

RE 09-29-1999

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U.S. DEPARTMENT OF COMMERCE
Patent and Trademark Office

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9-24-99

To the Honorable Commissioner of Patents and Trademarks: Please record the attached original documents or copy thereof.

1. Name of conveying party(ies): **ARLINGTON PRESS, INC.**

- Individual(s)
- Association
- General Partnership
- Limited Partnership
- Corporation-State (NY)
- Other _____

Additional name(s) of conveying party(ies) attached? Yes No

3. Nature of conveyance:

- Assignment
- Merger
- Security Agreement
- Change of Name
- Other Amended and Restated Subsidiaries Security Agreement

Execution Date: July 8, 1999

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

Name: The Chase Manhattan Bank, as Administrative Agent

Internal Address: _____

Street Address: 200 Jericho Quadrangle

City: Jericho State: NY ZIP: 11753

- Individual(s) citizenship _____
- Association _____
- General Partnership _____
- Limited Partnership _____
- Corporation-State _____
- Other New York banking corporation

If assignee is not domiciled in the United States, a domestic representative designation is attached: Yes No

(Designation must be a separate document from Assignment)

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

4. Application number(s) or registration number(s):

A. Trademark Application No.(s) **See attached Schedule 2**

B. Trademark Registration No.(s)

Additional numbers attached? Yes No

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

Name: Lori E. Lesser, Esq.

Internal Address: Simpson Thacher & Bartlett

Street Address: 425 Lexington Avenue

City: New York State: New York ZIP: 10017

6. Total number of applications and registrations involved: 9

7. Total fee (37 CFR 3.41): \$240.00

- Enclosed
- Authorized to be charged to deposit account

8. Deposit account number:

(Attached 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.

Lori E. Lesser, Esq.
Name of Person Signing

[Signature]
Signature

9-24-99
Date

Total number of pages comprising cover sheet: 68

Mail documents to be recorded with required cover sheet information to:
Commissioner of Patents and Trademarks, Box Assignments
Washington, D.C. 20231

09/29/1999 MTH011

EC:461
ETC:482

TRADEMARK

REEL: 001966 FRAME: 0929

**SCHEDULE 2
TO SUBSIDIARY SECURITY AGREEMENT
(ARLINGTON PRESS, INC.)**

I. The following applications for Trademarks are pending:

- United States Department of Commerce, Patent and Trademark Office, application for Trademark on "Piggybacksert", U.S. Serial No. 75/466,627, dated November 2, 1998 (under trademark "suspend").
- United States Department of Commerce, Patent and Trademark Office, application for Trademark on "Multisert", U.S. Serial No. 75/442,911, dated September 29, 1998.
- United States Department of Commerce, Patent and Trademark Office, application for Trademark on "Labelsert", U.S. Serial No. 75/442,449, dated September 29, 1998.
- United States Department of Commerce, Patent and Trademark Office, application for Trademark on "Hangsert", U.S. Serial No. 75/442,450, dated September 29, 1998.
- United States Department of Commerce, Patent and Trademark Office, application for Trademark on "Daylabelsert", U.S. Serial No. 75/442,914, dated September 29, 1998.
- United States Department of Commerce, Patent and Trademark Office, application for Trademark on "Daylabel", U.S. Serial No. 75/442,913, dated September 29, 1998.
- United States Department of Commerce, Patent and Trademark Office, application for Trademark on "Brcsert", U.S. Serial No. 75/442,912, dated September 29, 1998.
- United States Department of Commerce, Patent and Trademark Office, application for Trademark on "Brelitsert", U.S. Serial No. 75/442,932, dated September 29, 1998.
- United States Department of Commerce, Patent and Trademark Office, application for Trademark on "Litsert", U.S. Serial No. 75/442,448, dated September 29, 1998.

II. Miscellaneous:

- The name Arlington Press, Inc., is an unregistered trade name.

AMENDED AND RESTATED SUBSIDIARIES SECURITY AGREEMENT

dated as of July 8, 1999

by

Each of the Subsidiaries party thereto

in favor of

**THE CHASE MANHATTAN BANK,
as Administrative Agent**

AMENDED AND RESTATED SUBSIDIARIES SECURITY AGREEMENT

AMENDED AND RESTATED SECURITY AGREEMENT, dated as of July 8, 1999 (this "Agreement"), made by each of the corporations listed on Schedule 5 hereto (each a "Grantor", together, the "Grantors"). The Chase Manhattan Bank, as administrative agent (in such capacity, the "Administrative Agent") for the lenders (the "Lenders") parties to the Amended and Restated Credit Agreement, dated as of July 8, 1999 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Impaxx, Inc., a Delaware corporation (the "Borrower"), the Lenders and Bank Boston, N.A., as documentation agent.

W I T N E S S E T H:

WHEREAS, pursuant to the Credit Agreement, the Lenders have severally agreed to make loans and other extensions of credit to the Borrower upon the terms and subject to the conditions set forth therein;

WHEREAS, the Grantors entered into that certain Subsidiaries Security Agreement, dated as of November 7, 1996 (as amended, supplemented and otherwise modified prior to the date hereof, the "Existing Subsidiaries Security Agreement");

WHEREAS, it is a condition precedent to the obligation of the Lenders to make their respective loans and other extensions of credit to the Borrower under the Credit Agreement that the Grantors shall have amended and restated the Existing Subsidiaries Security Agreement as set forth herein;

WHEREAS, it is a further condition precedent to the obligation of the Lenders to make their respective extensions of credit to the Borrower under the Credit Agreement that the Grantor guarantee payment and performance of the Borrower's obligations under the Credit Agreement and the other Loan Documents;

WHEREAS, in satisfaction of such condition, the Grantors have entered into an Amended and Restated Subsidiaries Guarantee of even date herewith (as amended, supplemented or otherwise modified from time to time, the "Guarantee") for the benefit of the Administrative Agent and the Lenders.

NOW, THEREFORE, in consideration of the premises and to induce the Administrative Agent and the Lenders to enter into the Credit Agreement and to induce the Lenders to make their loans and other respective extensions of credit to the Borrower, the Grantors hereby agree with the Administrative Agent, for the ratable benefit of the Lenders, to amend and restate the Existing Subsidiaries Security Agreement to read in its entirety as follows:

1. Defined Terms.

1.1 Definitions. Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement and the following terms which are defined in the Uniform Commercial Code in effect in the State of New York on the date hereof are used herein as so defined: Accounts, Chattel Paper, Documents, Equipment, Farm Products, General Intangibles, Instruments, Inventory, Investment Property, and Proceeds.

