

FORM PTO-1595 (Modified)  
(Rev. 03-01)  
OMB No. 0651-0027 (exp. 5/31/2002)  
P08/REV03

RECORD

05-13-2003

U.S. DEPARTMENT OF COMMERCE  
Patent and Trademark Office

5-9-03 PA



Tab settings

To the Honorable Commissioner of Patents and Trademarks

102446033

inal documents or copy thereof.

1. Name of conveying party(ies):  
**DDR Associates, LLC**

2. Name and address of receiving party(ies):

Name: **D-Brake, LLC**

Internal Address:

Additional names(s) of conveying party(ies)  Yes  No

3. Nature of conveyance:

- Assignment  Merger
- Security Agreement  Change of Name
- Other

Street Address: **One Pucci Park**

City: **New Britain,** State: **CT** ZIP: **06051**

Execution Date: **April 10, 2003**

Additional name(s) & address(es) attached?  Yes  No

4. Application number(s) or patent numbers(s):

If this document is being filed together with a new application, the execution date of the application is:

A. Patent Application No.(s)

B. Patent No.(s)

5,358,077

5,003,829

Additional numbers attached?  Yes  No

OFFICE OF PUBLIC RECORDS  
2003 MAY -9 AM 3:01  
FINANCE SECTION

5. Name and address of party to whom correspondence concerning document should be mailed:

6. Total number of applications and patents involved: **2**

Name: **William J. Cass**

7. Total fee (37 CFR 3.41):.....\$ **80.00**

Internal Address: **Cantor Colburn LLP**

Enclosed - Any excess or insufficiency should be credited or debited to deposit account

05/12/2003 ECDOPER 00000094 5358077

01 FC:8021 80.00 OP

Authorized to be charged to deposit account

Street Address: **55 Griffin Road South**

8. Deposit account number:

**06-1130**

City: **Bloomfield,** State: **CT** ZIP: **06002**

(Attach duplicate copy of this page if paying by deposit account)

DO NOT USE THIS SPACE

9. Statement and signature.

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document.

**William J. Cass, Reg. No. 41,659**

**May 7, 2003**

Name of Person Signing

Signature

**21**

Date

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

## SECURITY AGREEMENT

This SECURITY AGREEMENT is made as of this 10<sup>th</sup> day of APRIL, 2003 by and between DDR ASSOCIATES, LLC, a Connecticut limited liability company with its principal place of business located at One Pucci Park, New Britain, Connecticut 06051 ("DDR"); and D-BRAKE, LLC, a Connecticut limited liability company with its principal place of business located at One Pucci Park, New Britain, Connecticut 06051 ("D-Brake").

### RECITALS

Pursuant to that certain Master Credit Agreement of even date herewith (as amended and in effect from time to time, the "Credit Agreement"), by and among D-Brake and DDR, DDR agreed to make loans, advances and other extensions of credit to D-Brake upon the terms and subject to the conditions set forth therein, and evidenced by the Line of Credit Note issued by D-Brake thereunder. It is a condition precedent to the obligation of DDR to make loans, advances and other extensions of credit to D-Brake under the Credit Agreement that D-Brake shall have executed and delivered this Security Agreement to DDR for the purpose of securing its obligations under the Credit Agreement.

NOW, THEREFORE, in consideration of the premises and to induce DDR to enter into the Credit Agreement and to make loans, advances and other extensions of credit to D-Brake under the Credit Agreement, D-Brake hereby agrees with DDR, as follows:

## 1. Defined Terms.

(a) Unless otherwise defined herein, terms which are defined in the Credit Agreement and used herein are so used as so defined.

(b) The following terms which are defined in Article 9 are used herein as so defined: Accessions, Accounts, As-Extracted Collateral, Chattel Paper, Commercial Tort Claims, Consignments, Deposit Accounts, Documents, Equipment, General Intangibles, Goods, Health-Care-Insurance Receivables, Instruments, Inventory, Investment Property, Letters of Credit, Letter-of-Credit Rights; Payment Intangibles; Proceeds, Promissory Notes; Software and Supporting Obligations.

(c) The following terms shall have the following meanings:

“Article 9” means Article 9 of the Code as in effect in the State of Connecticut on and after October 1, 2001, the effective date of Public Act No. 01-132 of the State of Connecticut.

