademark Licenses

None.

SCHEDULE C-1

**TO SECURITY AGREEMENT
RE: PATENTS, TRADEMARKS AND COPYRIGHTS**

Registered U.S. Copyrights and Copyright Applications

Registered Copyrights - United States:

Registration No.	Registration Date	Title
VA 335-505	1989	Learn to count
VA 335-506	1989	Counting chart
VA 336-308	1989	Teddies birth record
TX3423218	10/23/92	100 cross-stitch Christmas ornaments / Carol Siegel and the Dimensions Design Studio
VA119601	05/24/82	Hippo refrigerator magnet : [no.] 6098
VA119600	05/24/82	Piggy dishwasher magnet : [no.] 6097
VA119599	05/24/82	Rocking horse ornament : [no.] 8029
VA119598	05/24/82	Snowman with top hat ornament : [no.] 8028
VA119597	05/24/82	Clown & balloons ornament : [no.] 9028
VA119596	05/24/82	Santa in chimney ornament : [no.] 9027
VA119595	05/24/82	Teddy bear ornament : [no.] 8027
VA119594	05/24/82	Mouse & cheese ornament : [no.] 8026
VA119593	05/24/82	Toy soldier ornament : [sic : no.] 8025
VA119592	05/24/82	Teddy's train ornament : [no.] 9026
VA119591	05/24/82	Unicorn ornament : [no.] 9025
VA119590	05/24/82	Reindeer ornament : [no.] 9008
VA119589	05/24/82	Santa Claus ornament : no. 8012
VA119588	05/24/82	Mrs. Claus ornament : [no.] 8013
TX1555546	04/08/85	The Puffkins: a family of collectible dolls
TX1573950	05/02/85	Dimensions: [catalog]
TX1030927	11/19/82	Dimensions: [catalog]

Copyright Applications - United States:

None

SCHEDULE C-2

**TO SECURITY AGREEMENT
RE: PATENTS, TRADEMARKS AND COPYRIGHTS**

Licenses Granted to Borrower of Intellectual Property Used in the Business

1. IBM Master Lease & Agreement for AS400 System and peripheral equipment.
2. IBM AS400 Software Licensing Agreement.
3. Cognos Poerhouse License (AS400 Software)
4. The following Designer Contracts.

Designer and licensor contracts with active status.
Designers and licensors who receive royalties.

DESIGNER NAME	CONTRACT DATE	STATUS	SUPPLEMENTARY SCHEDULE A
REDACTED	2/16/1983	Active	
REDACTED	12/31/1979	Active	
REDACTED	10/14/1992	Active	
REDACTED	6/30/80.No formal contract	Active	
REDACTED	4/12/1990	Active	Ref. # 57.1 - 57.47
REDACTED	3/31/81.No formal contract	Active	
REDACTED	10/14/1992	Active	
REDACTED	9/31/82	Active	
REDACTED	9/31/82.No formal contract	Active	
REDACTED	12/31/82.No formal contract	Active	
REDACTED	10/9/1998	Active	Ref. # 95.1 - 95.4
REDACTED	1/12/1983	Active	
REDACTED	3/1/1983	Active	
REDACTED	4/25/1983	Active	
REDACTED	6/30/84.No formal contract	Active	
REDACTED	7/1/1979	Active	
REDACTED	8/20/1991	Active	Ref. # 121.1 - 121.28
REDACTED	9/30/85.No formal contract	Active	
REDACTED	2/1/1985	Active	
REDACTED	12/31/1985.No formal	Active	
REDACTED	6/30/86.No formal contract	Active	
REDACTED	9/30/1986	Active	
REDACTED	12/31/1986	Active	
REDACTED	3/23/1988	Active	
REDACTED	7/24/1987	Active	
REDACTED	12/31/88.No formal contract	Active	
REDACTED	3/31/89. No formal contract	Active	
REDACTED	6/28/1989	Active	
REDACTED	9/30/89. No formal contract	Active	
REDACTED	9/30/1989	Active	
REDACTED	12/31/89. No formal	Active	
REDACTED	6/16/1989	Active	
REDACTED	7/6/1989	Active	