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

"Agreement": this Security Agreement, as the same may be amended, supplemented or otherwise modified from time to time.

"Code": the Uniform Commercial Code as from time to time in effect in the State of New York.

"Collateral": as defined in Section 2.

"Collateral Account": any collateral account established by the Administrative Agent as provided in subsection 5.3 or subsection 9.2.

"Contracts": the contracts and agreements to which any Grantor is a party, as the same may be amended, supplemented or otherwise modified from time to time, including, without limitation, (a) all rights of any Grantor to receive moneys due and to become due to it thereunder or in connection therewith, (b) all rights of any Grantor to damages arising out of or for breach or default in respect thereof and (c) all rights of any Grantor to exercise all remedies thereunder.

"Obligations": as defined in the Guarantee.

"Patents": (a) all letters patent of the United States or any other country and all reissues and extensions thereof, including, without limitation, any thereof referred to in Schedule 1 hereto, and (b) all applications for letters patent of the United States or any other country and all divisions, continuations and continuations-in-part thereof, including, without limitation, any thereof referred to in Schedule 1 hereto.

"Patent License": all agreements, whether written or oral, providing for the grant by or to any Grantor of any right to manufacture, use or sell any invention covered by a Patent, including, without limitation, any thereof referred to in Schedule 1.

"Receivable": any right to payment for goods sold or leased or for services rendered, whether or not such right is evidenced by an Instrument or Chattel Paper and whether or not it has been earned by performance (including, without limitation, any Account).

"Secured Obligations": the collective reference to (a) the Obligations and (b) all obligations and liabilities of any Grantor which may arise under or in connection with this Agreement or any other Loan Document to which any Grantor is a party, whether on account of reimbursement obligations, fees, indemnities, costs, expenses or otherwise (including, without limitation, all fees and disbursements of counsel to the Administrative Agent or to the Lenders that are required to be paid by any Grantor pursuant to the terms of this Agreement or any other Loan Document to which any Grantor is a party).

"Trademarks": (a) all trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos and other source or business identifiers, and the goodwill associated therewith, now existing or hereafter adopted or acquired, all registrations and recordings thereof, and all applications in connection therewith, whether in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or any other country or any political subdivision thereof, or otherwise, including, without limitation, any thereof referred to in Schedule 2, and (b) all renewals thereof.

"Trademark License" means any agreement, written or oral, providing for the grant by or to any Grantor of any right to use any Trademark, including, without limitation, any thereof referred to in Schedule 2.

1.2 Other Definitional Provisions. (a) The words "hereof", "herein", "hereto" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and Section, subsection and Schedule references are to this Agreement unless otherwise specified.

(b) The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms.

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

- (a) all Accounts;
- (b) all Chattel Paper;
- (c) all Contracts;
- (d) all Documents;
- (e) all Equipment;

- (f) all General Intangibles;
- (g) all Instruments;
- (h) all Inventory;
- (i) all Investment Property;
- (j) all Patents;
- (k) all Patent Licenses;
- (l) all Trademarks;
- (m) all Trademark Licenses;
- (o) all books and records pertaining to the Collateral; and
- (p) to the extent not otherwise included, all Proceeds and products of any and all of the foregoing and all collateral security and guarantees given by any Person with respect to any of the foregoing.

3. **Representations and Warranties.** Each of the Grantors hereby represents and warrants that:

3.1 **Power and Authority.** Each Grantor has the corporate power and authority and the legal right to execute and deliver, to perform its obligations under, and to grant the security interest in the Collateral pursuant to, this Agreement and has taken all necessary corporate action to authorize its execution, delivery and performance of, and grant of the security interest in the Collateral pursuant to, this Agreement.

3.2 **Title: No Other Liens.** Except for the security interest granted to the Administrative Agent for the ratable benefit of the Lenders pursuant to this Agreement and the other Liens permitted to exist on the Collateral pursuant to the Credit Agreement, the Grantors own each item of the Collateral free and clear of any and all Liens or claims of others. No 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 have been filed in favor of the Administrative Agent, for the ratable benefit of the Lenders, pursuant to this Agreement.

3.3 **Enforceable Obligation: Perfected, First Priority Security Interests.** This Agreement constitutes a legal, valid and binding obligation of the Grantors, enforceable in accordance with its terms, subject to the effects of bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally, general equitable principles (whether considered in a proceeding in equity or at law) and an implied covenant of good faith and fair dealing. Upon the filing of the appropriate financing statements, as set forth on Schedule 3, and termination statements, the security interests granted pursuant to this

Agreement (a) constitute perfected security interests on the Collateral in favor of the Administrative Agent, for the ratable benefit of the Lenders, as collateral security for the Secured Obligations and (b) are prior to all other Liens on the Collateral in existence on the date hereof.

3.4 No Violation. The execution, delivery and performance of this Agreement will not violate any provision of any Requirement of Law or Contractual Obligation of any Grantor and will not result in the creation or imposition of any Lien on any of the properties or revenues of any Grantor pursuant to any Requirement of Law or Contractual Obligation of any Grantor, except the security interests created hereby.

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

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

3.7 Inventory and Equipment. The Inventory and the Equipment are kept at the locations listed on Schedule 4.

3.8 Chief Executive Office. Each Grantor's chief executive office is set forth in Schedule 5.

3.9 Farm Products. None of the Collateral constitutes, or is the Proceeds of, Farm Products.

4. Covenants. Each of the Grantors covenants and agrees with the Administrative Agent and the Lenders that, from and after the date of this Agreement until the Obligations shall have been paid in full, all Letters of Credit shall have expired and the Commitments shall have expired or otherwise been terminated:

4.1 Maintenance of Property. Each Grantor will keep the Equipment and Inventory in good working order and condition.

4.2 Inspection of Property: Books and Records: Discussions. The Grantor will keep proper books of records and account in which full, true and correct entries in conformity with GAAP and all Requirements of Law shall be made of all dealings and transactions in relation to the Collateral. The Grantor will permit representatives of any Lender to visit and inspect any of the Grantor's properties where any of the Collateral or any of the Grantor's books and records relating to the Collateral are located and to inspect the Collateral and to examine and make abstracts from any of its books and records at any reasonable time and as often as may reasonably be desired and to discuss the condition and operation of the Collateral with officers and employees of the Grantor and with its independent certified public accountants.