“Code” means the Uniform Commercial Code as from time to time in effect in the State of Connecticut.

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

“Contracts” means the separate contracts between D-Brake and third parties, as the same may from time to time be amended, supplemented or otherwise modified, including, without limitation, (a) all rights of D-Brake to receive moneys due and to become due to it thereunder or in connection therewith, (b) all rights of D-Brake to damages arising out of, or for, breach or default in respect thereof, (c) all rights of D-Brake to perform and to exercise all remedies thereunder and (d) all Copyright Licenses, Patent Licenses, Software Licenses and Trademark Licenses; but excluding any contracts, the assignment or hypothecation of which, for collateral purposes, would result in a default or require, or cause, a forfeiture or permit a revocation of material rights under such contract.

“Copyrights” means (a) all copyrights of the United States or any other country; (b) all copyright registrations filed in the United States or in any other country; (c) all copyrights for Derivative Works and (d) all Proceeds thereof.

“Copyright License” means all agreements, whether written or oral, providing for the grant by D-Brake of any right to use any Copyright, and all Proceeds thereof.

“Derivative Work” or “Derivative Works” has the meaning set forth in Section 101 of the U.S. Copyright Act (17 U.S.C. § 101) for “derivative work”.

“Obligations” has the meaning set forth in the Credit Agreement.

**“Patents”** means (a) all letters patent of the United States and all reissues and extensions thereof, (b) all applications for letters patent of the United States and all divisions, continuations and continuations-in-part thereof or any other country, and (c) all Proceeds thereof, including the goodwill of the business connected with the use of and symbolized by the Patents.

**“Patent License”** means all agreements, whether written or oral, providing for the grant by D-Brake of any right to manufacture, use or sell any invention covered by a Patent.

**“Security Agreement”** means this Security Agreement, as amended, supplemented, restated or otherwise modified from time to time.

**“Software”** means (a) all the “software” (as such term is defined by Article 9) now existing or hereafter created or acquired, (b) any and all Copyrights or Patents relating thereto (whether or not registered in the United States Copyright Office, United States Patent and Trademark Office or in any similar office or agency of the United States or any other country), (c) all Source Code and object code associated therewith, (d) all documentation, manuals and know-how in connection therewith and (e) all upgrades or versions and Proceeds thereof.

**“Software License”** means any agreement, written or oral, providing for the grant of any right to use any Software, and all Proceeds thereof.

**“Source Code”** means all source code and all updates, releases and/or new versions of the Software.

**“Trademarks”** means (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 registered 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; (b) all renewals thereof; and (c) all Proceeds thereof, including the goodwill of the business connected with the use of and symbolized by the Trademarks.

**“Trademark License”** means any agreement, written or oral, providing for the grant by D-Brake of any right to use any Trademark.

**“Trade Secret”** has the meaning set forth in C.G.S. 35-51(d), as amended from time to time.

**“Vehicles”** means all cars, trucks, trailers, construction and earth moving equipment and other vehicles covered by a certificate of title law of any state, and all tires and other appurtenances to any of the foregoing.

## 2. Grant of Security Interest.

(a) 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, D-Brake hereby grants to DDR a security interest in all properties, assets and rights of D-Brake now owned or at any time hereafter acquired by D-Brake or in which D-Brake now has or at any time in the future may acquire any right, title or interest, wherever located or situated and however defined or classified under Article 9 (the "Collateral").

(b) Without limitation of the foregoing, the Collateral includes the following at all times:

- (i) all Accounts;
- (ii) all As-Extracted Collateral;
- (iii) all Bank Accounts
- (iv) all Chattel Paper;
- (v) all Commercial Tort Claims;
- (vi) all Consignments;
- (vii) all Contracts;
- (viii) all Copyrights;
- (ix) all Copyright Licenses;
- (x) all Deposit Accounts;
- (xi) all Documents;
- (xii) all Equipment;
- (xiii) all General Intangibles;
- (xiv) all Goods;
- (xv) all Health-Care-Insurance Receivables;
- (xvi) all Instruments;
- (xvii) all Inventory;

- (xviii) all Investment Property;
- (xix) all Letter-of-Credit Rights;
- (xx) all Letters of Credit;
- (xxi) all Patents;
- (xxii) all Patent Licenses;
- (xxiii) all Payment Intangibles;
- (xxiv) all Promissory Notes;
- (xxv) all Software;
- (xxvi) all Supporting Obligations;
- (xxvii) all Trademarks;
- (xxviii) all Trademark Licenses;
- (xxix) All Trade Secrets;
- (xxx) all Vehicles; and
- (xxx1) to the extent not otherwise included, all Proceeds (including condemnation proceeds), all Accessions and additions thereto and all substitutions and replacements therefore and products of any and all of the foregoing.