DESIGNER NAME	CONTRACT DATE	STATUS	SUPPLEMENTARY SCHEDULE A
REDACTED	4/10/1992	Active	
REDACTED	9/29/1992	Active	
REDACTED	7/14/1992	Active	
REDACTED	1/1/1993	Active	Ref. # 351.1 - 351.10
REDACTED	6/3/1993	Active	
REDACTED	10/20/1992	Active	
REDACTED	10/2/1992	Active	
REDACTED	4/12/1990	Active	
REDACTED	4/12/1990	Active	
REDACTED	2/3/1999	Active	
REDACTED	4/12/1990	Active	
REDACTED	4/12/1990	Active	
REDACTED	5/28/1993	Active	
REDACTED	9/1/1993	Active	
REDACTED	7/30/1993	Active	
REDACTED	10/19/1993	Active	
REDACTED	7/15/1993	Active	
REDACTED	10/19/1993	Active	
REDACTED	12/3/1993	Active	Ref. # 387.1 - 387.2
REDACTED	7/15/1993	Active	
REDACTED	9/1/1993	Active	Ref. # 391.1 - 391.13
REDACTED	5/27/1993	Active	
REDACTED	4/12/1990	Active	
REDACTED	12/31/93.No formal contract	Active	
REDACTED	10/11/1993	Active	
REDACTED	12/31/93.No formal contract	Active	
REDACTED	7/3/94.No formal contract	Active	
REDACTED	11/4/1993	Active	
REDACTED	12/16/1993	Active	
REDACTED	4/11/1994	Active	
REDACTED	4/11/1994	Active	Ref. # 417.1 - 417.5
REDACTED	12/17/1993	Active	Ref. # 418.1 - 418.16
REDACTED	7/4/1993.No formal contract	Active	
REDACTED	10/19/1993	Active	
REDACTED	10/19/1993	Active	
REDACTED	10/19/1993	Active	
REDACTED	10/19/1993	Active	
REDACTED	10/19/1993	Active	
REDACTED	3/31/1994	Active	Ref. # 429.1 - 429.5
REDACTED	10/19/1993	Active	
REDACTED	3/31/1994	Active	
REDACTED	3/30/1994	Active	
REDACTED	7/3/1994	Active	
REDACTED	10/11/1993	Active	
REDACTED	4/27/1994	Active	Ref. # 441.1 - 441.3
REDACTED	10/14/1993	Active	Ref. # 442.1 - 442.6

DESIGNER NAME	CONTRACT DATE	STATUS	SUPPLEMENTARY SCHEDULE A
REDACTED	1/24/1994	Active	Ref. # 445.1 - 445.3
REDACTED	12/30/1993	Active	Ref. # 447.1 - 447.10
REDACTED	9/29/1992	Active	
REDACTED	5/25/1994	Active	
REDACTED	10/19/1993	Active	
REDACTED	6/2/1994	Active	
REDACTED	4/27/1994	Active	Ref. # 458.1 - 458.3
REDACTED	6/2/1994	Active	
REDACTED	10/19/1993	Active	
REDACTED	9/3/1998	Active	Ref. # 471.1
REDACTED	2/9/1995	Active	
REDACTED	1/24/1995	Active	Ref. # 474.1
REDACTED	10/19/1993	Active	
REDACTED	7/2/95.No formal contract	Active	
REDACTED	8/31/1994	Active	Ref. # 477.1
REDACTED	1/24/1995	Active	
REDACTED	10/19/1993	Active	
REDACTED	9/26/1994	Active	Ref. # 482.1 - 482.3
REDACTED	9/23/1991	Active	
REDACTED	10/19/1993	Active	
REDACTED	10/19/1993	Active	
REDACTED	10/19/1993	Active	
REDACTED	3/13/1995	Active	
REDACTED	12/22/1994	Active	
REDACTED	5/31/1995	Active	
REDACTED	12/31/95.No formal contract	Active	
REDACTED	1/20/1995	Active	
REDACTED	5/9/1995	Active	Ref. # 504.1
REDACTED	5/24/1995	Active	
REDACTED	4/4/1995	Active	Ref. # 506.1 - 506.14
REDACTED	12/31/95.No formal contract	Active	
REDACTED	4/4/1995	Active	
REDACTED	12/31/95.No formal contract	Active	
REDACTED	11/7/1995	Active	Ref. # 512.1 - 512.2
REDACTED	6/30/96.No formal contract	Active	
REDACTED	11/6/1995	Active	
REDACTED	4/25/1996	Active	Ref. # 517.1
REDACTED	6/30/96.No formal contract	Active	
REDACTED	4/17/1995	Active	Ref. # 520.1 - 520.6
REDACTED	2/9/1996	Active	Ref. # 521.1 - 521.7
REDACTED	6/30/96.No formal contract	Active	
REDACTED	4/4/1995	Active	
REDACTED	8/4/1995.No formal contract	Active	
REDACTED	4/4/1995	Active	
REDACTED	5/1/1996.No formal contract	Active	
REDACTED	4/24/1996	Active	Ref. # 530.1 - 530.6