4.3 Maintenance of Insurance. (a) The Grantor will maintain, with financially sound and reputable companies, insurance policies insuring the Inventory, Equipment and Vehicles against loss by fire, explosion, theft and such other casualties as may be reasonably satisfactory to the Administrative Agent and insuring the Grantor, the Administrative Agent and the Lenders against liability for personal injury and property damage relating to such Inventory, Equipment and Vehicles, such policies to be in such form and amounts and having such coverage as may be reasonably satisfactory to the Administrative Agent and the Lenders, with losses payable to the Grantor, the Administrative Agent and the Lenders as their respective interests may appear.

(b) All such insurance shall provide that no cancellation, material reduction in amount or material change in coverage thereof shall be effective until at least 30 days after receipt by the Administrative Agent of written notice thereof, name the Administrative Agent and the Lenders as insured parties, include a branch of warranty clause and be reasonably satisfactory in all other respects to the Administrative Agent.

(c) The Grantor shall deliver to the Administrative Agent and the Lenders a report of a reputable insurance broker with respect to such insurance during the month of August in each calendar year and such supplemental reports with respect thereto as the Administrative Agent may from time to time reasonably request.

4.4 Payment of Obligations. Each Grantor will pay and discharge or otherwise satisfy at or before maturity or before they become delinquent, as the case may be, all taxes, assessments and governmental charges or levies imposed upon the Collateral or in respect of 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 the amount or validity thereof is currently being contested in good faith by appropriate proceedings, reserves in conformity with GAAP with respect thereto have been provided on the books of each of the Grantors and such proceedings do not involve any material danger of the sale, forfeiture or loss of any of the Collateral or any interest therein.

4.5 Limitation on Dispositions and Liens; Further Documentation. (a) None of the Grantors will sell, transfer, lease or otherwise dispose of any of the Collateral, or attempt, offer or contract to do so, except for sales of Inventory in the ordinary course of its business and so long as no Default or Event of Default has occurred and is continuing, the disposition in the ordinary course of business of items of Equipment and Vehicles which have become worn out or obsolete or which are otherwise no longer useful in the conduct of its business.

(b) The Grantors will not create, incur or permit to exist any Lien or claim on or to the Collateral, other than the security interests created hereby and other than as permitted pursuant to the Credit Agreement, will maintain the security interest created by this Agreement as a perfected security interest having at least the priority described in subsection 3.3 and will defend such security interest against claims and demands of all Persons whomsoever.

(c) At any time and from time to time, upon the written request of the Administrative Agent, and at the sole expense of the Grantors, the Grantors will promptly and duly execute and deliver such further instruments and documents and take such further actions as the Administrative

Agent may reasonably request for the purpose of obtaining or preserving the full benefits of this 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 security interests created hereby.

4.6 Delivery of Instruments and Chattel Paper. If any amount payable under or in connection with any of the Collateral shall be or become evidenced by any Instrument or Chattel Paper, such Instrument or Chattel Paper shall be immediately delivered to the Administrative Agent, duly indorsed in a manner satisfactory to the Administrative Agent, to be held as Collateral pursuant to this Agreement.

4.7 Changes in Locations, Name, etc. None of the Grantors will, without the prior written consent of the Administrative Agent (which consent will not be unreasonably withheld):

(a) permit any of the Inventory or Equipment to be kept at a location other than those listed on Schedule 4; or

(b) change the location of its chief executive office from that specified in subsection 3.8;

(c) change its name, identity or corporate structure to such an extent that any financing statement filed by the Administrative Agent in connection with this Agreement would become seriously misleading.

4.8 Further Identification of Collateral. Each of the Grantors will furnish to the Administrative Agent and the Lenders from time to time statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as the Administrative Agent may reasonably request, all in reasonable detail.

4.9 Notices. Each of the Grantors will advise the Administrative Agent and the Lenders promptly, in reasonable detail, at their respective addresses for notices provided for in the Credit Agreement:

(a) any Lien (other than security interests created hereby or Liens permitted under the Credit Agreement) on any of the Collateral; and

(b) 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 security interests created hereby.

4.10 Indemnification. Each of the Grantors agrees to pay, and to save the Administrative Agent and the Lenders harmless from, any and all liabilities, costs and expenses (including, without limitation, legal fees and expenses) with respect to the execution, delivery, enforcement, performance and administration of this Agreement ("indemnified liabilities"), *provided* that the Grantors shall have no obligation hereunder to the Administrative Agent or any Lender with respect to indemnified liabilities arising from (i) the gross negligence or willful misconduct of the Administrative Agent or any such Lender or (ii) legal proceedings commenced against the

Administrative Agent or any Lender by any security holder or creditor thereof arising out of and based upon rights afforded any such security holder or creditor solely in its capacity as such. The agreements in this subsection shall survive repayment of the Loans and all other amounts payable under the Credit Agreement and the other Loan Documents.

5. Provisions Relating to Receivables.

5.1 Grantors Remain Liable under Receivables. Anything herein to the contrary notwithstanding, each of the Grantors shall remain liable under each of the Receivables 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 Receivable. Neither the Administrative Agent nor any Lender shall have any obligation or liability under any Receivable (or any agreement giving rise thereto) by reason of or arising out of this Agreement or the receipt by the Administrative Agent or any Lender of any payment relating to such Receivable pursuant hereto, nor shall the Administrative Agent or any Lender be obligated in any manner to perform any of the obligations of any of the Grantors under or pursuant to any Receivable (or any agreement giving rise thereto), 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 Receivable (or any agreement giving rise thereto), 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.