### **3. Rights of DDR; Limitations on DDR's Obligations.**

(a) D-Brake Remains Liable under Accounts and Contracts. Anything herein to the contrary notwithstanding, D-Brake 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. DDR shall not 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 DDR of any payment relating to such Account or Contract pursuant hereto, nor shall DDR be obligated in any manner to perform any of the obligations of D-Brake 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 DDR at any time after the occurrence and during the continuance of an Event of Default, D-Brake shall notify account debtors on the Accounts and parties to the Contracts that the Accounts and the Contracts have been assigned to DDR and that payments in respect thereof shall be made directly to DDR. DDR 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. DDR shall have the right, at its own expense, to make test verifications of the Accounts in any manner and through any medium that it reasonably considers advisable, and D-Brake shall furnish all such assistance and information as DDR may reasonably require in connection therewith, provided that the making of the foregoing test verifications shall be at the expense of D-Brake if and only if an Event of Default shall have occurred and be continuing. At any time upon DDR's request and after the occurrence and during the continuance of an Event of Default, or in connection with D-Brake's annual audit, D-Brake, at its sole expense, shall cause its independent public accountants or others selected by D-Brake and satisfactory to DDR to furnish to DDR reports showing reconciliations, aging and test verifications of, and trial balances for, the Accounts.

(d) Collections on Accounts. DDR hereby authorizes D-Brake to collect the Accounts subject to DDR's direction and control; provided, however, that DDR may curtail or terminate said authority upon the occurrence and during the continuance of an Event of Default. If required by DDR upon the occurrence and during the continuance of an Event of Default, any payments of Accounts, when collected by D-Brake, shall be forthwith (and, in any event, within two (2) Business Days) deposited by D-Brake in the exact form received, duly endorsed by D-Brake to DDR if required, in a special collateral account maintained by DDR, subject to withdrawal by DDR only, as hereinafter provided, and, until so turned over, shall be held by D-Brake in trust for DDR, segregated from other funds of D-Brake. Each deposit of any such Proceeds shall be accompanied by a report identifying in reasonable detail the nature and source of the payments included in the deposit. All Proceeds constituting collections of Accounts while held by DDR (or by D-Brake in trust for DDR) shall continue to be collateral security for all of the Obligations and shall not constitute payment thereof until applied as hereinafter provided. If an Event of Default shall have occurred and be continuing, at any time at DDR's election, DDR shall apply all or any part of the funds on deposit in said special collateral account on account of the Obligations in accordance with the Credit Agreement, and any part of such funds which DDR elects not so to apply and deems not required as collateral security for the Obligations shall be paid over from time to time by DDR to D-Brake or to whomsoever may be lawfully entitled to receive the same. At DDR's request during the continuance of an Event of Default, D-Brake shall deliver to DDR all original and other documents evidencing, and relating to, the agreements and transactions which gave rise to the Accounts, including, without limitation, all original orders, invoices and shipping receipts.

**4. Representations and Warranties.** DDR hereby represents and warrants that:

(a) Title; No Other Encumbrances. Except for the Encumbrance granted to D-Brake pursuant to this Security Agreement, and the other Encumbrances permitted to exist on the Collateral pursuant to the Credit Agreement, D-Brake owns each item of the Collateral free and clear of any and all Encumbrances 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 DDR or any other Person holding a Permitted Encumbrance or as may be permitted pursuant to the Credit Agreement.