DESIGNER NAME	CONTRACT DATE	STATUS	SUPPLEMENTARY SCHEDULE A
REDACTED	2/9/1996	Active	Ref. # 531.1 - 531.4
REDACTED	2/9/1996	Active	Ref. # 532.1
REDACTED	3/19/1996	Active	Ref. # 533.1 - 533.2
REDACTED	8/12/1998	Active	Ref. # 534.1 - 534.7
REDACTED	6/14/1996	Active	
REDACTED	3/5/1996	Active	Ref. # 537.1 - 537.6
REDACTED	2/9/1996	Active	
REDACTED	4/12/1990	Active	
REDACTED	7/8/1996	Active	
REDACTED	6/30/96.No formal contract	Active	
REDACTED	7/2/1996	Active	
REDACTED	9/1/1998	Active	
REDACTED	7/1/1996	Active	
REDACTED	12/4/1996	Active	
REDACTED	11/12/1996	Active	
REDACTED	10/2/1996	Active	Ref. # 553.1 - 553.6
REDACTED	12/18/1996	Active	
REDACTED	2/7/2000	Active	Ref. # 555.1
REDACTED	7/17/1996	Active	
REDACTED	1/24/1997	Active	
REDACTED	7/16/1999	Active	
REDACTED	1/24/1997	Active	Ref. # 562.1
REDACTED	1/23/1997	Active	
REDACTED	10/19/1993	Active	
REDACTED	7/2/1996	Active	
REDACTED	10/7/1996	Active	
REDACTED	6/20/1997	Active	Ref. # 570.1
REDACTED	3/5/1996	Active	
REDACTED	8/21/1997	Active	
REDACTED	7/6/1998	Active	Ref. # 574.1 - 574.9
REDACTED	2/9/1995	Active	Ref. # 575.1 - 575.7
REDACTED	1/15/1997	Active	Ref. # 576.1 - 576.2
REDACTED	6/4/1997	Active	Ref. # 577.1 - 577.3
REDACTED	3/16/2000	Active	
REDACTED	2/9/1996	Active	
REDACTED	5/23/1997	Active	Ref. # 581.1
REDACTED	6/20/1997	Active	Ref. # 582.1
REDACTED	2/13/1997	Active	Ref. # 583.1
REDACTED	7/1/1997	Active	Ref. # 585.1
REDACTED	6/25/1997	Active	Ref. # 586.1
REDACTED	8/15/1997	Active	Ref. # 588.1 - 588.2
REDACTED	2/9/1995	Active	
REDACTED	6/27/1996.No formal	Active	
REDACTED	5/23/1997	Active	Ref. # 591.1 - 591.4
REDACTED	7/1/1997	Active	Ref. # 592.1 - 592.11
REDACTED	10/13/1997	Active	Ref. # 593.1

DESIGNER NAME	CONTRACT DATE	STATUS	SUPPLEMENTARY SCHEDULE A
REDACTED	8/11/1997	Active	
REDACTED	4/4/1995	Active	
REDACTED	9/8/1997	Active	
REDACTED	12/4/1997	Active	Ref. # 598.1
REDACTED	11/25/1998	Active	
REDACTED	1/5/1998	Active	
REDACTED	9/9/1997	Active	Ref. # 601.1 - 601.6
REDACTED	10/6/1997	Active	Ref. # 603.1 - 603.2
REDACTED	10/6/1997	Active	
REDACTED	1/31/1987	Active	
REDACTED	8/7/1997	Active	Ref. # 606.1
REDACTED	10/19/1993	Active	
REDACTED	11/5/1997	Active	Ref. # 609.1 - 609.4
REDACTED	7/1/1997	Active	
REDACTED	1/31/1987	Active	
REDACTED	3/11/1998	Active	Ref. # 614.1 - 614.3
REDACTED	5/26/1998	Active	Ref. # 615.1
REDACTED	2/9/1995	Active	
REDACTED	10/26/1998	Active	
REDACTED	2/4/1998	Active	Ref. # 618.1
REDACTED	8/10/2000	Active	
REDACTED	2/9/1995	Active	
REDACTED	4/15/1998	Active	Ref. # 621.1
REDACTED	6/8/1998	Active	Ref. # 622.1
REDACTED	6/8/1998	Active	Ref. # 623.1
REDACTED	4/4/1995	Active	
REDACTED	2/10/1998	Active	
REDACTED	3/10/1998	Active	Ref. # 628.1 - 628.2
REDACTED	5/23/1998	Active	
REDACTED	1/21/1998	Active	Ref. # 630.1 - 630.2
REDACTED	6/22/1998	Active	Ref. # 633.1
REDACTED	6/25/1998	Active	Ref. # 637.1 - 637.2
REDACTED	6/8/1998	Active	Ref. # 638.1 - 638.10
REDACTED	8/20/1998	Active	Ref. # 639.1
REDACTED	8/21/1998	Active	Ref. # 640.1
REDACTED	12/1/1997	Active	Ref. # 643.1
REDACTED	8/12/1998	Active	Ref. # 645.1 - 645.2
REDACTED	9/19/1998	Active	
REDACTED	9/14/1998	Active	
REDACTED	2/24/1999	Active	Ref. # 649.1 - 649.2
REDACTED	8/18/1998	Active	Ref. # 651.1
REDACTED	4/17/1995	Active	
REDACTED	9/16/1998	Active	Ref. # 653.1
REDACTED	9/4/1998	Active	Ref. # 654.1
REDACTED	1/28/1999	Active	
REDACTED	1/7/1999	Active	