5.2 Analysis of Receivables. The Administrative Agent shall have the right to make test verifications of the Receivables in any manner and through any medium that it reasonably considers advisable, and each of the Grantors shall furnish all such assistance and information as the Administrative Agent may require in connection with such test verifications, provided, however, that prior to the occurrence and continuation of an Event of Default, the Administrative Agent will not communicate with the obligors on the Receivables without the consent of the Grantors. At any time and from time to time, upon the Administrative Agent's reasonable request and at the expense of the Grantors, the Grantors shall cause independent public accountants or others satisfactory to the Administrative Agent to furnish to the Administrative Agent reports showing reconciliations, aging and test verifications of, and trial balances for, the Receivables. The Administrative Agent in its own name or in the name of others may at any time after the occurrence and during the continuance of an Event of Default communicate with the obligors on the Receivables to verify with them to the Administrative Agent's satisfaction the existence, amount and terms of any Receivables.

5.3 Collections on Receivables. (a) The Administrative Agent hereby authorizes the Grantors to collect the Accounts, subject to the Subsidiary Lockbox Agreements, and the Administrative Agent may curtail or terminate said authority at any time after the occurrence and during the continuance of an Event of Default. If required by the Administrative Agent at any time after the occurrence and during the continuance of an Event of Default, any payments of Receivables, when collected by the Grantor, shall be forthwith (and, in any event, within two Business Days) deposited by the Grantor in the exact form received, duly indorsed by the Grantor to the Administrative Agent if required, in a Collateral Account maintained under the sole dominion and control of the Administrative Agent, subject to withdrawal by the Administrative

Agent for the account of the Lenders only as provided in subsection 9.3, and until so turned over, shall be held by the Grantor in trust for the Administrative Agent and the Lenders, segregated from other funds of the Grantor.

(b) Each such deposit of Proceeds of Receivables shall be accompanied by a report identifying in reasonable detail the nature and source of the payments included in the deposit.

(c) At the Administrative Agent's request, the Grantor shall deliver to the Administrative Agent all original and other documents evidencing, and relating to, the agreements and transactions which gave rise to the Receivables, including, without limitation, all original orders, invoices and shipping receipts.

5.4 Representations and Warranties. (a) No amount payable to the Grantors under or in connection with any Receivable is evidenced by any Instrument or Chattel Paper which has not been delivered to the Administrative Agent.

(b) None of the obligors on any Receivable is a Governmental Authority.

(c) The amounts represented by the Grantors to the Lenders from time to time as owing to any of the Grantors in respect of the Receivables will at such time be accurate except for immaterial discrepancies.

5.5 Covenants. (a) Other than in the ordinary course of business consistent with the standard of care that a prudent business person would exercise with respect to similar assets, the Grantors will not (i) grant any extension of the time of payment of any Receivable, (ii) compromise or settle any Receivable for less than the full amount thereof, (iii) release, wholly or partially, any Person liable for the payment of any Receivable, (iv) allow any credit or discount whatsoever on any Receivable, (v) amend, supplement or modify any Receivable in any manner that could adversely affect the value thereof or (vi) fail to exercise promptly and diligently each and every material right which it may have under each agreement giving rise to a Receivable (other than any right of termination) consistent with the standard of care that a prudent business person would exercise with respect to similar assets.

(b) The Grantors will deliver to the Administrative Agent a copy of each material demand, notice or document received by it that questions the validity or enforceability of more than 5% of the aggregate amount of the then outstanding Receivables.

6. Provisions Relating to Contracts.

6.1 Grantors Remain Liable under Contracts. Anything herein to the contrary notwithstanding, each of the Grantors shall remain liable under each of the Contracts to observe and perform all the conditions and obligations to be observed and performed by it thereunder, all in accordance with and pursuant to the terms and provisions of such Contract. Neither the Administrative Agent nor any Lender shall have any obligation or liability under any Contract by reason of or arising out of this Agreement or the receipt by the Administrative Agent or any such Lender of any payment relating to such Contract pursuant hereto, nor shall the Administrative

Agent or any Lender be obligated in any manner to perform any of the obligations of any of the Grantors 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 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.

6.2 Communication With Contracting Parties. The Administrative Agent in its own name or in the name of others may at any time after the occurrence and during the continuance of an Event of Default communicate with parties to the Contracts to verify with them to the Administrative Agent's satisfaction the existence, amount and terms of any Contracts.

6.3 Representations and Warranties. (a) No consent of any party (other than any of the Grantors) to any Contract is required, or purports to be required, in connection with the execution, delivery and performance of this Agreement.

(b) Each Contract is in full force and effect and constitutes a valid and legally enforceable obligation of the parties thereto, subject to the effects of bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally, general equitable principles (whether considered in a proceeding in equity or at law) and an implied covenant of good faith and fair dealing.

(c) 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.

(d) Neither the Grantor nor (to the best of the Grantor's knowledge) any of the other parties to the Contracts is in default or is likely to become in default in the performance or observance of any of the terms thereof in any manner that, in the aggregate, could reasonably be expected to have a Material Adverse Effect.

(e) Each of the Grantors has fully performed all its obligations under each Contract.

(f) The right, title and interest of the Grantors in, to and under the Contracts are not subject to any defenses, offsets, counterclaims or claims that, in the aggregate, could reasonably be expected to have a Material Adverse Effect.

(g) The Grantors have delivered to the Administrative Agent a complete and correct copy of each Contract, including all amendments, supplements and other modifications thereto.

(h) No amount payable to the Grantors under or in connection with any Contract is evidenced by any Instrument or Chattel Paper which has not been delivered to the Administrative Agent.

(i) None of the parties to any Contract is a Governmental Authority.

6.4 Covenants. (a) The Grantors will perform and comply in all material respects with all its obligations under the Contracts.

(b) The Grantors will not amend, modify, terminate or waive any provision of any Contract in any manner which could reasonably be expected to materially and adversely affect the value of such Contract as Collateral.

(c) The Grantors will exercise promptly and diligently each and every material right which it may have under each Contract (other than any right of termination) consistent with the standard of care that a prudent business person would exercise with respect to similar assets.

(d) The Grantors will deliver to the Administrative Agent a copy of each material demand, notice or document received by it relating in any way to any Contract that questions the validity or enforceability of such Contract.

7. Provisions Relating to Patents and Trademarks.

7.1 Representations and Warranties. (a) Schedule 1 includes all Patents and Patent Licenses owned by each of the Grantors in its own name on the date hereof.

(b) Schedule 2 includes all Trademarks and Trademark Licenses owned by each of the Grantors in its own name on the date hereof.