(b) Perfected Encumbrances. Except with respect to Vehicles referred to in Section 5(r), the Encumbrances granted pursuant to this Security Agreement constitute perfected Encumbrances on the Collateral (not constituting real property) in favor of D-Brake, which are prior to all other Encumbrances on the Collateral created by DDR and in existence on the date hereof, except as otherwise permitted in the Credit Agreement, based upon a search and review of the public files and records referenced in Section 4(a) hereof and which are enforceable as such against all creditors of and purchasers from DDR and against any owner or purchaser of the real property where any of the Equipment is located and any present or future creditor obtaining an Encumbrance on such real property.

(c) Accounts. The amount represented by D-Brake to DDR from time to time 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 in all material respects. No amount payable to D-Brake under or in connection with any Account is evidenced by any Instrument or Chattel Paper (other than Contracts with customers of D-Brake ("Customer Contracts")) constituting Chattel Paper) which has not been delivered to DDR.

(d) Contracts. No consent of any party (other than D-Brake) to any Contract is required, or purports to be required, in connection with the execution, delivery and performance of this Security Agreement. 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. Neither D-Brake nor (to the best of D-Brake's knowledge) any other party to any Contract is in default in a manner which could reasonably be expected to materially adversely affect the value of all such Contracts as Collateral or is reasonably likely to become in default in the performance or observance of any of the terms thereof in any material respect. D-Brake has performed in all material respects all its current obligations under each Contract. The right, title and interest of D-Brake in, to and under each Contract are not subject to any defense, offset, counterclaim or claim which in the aggregate could reasonably be expected to have a Material Adverse Effect. No amount payable to D-Brake under or in connection with any



Contract is evidenced by any Instrument or Chattel Paper (other than Customer Contracts constituting Chattel Paper) which has not been delivered to DDR.

(e) Inventory and Equipment. The Inventory and the Equipment are kept at the principal place of business of D-Brake.

(f) Chief Executive Office. D-Brake's chief executive office and principal place of business is One Pucci Park, New Britain, Connecticut 06051.

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

(h) Patents, Trademarks and Trade Secrets. All Patents and Patent Licenses owned by D-Brake in its own name as of the date hereof are listed on Schedule A, which listing includes all Trademarks and Trademark Licenses owned by D-Brake in its own name as of the date hereof. To the best of the D-Brake's knowledge, each Patent and Trademark is valid, subsisting, unexpired, enforceable and has not been abandoned. Except as set forth on Exhibit A, none of the Patents, Trademarks or Trade Secrets owned by D-Brake are 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, Trademark or Trade Secret. Except as disclosed in the Credit Agreement, no action or proceeding is pending (i) seeking to limit, cancel or question the validity of any Patent, Trademark or Trade Secret, or (ii) which, if adversely determined, could reasonably be expected to have a Material Adverse Effect.

(i) Vehicles. A complete and correct list of all Vehicles owned by D-Brake is set forth on Schedule A.

(j) Governmental Obligors. None of the obligors on any Accounts, and none of the parties to any Contracts, is a Governmental Authority with respect to which the Federal Assignment of Claims Act is applicable.

(k) Bank Accounts. All deposit, custody, money-market or other accounts (whether, in any case, time or demand or interest or non-interest bearing) maintained by D-Brake with any bank or any other financial institution are Bank Accounts and are listed on the Exhibit A.

(l) Commercial Tort Claims. All Commercial Tort Claims to which D-Brake has a right are listed on Schedule A.

**5. Covenants.** D-Brake covenants and agrees with DDR that, from and after the date of this Security Agreement until the obligations are paid in full and the commitment terminated:

(a) Further Documentation; Pledge of Instruments and Chattel Paper. At any time and from time to time, upon the written request of DDR, and at the sole expense of D-Brake, D-Brake will promptly and duly execute and deliver such further instruments and documents and take such further action as DDR 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 Encumbrances created hereby. D-Brake also hereby authorizes DDR to file any such financing or continuation statement without the signature of D-Brake to the extent permitted by applicable law. A carbon, photographic 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 (other than Customer Contracts constituting Chattel Paper), such instrument or Chattel Paper shall be immediately delivered to DDR, duly endorsed in a manner satisfactory to DDR to be held as Collateral pursuant to this Security Agreement.