DESIGNER NAME	CONTRACT DATE	STATUS	SUPPLEMENTARY SCHEDULE A
REDACTED	10/9/1998	Active	
REDACTED	4/4/1995	Active	
REDACTED	1/8/1999	Active	
REDACTED	11/23/1998	Active	Ref. # 661.1 - 661.2
REDACTED	12/12/1998	Active	Ref. # 662.1 - 662.2
REDACTED	12/30/1998	Active	
REDACTED	2/17/1999	Active	Ref. # 664.1
REDACTED	2/8/1999	Active	
REDACTED	1/26/1999	Active	Ref. # 666.1
REDACTED	3/10/1999	Active	
REDACTED	1/20/1999	Active	Ref. # 668.1
REDACTED	5/11/1999	Active	Ref. # 670.1
REDACTED	1/21/1999	Active	Ref. # 671.1
REDACTED	2/17/1999	Active	Ref. # 672.1
REDACTED	12/29/1998	Active	Ref. # 673.1 - 673.2
REDACTED	3/5/1996	Active	
REDACTED	7/12/1999	Active	Ref. # 675.1
REDACTED	7/12/1999	Active	Ref. # 676.1
REDACTED	10/19/1993	Active	
REDACTED	1/1/1999	Active	Ref. # 679.1
REDACTED	4/16/1997	Active	Ref. # 680.1
REDACTED	2/19/1997	Active	Ref. # 684.1 - 684.4
REDACTED	8/17/1999	Active	
REDACTED	10/19/1993	Active	
REDACTED	9/8/1999	Active	Ref. # 690.1
REDACTED	7/19/1999	Active	
REDACTED	7/20/1999	Active	Ref. # 692.1
REDACTED	12/17/1999	Active	Ref. # 693.1 - 693.2
REDACTED	7/12/1999	Active	Ref. # 694.1 - 694.4
REDACTED	8/23/1999	Active	
REDACTED	1/27/1999	Active	Ref. # 696.1 - 696.2
REDACTED	9/2/1999	Active	Ref. # 697.1
REDACTED	2/22/2000	Active	Ref. # 698.1 - 698.2
REDACTED	1/27/2000	Active	
REDACTED	3/9/2000	Active	Ref. # 701.1
REDACTED	10/19/1993	Active	
REDACTED	2/17/2000	Active	
REDACTED	11/20/2000	Active	Ref. # 707.1
REDACTED	2/1/2000	Active	Ref. # 708.1
REDACTED	1/24/2000	Active	Ref. # 709.1
REDACTED	4/4/958	Active	
REDACTED	6/6/2000	Active	
REDACTED	10/6/1997	Active	Ref. # 713.1
REDACTED	6/6/2000	Active	Ref. # 715.1
REDACTED	4/4/1995	Active	
REDACTED	8/9/2000	Active	Ref. # 719.1

DESIGNER NAME	CONTRACT DATE	STATUS	SUPPLEMENTARY SCHEDULE A
REDACTED	10/3/2000	Active	
REDACTED	9/25/2000	Active	Ref. # 721.1
REDACTED	12/19/2000	Active	Ref. # 723.1
REDACTED	4/17/1995	Active	
REDACTED	7/25/2000	Active	Ref. # 726.1 - 726.2
REDACTED	2/19/1997	Active	
REDACTED	8/23/2000	Active	Ref. # 728.1
REDACTED	8/30/2000	Active	Ref. # 730.1
REDACTED	4/4/1995	Active	
REDACTED	2/23/2001	Active	Ref. # 733.1
NEW CONTRACTS			
PENDING SIGNATURE	REDACTED		