(c) To the best of each of the Grantors' knowledge, each Patent and Trademark is on the date hereof valid, subsisting, unexpired, enforceable and has not been abandoned.

(d) Except as set forth in either Schedule 1 or Schedule 2, none of such Patents and Trademarks is on the date hereof the subject of any licensing or franchise agreement.

(e) No holding, decision or judgment has been rendered by any Governmental Authority which would limit, cancel or question the validity of any Patent or Trademark in any respect that could reasonably be expected to have a Material Adverse Effect.

(f) No action or proceeding is pending on the date hereof seeking to limit, cancel or question the validity of any Patent or Trademark, or which, if adversely determined, would have a material adverse effect on the value of any Patent or Trademark.

7.2 Covenants. (a) Each of the Grantors (either itself or through licensees) will continue to use each material 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, maintain as in the past the quality of products and services offered under such Trademark, employ such Trademark with the appropriate notice of registration, not adopt or use any mark which is confusingly similar or a colorable imitation of such Trademark unless the Administrative Agent, for the ratable benefit of

the Lenders, shall obtain a perfected security interest in such mark pursuant to this Agreement, and not (and not permit any licensee or sublicensee thereof to) do any act or knowingly omit to do any act whereby such Trademark may become invalidated.

(b) The Grantors will not do any act, or omit to do any act, whereby any material Patent may become abandoned or dedicated.

(c) The Grantors will notify the Administrative Agent and the Lenders immediately if it knows, or has reason to know, that any application or registration relating to any material Patent or Trademark may become abandoned or dedicated, or of any adverse determination or development (including, without limitation, the institution of, or any such determination or development in, any proceeding in the United States Patent and Trademark Office or any court or tribunal in any country) regarding such Grantor's ownership of any material Patent or Trademark or its right to register the same or to keep and maintain the same.

(d) Whenever any of the Grantors, either by itself or through any agent, employee, licensee or designee, shall file an application for the registration of any Patent or Trademark with the United States Patent and Trademark Office or any similar office or agency in any other country or any political subdivision thereof, such Grantor shall report such filing to the Administrative Agent and the Lenders within five Business Days after the last day of the fiscal quarter in which such filing occurs. Upon request of the Administrative Agent, such Grantor shall execute and deliver any and all agreements, instruments, documents, and papers as the Administrative Agent may request to evidence the Administrative Agent's and the Lenders' security interest in any Patent or Trademark and the goodwill and general intangibles of such Grantor relating thereto or represented thereby.

(e) Each Grantor 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 the material Patents and Trademarks, including, without limitation, filing of applications for renewal, affidavits of use and affidavits of incontestability.

(f) In the event that any Patent or Trademark included in the Collateral is infringed, misappropriated or diluted by a third party, such Grantor shall (i) take such actions as such Grantor shall reasonably deem appropriate under the circumstances to protect such Patent or Trademark and (ii) if such Patent or Trademark is of material economic value, promptly notify the Administrative Agent and the Lenders after it learns thereof and 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.

8. [RESERVED]

9. Remedies.

9.1 Notice to Obligor and Contract Parties. Upon the request of the Administrative Agent at any time after the occurrence and during the continuance of an Event of Default, the Grantors shall notify obligors on the Receivables and parties to the Contracts that the Receivables and the Contracts have been assigned to the Administrative Agent for the ratable benefit of the Lenders and that payments in respect thereof shall be made directly to the Administrative Agent.

9.2 Proceeds to be Turned Over To Administrative Agent. In addition to the rights of the Administrative Agent and the Lenders specified in subsection 5.3 with respect to payments of Receivables, if an Event of Default shall occur and be continuing, all Proceeds received by the applicable Grantor consisting of cash, checks and other near-cash items shall be held by such Grantor in trust for the Administrative Agent and the Lenders, segregated from other funds of such Grantor, and shall, if requested by the Administrative Agent, forthwith upon receipt by such Grantor, be turned over to the Administrative Agent in the exact form received by such Grantor (duly indorsed by such Grantor to the Administrative Agent, if required) and held by the Administrative Agent in a Collateral Account maintained under the sole dominion and control of the Administrative Agent. All Proceeds while held by the Administrative Agent in a Collateral Account (or by the Grantor in trust for the Administrative Agent and the Lenders) shall continue to be held as collateral security for all the Secured Obligations and shall not constitute payment thereof until applied as provided in subsection 9.3.

9.3 Application of Proceeds. If an Event of Default shall have occurred and be continuing, at any time at the Administrative Agent's election, the Administrative Agent may apply all or any part of Proceeds held in any Collateral Account in payment of the Secured Obligations in such order as the Administrative Agent may elect, and any part of such funds which the Administrative Agent elects not so to apply and deems not required as collateral security for the Secured Obligations shall be paid over from time to time by the Administrative Agent to the Grantors or to whomsoever may be lawfully entitled to receive the same. Any balance of such Proceeds remaining after the Secured Obligations shall have been paid in full, all Letters of Credit shall have expired and the Commitments shall have expired or otherwise been terminated shall be paid over to the Grantors or to whomsoever may be lawfully entitled to receive the same.