(b) Indemnification. D-Brake agrees to pay, and to save DDR harmless from, any and all liabilities, reasonable costs and expenses (including, without limitation, reasonable 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 not caused by DDR in complying with any requirement of law, rule, regulation or guideline of any governmental authority (collectively, a "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 DDR under any Account or Contract for any sum owing thereunder, or to enforce any provisions of any Account or Contract, D-Brake will save, indemnify and keep DDR harmless from and against all expense, loss or damage suffered by reason of any defense, setoff, counterclaim, recoupment or reduction or liability whatsoever of the account debtor or obligor thereunder, arising out of a breach by D-Brake of any obligation thereunder or arising out of any other agreement, indebtedness or liability at any time owing to or in favor of such account debtor or obligor or its successors from D-Brake.

(c) Maintenance of Records. D-Brake will 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. D-Brake will mark its books and records pertaining to the Collateral to evidence this Security Agreement and the security interests granted hereby. For DDR's further security, DDR shall have a security interest in all of D-Brake's books and records pertaining to the Collateral, and D-Brake shall make any such books and records available to DDR or to its representatives during normal business hours for their review at the request of DDR upon reasonable prior notice.

(d) Right of Inspection. Subject to Section 5.5 of the Credit Agreement, DDR shall at all times but only at reasonable intervals and upon reasonable prior notice have full and free access during normal business hours to all the books, correspondence and records of D-Brake, and DDR or their respective representatives may examine the same, take extracts therefrom and make photocopies thereof, and D-Brake agrees to render to DDR, at the D-Brake's cost and expense, such clerical and other assistance as may be reasonably requested with regard thereto. D-Brake and its respective representatives shall at any reasonable time and upon reasonable prior notice also have the right to enter into and upon any premises where any of the Inventory or

Equipment is located for the purpose of inspecting the same, observing its use or otherwise protecting its interests-therein.

(e) Compliance with Laws, etc. D-Brake will comply in all material respects with all Requirements of Law applicable to the Collateral or any part thereof or to the operation of D-Brake's business; provided, however, that D-Brake may contest any Requirement of Law in any reasonable manner which shall not, in the reasonable opinion of DDR, adversely affect the DDR's rights or the priority of its Encumbrances on the Collateral.

(f) Compliance with Terms of Contracts, etc. D-Brake will perform and comply in all material respects with all its obligations under the Contracts and all its other Contractual Obligations relating to the Collateral except where such nonperformance and noncompliance could not reasonably be expected to have a Material Adverse Effect.

(g) Payment of Obligations. D-Brake will 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 D-Brake's books in accordance with GAAP.

(h) Limitation on Encumbrances on Collateral. D-Brake will not create, incur or permit to exist, will defend the Collateral against, and will take such other action as is necessary to remove, any Encumbrance or claim on or to the Collateral, other than the Encumbrances created hereby and other than as permitted pursuant to the Credit Agreement, and will defend the right, title and interest of DDR in and to any of the Collateral against other claims and demands of all Persons whomsoever.

(i) Limitations on Dispositions of Collateral. Subject to the provisions of the Credit Agreement, D-Brake will not sell, transfer, lease or otherwise dispose of any of the Collateral, or attempt, offer or contract to do so except for (x) sales of Inventory in the ordinary course of its business and (y) so long as no Default or Event of Default has occurred and is continuing, the disposition in the ordinary course of business of property not material to the conduct of its business or as otherwise permitted under the Credit Agreement.

(j) Limitations on Modifications, Waivers, Extensions of Contracts and Agreements Giving Rise to Accounts. Except as otherwise set forth in the Credit Agreement, D-Brake will 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 all Contracts and Accounts as Collateral when examined in the aggregate, (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) where such failure could have a material adverse effect on the value of all Contracts and Accounts when examined in the aggregate or (iii) fail to deliver to DDR a copy of each material

demand, notice or document received by it relating in any way to any material Contract or any material agreement giving rise to an Account.

(k) Further Identification of Collateral. D-Brake will furnish to DDR, from time to time, statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as DDR may reasonably request, all in reasonable detail.

(l) Maintenance of Equipment. D-Brake will maintain each item of Equipment in good operating condition, ordinary wear and tear and immaterial impairments of value and damage by the elements excepted, and will provide all maintenance, service and repairs necessary for such purpose except where the failure to maintain such Equipment could not reasonably be expected to have a Material Adverse Effect.