9.4 Code Remedies. If an Event of Default shall occur and be continuing, the Administrative Agent, on behalf of the Lenders may exercise, in addition to all other rights and remedies granted to them in this Agreement and in any other instrument or agreement securing, evidencing or relating to the Secured Obligations, all rights and remedies of a secured party under the Code. Without limiting the generality of the foregoing, the Administrative Agent, without demand of performance or other demand, presentment, protest, advertisement or notice of any kind (except any notice required by law referred to below) to or upon the Grantors or any other Person (all and each of which demands, defenses, advertisements and notices are hereby waived), may in such circumstances forthwith collect, receive, appropriate and realize upon the Collateral, or any part thereof, and/or may forthwith sell, lease, assign, give option or options to purchase, or otherwise dispose of and deliver the Collateral or any part thereof (or contract to do any of the foregoing), in one or more parcels at public or private sale or sales, at any exchange, broker's board or office of the Administrative Agent or any Lender 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. The Administrative Agent or any Lender shall have the right upon any such public sale or sales, and, to the extent permitted by law, upon any such private sale or sales, to purchase the whole or any part of the Collateral so sold, free of any right or equity of redemption in any of the Grantors, which right or equity is hereby waived or released. Each of the Grantors further agrees, at the Administrative Agent's request, to assemble the Collateral and make it available to the Administrative Agent at places which the Administrative Agent shall reasonably select, whether at such Grantor's premises or elsewhere. The Administrative Agent shall apply the net proceeds of any action taken by it pursuant to this subsection, after deducting all reasonable costs and expenses of every kind incurred in connection therewith or incidental to the care or safekeeping of any of the Collateral or in any way relating to the Collateral or the rights of the Administrative Agent and the Lenders hereunder, including, without limitation, reasonable attorneys' fees and disbursements, to the payment in whole or in part of the Secured Obligations, in such order as the Administrative Agent may elect, and only after such application and after the payment by the Administrative Agent of any other amount required by any provision of law, including, without limitation, Section 9-504(1)(c) of the Code, need the Administrative Agent account for the surplus, if any, to such Grantor. To the extent permitted by applicable law, each of the Grantors waives all claims, damages and demands it may acquire against the Administrative Agent or any Lender arising out of the exercise by them of any rights hereunder. If any notice of a proposed sale or other disposition of Collateral shall be required by law, such notice shall be deemed reasonable and proper if given at least 10 days before such sale or other disposition.

9.5 Waiver; Deficiency. Each of the Grantors waives and agrees not to assert any rights or privileges which it may acquire under Section 9-112 of the Code. The Grantor shall remain liable for any deficiency if the proceeds of any sale or other disposition of the Collateral are insufficient to pay the Secured Obligations and the fees and disbursements of any attorneys employed by the Administrative Agent or any Lender to collect such deficiency.

10. Administrative Agent's Appointment as Attorney-in-Fact; Administrative Agent's Performance of Grantor's Obligations.

10.1 Powers. Each of the Grantors hereby irrevocably constitutes and appoints the Administrative Agent and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of each of the Grantors and in the name of each of the Grantors or in its own name, from time to time in the Administrative Agent's discretion, for the purpose of carrying out the terms of this 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 Agreement, and, without limiting the generality of the foregoing, each of the Grantors hereby gives the Administrative Agent the power and right, on behalf of itself, without notice to or assent by it, to do any or all of the following:

(a) in the name of the Grantors or its own name, or otherwise, take possession of and indorse and collect any checks, drafts, notes, acceptances or other instruments for the payment of moneys due under any Receivable or Contract or with respect to any other

Collateral and file any claim or take any other action or proceeding in any court of law or equity or otherwise deemed appropriate by the Administrative Agent for the purpose of collecting any and all such moneys due under any Receivable or Contract or with respect to any other Collateral whenever payable;

(b) in the case of any Patent or Trademark, execute and deliver any and all agreements, instruments, documents, and papers as the Administrative Agent may request to evidence the Administrative Agent's and the Lenders' security interest in such Patent or Trademark and the goodwill and general intangibles of the Grantors relating thereto or represented thereby;

(c) pay or discharge taxes and Liens levied or placed on or threatened against the Collateral, effect any repairs or any insurance called for by the terms of this Agreement and to pay all or any part of the premiums therefor and the costs thereof;

(d) execute, in connection with the sale provided for in subsection 9.4 hereof, any endorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral; and

(e) direct any party liable for any payment under any of the Collateral to make payment of any and all moneys due or to become due thereunder directly to the Administrative Agent or as the Administrative Agent shall direct; 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; sign and indorse 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; 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 thereof and to enforce any other right in respect of any Collateral; defend any suit, action or proceeding brought against any Grantor with respect to any Collateral; settle, compromise or adjust any such suit, action or proceeding and, in connection therewith, to give such discharges or releases as the Administrative Agent may deem appropriate; assign any Patent or Trademark (along with the goodwill of the business to which any such Patent or Trademark pertains), throughout the world for such term or terms, on such conditions, and in such manner, as the Administrative Agent shall in its sole discretion determine; and generally, sell, transfer, pledge and make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though the Administrative Agent were the absolute owner thereof for all purposes, and do, at the Administrative Agent's option and such Grantor's expense, at any time, or from time to time, all acts and things which the Administrative Agent deems necessary to protect, preserve or realize upon the Collateral and the Administrative Agent's and the Lenders' security interests therein and to effect the intent of this Agreement, all as fully and effectively as such Grantor might do.

Anything in this subsection to the contrary notwithstanding, the Administrative Agent agrees that it will not exercise any rights under the power of attorney provided for in this subsection unless an Event of Default shall have occurred and be continuing.

10.2 Performance by Administrative Agent of Grantors' Obligations. If any of the Grantors fails to perform or comply with any of its agreements contained herein, the Administrative Agent, at its option, but without any obligation so to do, may perform or comply, or otherwise cause performance or compliance, with such agreement.

10.3 Grantors' Reimbursement Obligation. The expenses of the Administrative Agent incurred in connection with actions undertaken as provided in this Section, together with interest thereon at a rate per annum equal to the rate per annum at which interest would then be payable on past due ABR Loans under the Credit Agreement, from the date of payment by the Administrative Agent to the date reimbursed by the Grantors, shall be payable by the Grantors to the Administrative Agent on demand.

10.4 Ratification; Power Coupled With An Interest. The Grantors hereby ratify all that said attorneys shall lawfully do or cause to be done by virtue hereof. All powers, authorizations and agencies contained in this Agreement are coupled with an interest and are irrevocable until this Agreement is terminated and the security interests created hereby are released.

11. Duty of Administrative Agent. The Administrative Agent's sole duty with respect to the custody, safekeeping and physical preservation of the Collateral in its possession, under Section 9-207 of the Code or otherwise, shall be to deal with it in the same manner as the Administrative Agent deals with similar property for its own account. Neither the Administrative Agent, any Lender nor any of their respective officers, directors, employees, trustees or agents shall be liable for failure to demand, collect or realize upon any 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 any of the Grantors or any other Person or to take any other action whatsoever with regard to the Collateral or any part thereof. The powers conferred on the Administrative Agent and the Lenders hereunder are solely to protect the Administrative Agent's and the Lenders' interests in the Collateral and shall not impose any duty upon the Administrative Agent or any Lender to exercise any such powers. The Administrative Agent and the Lenders shall be accountable only for amounts that they actually receive as a result of the exercise of such powers, and neither they nor any of their officers, directors, employees or agents shall be responsible to any of the Grantors for any act or failure to act hereunder, except for their own gross negligence or willful misconduct.