(m) Maintenance of Insurance. D-Brake shall insure the Collateral in accordance with and subject to the provisions of the Credit Agreement.

(n) Further Identification of Collateral. D-Brake will furnish to DDR from time to time statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as DDR may reasonably request, all in reasonable detail.

(o) Notices. D-Brake will advise DDR promptly, in reasonable detail, at its address set forth in the Credit Agreement, (i) of any Encumbrance (other than Encumbrances created hereby or permitted under the Credit Agreement) 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 Encumbrances created hereunder.

(p) Changes in Locations, Name, etc. D-Brake will not (i) change the location of its chief executive office/principal place of business from that specified in Section 4(f) or remove its books and records from the location specified in Section 4(f), (ii) permit any of the Inventory or Equipment to be kept at a location other than those listed in Section 4(e) or (iii) change its name, identity or structure to such an extent that any financing statement filed by DDR in connection with this Security Agreement would become seriously misleading, unless it shall have given DDR at least thirty (30) days prior written notice thereof.

(q) Patents, Trademarks, Copyrights, Software and Trade Secrets.

(i) Unless otherwise agreed in writing by DDR prior to the occurrence of any of the following events, D-Brake (either itself or through licensees) will (i) continue to use each Trademark on each and every trademark class of goods applicable to its current line as reflected in its current catalogs, brochures and price lists in order to maintain such 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) with respect to a registered Trademark, 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 DDR 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 or abandoned.

(ii) D-Brake will not do any act, or omit to do any act, whereby any Patent may become abandoned or dedicated. D-Brake shall take all measures reasonably necessary to maintain the secrecy of each Trade Secret and shall not do any act, or omit to do any act, whereby the secrecy of any Trade Secret shall be lost.

(iii) D-Brake will notify DDR immediately if it knows, or has reason to know, that any application or registration relating to any Patent, Software, Copyright 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 D-Brake's ownership of any Patent, Software, Copyright or Trademark or its right to register the same or to keep and maintain the same.

(iv) Whenever D-Brake, either by itself or through any agent, employee, licensee or designee, shall file an application for the registration of any Patent, Software or Trademark with the United States Patent and Trademark Office or any Copyright or Software with the United States Copyright Office or any similar office or agency in any other country or any political subdivision thereof, D-Brake shall report such filing to DDR within five (5) business days after the last day of the fiscal quarter in which such filing occurs.

(v) D-Brake shall execute and deliver any and all agreements, instruments, documents, and papers as DDR may request to evidence DDR's security interest in any Patent, Software, Copyright, Trade Secret or Trademark and the goodwill and general intangibles of D-Brake relating thereto or represented thereby, and D-Brake hereby constitutes DDR 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 commitment is terminated.

(vi) D-Brake will 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 any registered Patents, Software, Copyrights or Trademarks, including, without limitation, filing of applications for renewal, affidavits of use and affidavits of incontestability.

(vii) In the event that any material Patent, Software, Copyright, Trade Secret or Trademark included in the Collateral is infringed, misappropriated or diluted by a third party, D-Brake shall promptly notify DDR after it learns thereof and shall 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

D-Brake shall reasonably request as appropriate under the circumstances to protect such Patent, Software, Copyright, Trade Secret or Trademark.

(viii) Upon execution hereof, D-Brake shall deliver to DDR copies of all items subject to the Copyrights and upon the registration of any Derivative Work of the Copyrights, the D-Brake shall deliver copies of such Derivative Work to DDR.

(r) Vehicles. D-Brake will maintain each Vehicle in good operating condition, ordinary wear and tear and immaterial impairments of value and damage by the elements excepted, and will provide all maintenance, service and repairs necessary for such purpose. D-Brake will notify DDR of each acquisition or sale of a vehicle, promptly following the acquisition or sale thereof. If an Event of Default shall occur and be continuing, at the request of DDR, D-Brake shall, within five (5) Business Days after such request, file applications for certificates of title indicating DDR's first priority Encumbrance on the Vehicles covered by such certificates, together with any other necessary documentation, in each office in each jurisdiction which DDR shall deem advisable to perfect its Encumbrances on the Vehicles.

(s) Inventory. None of the Inventory of D-Brake shall be evidenced by a warehouse receipt.

(t) Commercial Tort Claims. D-Brake shall promptly notify DDR in writing upon incurring or otherwise obtaining a Commercial Tort Claim against any third party, and upon request of DDR, promptly enter into an amendment to this Agreement and do such other acts or things deemed appropriate by DDR to give DDR a security interest in any such Commercial Tort Claim.

## **6. DDR's Appointment as Attorney-in-Fact.**

(a) Powers. D-Brake hereby irrevocably constitutes and appoints DDR and any agent of DDR 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 D-Brake and in the name of D-Brake or in its own name, from time to time in DDR'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, D-Brake hereby gives DDR the power and right, on behalf of D-Brake, without notice to or assent by D-Brake, to do the following:

(i) in the case of any Account, at any time when the authority of D-Brake to collect the Accounts has been curtailed or terminated pursuant to the first sentence of 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 D-Brake or its own name, or otherwise, to take possession of and endorse 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 DDR 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; and

(ii) upon the occurrence and during the continuance of any Event of Default, to pay or discharge taxes and Encumbrances levied or placed on the Collateral, 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; and 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 DDR or as DDR 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 endorse any invoices, freight or express bills, bills of lading, storage or warehouse receipts, drafts against debtors, 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 part thereof, and to enforce any other right in respect of any Collateral; (E) to defend any suit, action or proceeding brought against D-Brake 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 DDR may deem appropriate; (G) to assign any Patent, Software, Copyright 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 DDR shall in its sole discretion determine; and (H) generally, 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 DDR were the absolute owner thereof for all purposes, and to do, at DDR's option and D-Brake's expense, at any time, or from time to time, all acts and things which DDR deems necessary to protect, preserve or realize upon the Collateral and DDR's Encumbrances thereon and to effect the intent of this Security Agreement, all as fully and effectively as D-Brake might do. D-Brake hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue hereof except for any negligence or willful misconduct of said attorneys. This power of attorney is a power coupled with an interest and shall be irrevocable.

(b) Other Powers. D-Brake also authorizes DDR, at any time and from time to time, to execute, in connection with the sale provided for in Section 9 hereof, any endorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral.

(c) No Duty on DDR's Part. The powers conferred on DDR hereunder are solely to protect DDR's interests in the Collateral and shall not impose any duty upon DDR to exercise any such powers. DDR shall be accountable only for amounts that they actually receives 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 D-Brake for any act or failure to act hereunder, except for its own gross negligence or willful misconduct.

**7. Performance by DDR of D-Brake's Obligations.** If D-Brake fails to perform or comply with any of its agreements contained herein and DDR, 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 reasonable expenses of DDR incurred in connection with such performance or compliance, together with interest thereon at a rate per annum equal to the Default Rate, shall be payable by D-Brake to DDR on demand and shall constitute Obligations secured hereby.

**8. Proceeds.** In addition to the rights of DDR specified in Section 3(d) with respect to payments of Accounts, it is agreed that if an Event of Default shall occur and be continuing (a) if required by DDR, all Proceeds received by D-Brake consisting of cash, checks and other near-cash items shall be held by D-Brake in trust for DDR, segregated from other funds of D-Brake, and shall, forthwith upon receipt by D-Brake, be turned over to DDR in the exact form received by D-Brake (duly endorsed by D-Brake to DDR, if required), and (b) any and all such Proceeds received by DDR (whether from D-Brake or otherwise) may, in the sole discretion of DDR, be held by DDR as collateral security for, and/or then or at any time thereafter may be applied by DDR against, the Obligations (whether matured or unmatured), such application to be made in accordance with the provisions of the Credit Agreement. Any balance of such Proceeds remaining after the Obligations shall have been paid in full and the Commitment shall have been terminated shall be paid over to D-Brake or to whomsoever may be lawfully entitled to receive the same.