12. Execution of Financing Statements. Pursuant to Section 9-402 of the Code, the Grantors authorize the Administrative Agent to file financing statements with respect to the Collateral without the signature of the Grantors in such form and in such filing offices as the Administrative Agent reasonably determines appropriate to perfect the security interests of the Administrative Agent under this Agreement. A carbon, photographic or other reproduction of this Agreement shall be sufficient as a financing statement for filing in any jurisdiction.

13. Authority of Administrative Agent. Each of the Grantors acknowledges that the rights and responsibilities of the Administrative Agent under this Agreement with respect to any action

taken by the Administrative Agent or the exercise or non-exercise by the Administrative Agent of any option, voting right, request, judgment or other right or remedy provided for herein or resulting or arising out of this Agreement shall, as between the Administrative Agent and the Lenders, be governed by the Credit Agreement and by such other agreements with respect thereto as may exist from time to time among them, but, as between the Administrative Agent and the Grantors, the Administrative Agent shall be conclusively presumed to be acting as agent for the Lenders with full and valid authority so to act or refrain from acting, and the Grantors shall be under no obligation, or entitlement, to make any inquiry respecting such authority.

14. Notices. All notices, requests and demands to or upon the Administrative Agent or the Grantors to be effective shall be in writing (including by facsimile transmission) and shall be deemed to have been duly given or made in the case of delivery by hand, when delivered, in the case of delivery by mail, three days after being deposited in the mails, postage prepaid, or in the case of delivery by facsimile transmission, when sent and receipt has been confirmed, in each case addressed as follows or to such other address as may be hereafter notified by the respective parties hereto:

(a) if to the Administrative Agent, at its address or transmission number for notices specified in subsection 11.2 of the Credit Agreement; and

(b) if to any of the Grantors, at its address or transmission number for notices set forth under its signature below.

15. Severability. Any provision of this 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.

16. Amendments in Writing; No Waiver; Cumulative Remedies.

16.1 Amendments in Writing. None of the terms or provisions of this Agreement may be waived, amended, supplemented or otherwise modified except by a written instrument executed by each of the Grantors and the Administrative Agent, *provided* that any provision of this Agreement imposing obligations on any of the Grantors may be waived by the Administrative Agent in a written instrument executed by the Administrative Agent.

16.2 No Waiver by Course of Conduct. Neither the Administrative Agent nor any Lender shall by any act (except by a written instrument pursuant to subsection 16.1 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. No failure to exercise, nor any delay in exercising, on the part of the Administrative Agent or any Lender, 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 the Administrative Agent or any Lender of any right or

remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which the Administrative Agent or such Lender would otherwise have on any future occasion.

16.3 Remedies Cumulative. The rights and remedies herein provided are cumulative, may be exercised singly or concurrently and are not exclusive of any other rights or remedies provided by law.

17. Section Headings. The Section and subsection headings used in this Agreement are for convenience of reference only and are not to affect the construction hereof or be taken into consideration in the interpretation hereof.


18. Successors and Assigns. This Agreement shall be binding upon the successors and assigns of the Grantors and shall inure to the benefit of the Administrative Agent and the Lenders and their successors and assigns.

19. Release of Collateral. Upon (i) termination of the Commitments and the repayment and satisfaction of all Obligations hereunder of the Borrower, or (ii) any sale, lease, transfer or other disposition of any portion of the Collateral in accordance with the terms of the Credit Agreement, and so long as no Event of Default shall have occurred and be continuing, the security interest in such Collateral granted hereby shall automatically terminate, and all rights to such Collateral shall revert to the appropriate Grantor. Upon any such termination, the Administrative Agent will, promptly upon receipt of any written request by the Grantor, execute and deliver to any Grantor such releases, termination statements, documents and other instruments prepared by such Grantor as such Grantor reasonably requests to evidence such termination.

20. Governing Law. This Agreement shall be governed by, and construed and interpreted in accordance with, the law of the State of New York.


IN WITNESS WHEREOF, each of the undersigned has caused this Security Agreement to be duly executed and delivered as of the date first above written.

AC LABEL COMPANY, INC.

By: 
 Name:
 Title:


Address for Notices:
 999 Plaza Drive, Suite 830
 Schaumburg, Illinois 60173
 Attn: Robert W. Zimmer
 Fax: (847) 969-8110

NATIONAL LABEL SYSTEMS,
 INCORPORATED.

By: 
 Name:
 Title:


Address for Notices:
 999 Plaza Drive, Suite 830
 Schaumburg, Illinois 60173
 Attn: Robert W. Zimmer
 Fax: (847) 969-8110

CMS GILBRETH PACKAGING SYSTEMS, INC.

By: 
 Name:
 Title:


Address for Notices:
 999 Plaza Drive, Suite 830
 Schaumburg, Illinois 60173
 Attn: Robert W. Zimmer
 Fax: (847) 969-8110

CMS MACHINE SYSTEMS, INC.

By: 
 Name:
 Title:


Address for Notices:
 999 Plaza Drive, Suite 830
 Schaumburg, Illinois 60173
 Attn: Robert W. Zimmer
 Fax: (847) 969-8110

INNOVATIVE FOLDING CARTON COMPANY,
 INC.

By: 
 Name:
 Title:


Address for Notices:
 999 Plaza Drive, Suite 830
 Schaumburg, Illinois 60173
 Attn: Robert W. Zimmer
 Fax: (847) 969-8110

TRINE MANUFACTURING COMPANY

By: 
 Name:
 Title:


Address for Notices:
 999 Plaza Drive, Suite 830
 Schaumburg, Illinois 60173
 Attn: Robert W. Zimmer
 Fax: (847) 969-8110

LABEL EXPRESS, INC

By: 
 Name:
 Title:


Address for Notices:
 999 Plaza Drive, Suite 830
 Schaumburg, Illinois 60173
 Attn: Robert W. Zimmer
 Fax: (847) 969-8110

MIKAFLEX CORPORATION

By: 
 Name:
 Title:

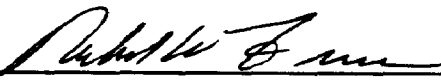
Address for Notices:
 999 Plaza Drive, Suite 830
 Schaumburg, Illinois 60173
 Attn: Robert W. Zimmer
 Fax: (847) 969-8110

LABEL-AIRE INC.