**9. Remedies.** If an Event of Default shall occur and be continuing DDR 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, except as otherwise set forth in the Credit Agreement, DDR, 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 D-Brake 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 DDR 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. DDR 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 D-Brake, which right or equity is hereby waived or released. D-Brake further agrees, at DDR's request, to assemble the Collateral and make it available to DDR at places which DDR shall reasonably select, whether at D-Brake's premises or elsewhere. DDR 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 DDR hereunder, including, without limitation, reasonable attorneys' fees and disbursements, to the payment in whole or in part of the Obligations, in such order as DDR may elect, and only after such application and after the payment by DDR of any other amount required by any provision of law, including, without limitation, Section 9-504(1)(c) of the Code, Section 9-504(1)(c) of the Code as amended by Section 75 of Public Act 01-132, which is expected to be recodified as Section 9-615 of the Code, need DDR account for the surplus, if any, to D-Brake. To the extent permitted by applicable law, D-Brake waives all claims, damages and demands it may acquire against DDR arising out of the exercise by DDR of any of its 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 ten (10) days before such sale or other disposition. D-Brake 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 DDR to collect such deficiency.

**10. Limitation on Duties Regarding Preservation of Collateral.** DDR's sole duty with respect to the custody, safekeeping and physical preservation of the Collateral in its possession, under the Code or otherwise, shall be to deal with it in the same manner as DDR deals with

similar property for its own account. Neither DDR, nor any of its respective managers, members, 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 D-Brake or otherwise.

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

**12. 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.

**13. 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.

**14. No Waiver; Cumulative Remedies.** DDR shall not by any act (except by a written instrument pursuant to Section 15 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 DDR, 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 DDR of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which DDR 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.

**15. Waivers and Amendments; Successors and Assigns, Governing Law.** None of the terms or provisions of this Security Agreement may be waived, amended, supplemented or otherwise modified except as provided by the Credit Agreement. This Security Agreement shall be binding upon the successors and assigns of D-Brake and shall inure to the benefit of DDR and its respective successors and assigns. This Security Agreement shall be governed by, and construed and interpreted in accordance with, the laws of the State of Connecticut.

**16. Notices.** Notices hereunder shall be given in the manner set forth in the Credit Agreement.

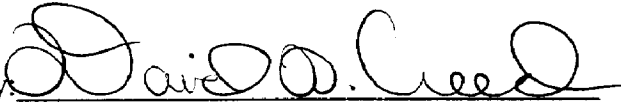
**17. Termination.** Upon the payment and the performance of the Obligations in full and the termination of the Commitments, this Security Agreement shall terminate and DDR shall deliver any release of the Encumbrances created under this Security Agreement that D-Brake may reasonably request.


**18. Specific Releases.** So long as no Default or Event of Default has occurred and is continuing, if D-Brake shall sell, transfer, lease or otherwise dispose of any of the Collateral permitted by the terms of this Security Agreement, including, without limitation, Section 5(i) hereof, and the Credit Agreement, then DDR shall deliver a release in respect of any Encumbrance created under this Security Agreement in such disposed Collateral that D-Brake may reasonably request.

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


DDR ASSOCIATES, LLC

By:   
Richard E. Creed, Manager

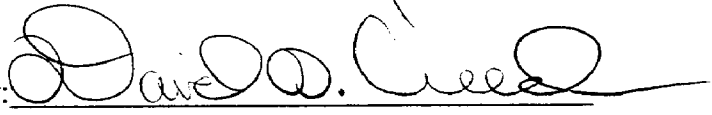
By:   
David A. Creed, Manager

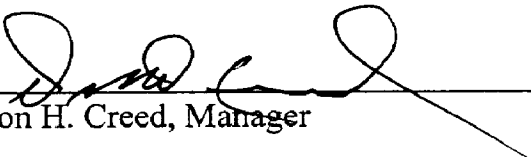
By:   
Don H. Creed, Manager

D-BRAKE, LLC.

By:   
John P. DeConti, Manager

By:   
Richard E. Creed, Manager

By:   
David A. Creed, Manager

By:   
Don H. Creed, Manager

## SCHEDULE A

### **Patents**

1. Patent Number: 5,358,077  
Date Issued: October 25, 1994  
Title: "One Piece Liquid Cooled Disk Brake Assembly"
2. Patent Number: 5,003,829  
Date issued: April 2, 1991  
Title: "Energy Absorbing Device and Torque Measuring Device Therefore"

### **Trademarks**

None

### **Vehicles**

None

### **Commercial Tort Claims**

None

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