By: 
 Name:
 Title:

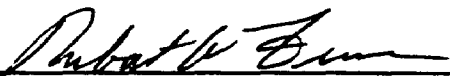
Address for Notices:
 999 Plaza Drive, Suite 830
 Schaumburg, Illinois 60173
 Attn: Robert W. Zimmer
 Fax: (847) 969-8110

I.L. WALKER, INC.

By: 
 Name:
 Title:

Address for Notices:
 999 Plaza Drive, Suite 830
 Schaumburg, Illinois 60173
 Attn: Robert W. Zimmer
 Fax: (847) 969-8110

ARLINGTON PRESS, INC.

By: 
 Name:
 Title:

Address for Notices:
 999 Plaza Drive, Suite 830
 Schaumburg, Illinois 60173
 Attn: Robert W. Zimmer
 Fax: (847) 969-8110

**SCHEDULE 1
(TO SUBSIDIARIES PLEDGE AGREEMENT)**

PLEDGED STOCK

<u>Pledgor</u>	<u>Issuer</u>	<u>Class of Stock</u>	<u>Certificate Number</u>	<u>No. of Shares</u>
Label-Aire, Inc.	Label-Aire AS	Common	1-75 and 176-500	325,000
AC Label Company, Inc.	National Label Systems, Inc.	Common	6 13	3,210 356
AC Label Company, Inc.	National Label Systems, Inc.	Preferred	1	971

**SCHEDULE 1
(TO SUBSIDIARIES SECURITY AGREEMENT)**

PATENTS AND PATENT LICENSES

(See attached Subschedules)

**SCHEDULE 1
TO SUBSIDIARY SECURITY AGREEMENT
(C MS MACHINE SYSTEMS, INC.)**

Patents and Patent Licenses

Patent No.	Title	Inventor(s)	Issue Date	Expiration Date	Status
4,191,198	Cigar Head Wrapping Mechanism	M. Chopko	3/4/80	3/4/97	In effect
4,351,679	Label-Leaflet Applying Apparatus	H.C. Dreher	9/28/82	9/28/99	In effect
4,562,684	Apparatus for Applying a Tubular Member over a Container	H.C. Dreher	1/7/86	1/7/03	In effect
4,783,949	Flexible Adjustable Wedge	M. Chopko	11/15/88	11/15/05	In effect

**SCHEDULE 1
TO SUBSIDIARY SECURITY AGREEMENT
(CMS GILBRETH PACKAGING
SYSTEMS, INC.)**

Patents and Patent Licenses

Patents Assigned of Record

Patent No.	Title	Inventor(s)	Issue Date	Expiration Date	Status
5,045,140	Ultra High Speed Labeling Apparatus And Method	D.M. Dickey	9/3/91	9/3/08	In Effect
5,091,239	Methods And Adhesives For Bonding Polyolefin Film	R. Przeworski et al.	2/25/92	2/25/09	In Effect
5,160,570	Ultra High Speed Labeling Apparatus	D.N. Dickey	11/3/92	11/3/09	In Effect
5,344,519	Apparatus For Applying Labels Onto Small Cylindrical Articles Having Improved Vacuum And Air Pressure Porting For Label Transport Drum	J. Galchefski et al.	9/6/94	9/6/11	In Effect
5,350,482	Apparatus And Method For Applying Labels Onto Small Cylindrical Articles	Ian Westbury	9/27/94	9/27/11	In Effect
5,362,279	Self-Tensioning Chain Drive	J. Galchefski	11/9/94	11/8/11	In Effect
5,399,216	Apparatus And Method For Applying Labels Onto Small Cylindrical Articles Using Pressure Applicator To Prevent Label Mismatching	J. Galchefski et al.	3/21/95	3/21/12	In Effect
5,401,353	Apparatus And Method For Applying Labels Onto Small Cylindrical Articles Using Static Wipers	Ian Westbury et al.	3/29/95	3/29/12	In Effect
5,405,487	Apparatus And Method For Applying Labels Onto Small Cylindrical Articles And Web And Adhesive Delivery Mechanism	J. Galchefski et al.	4/11/95	4/11/12	In Effect
5,437,759	Apparatus And Method For Applying Labels Onto Small Cylindrical Articles Using Wiper Speed Differential	Ian Westbury	8/1/95	8/1/12	In Effect
5,44,210	Apparatus And Method For Controlling Tension And Stopping Action Of Web Material	Gaylen Hinton	8/15/95	8/15/12	In Effect

Patents Assigned of Record

Patent No.	Title	Inventor(s)	Issue Date	Expiration Date	Status
5,458,728	Apparatus And Method For Applying Labels Onto Small Cylindrical Articles With Improved Seam Formation By Retarded Article Rotation	J. Galchefski	10/17/95	10/17/12*	In Effect
5,458,729	Apparatus And Method For Applying Labels Onto Small Cylindrical Articles Using Improved Film Feed And Cutting System	J. Galchefski et al.	10/17/95	10/17/12	In Effect
5,480,502	Method And Apparatus For Applying Labels On Articles Using Cooling Air On Label Receiving Positions	Rello et al.	1/2/96	1/2/13	In Effect
5,512,352	Apparatus And Method For Applying Labels Only Small Cylindrical Articles Having Improved Vacuum And Air	Haig Varjian	4/30/96	4/30/13*	In Effect
5,516,576	Apparatus And Method For Applying Labels Onto Small Cylindrical Articles Having Improved Vacuum And Air	Haig Varjian	5/14/96	5/14/13	In Effect
5,522,960	Method And Apparatus For Applying Labels To Tapered Articles	Robert Rello, Michael Yager, Ramon Martinez	6/4/96	6/4/13	In Effect
5,538,575	Labeling Machine And Method For Applying Adhesive To Labels For Attachment To Containers And Articles Therefor	Gaylen Hinton	7/23/96	7/23/13	In Effect
5,101,613	Apparatus For Positioning And Shaping A Tubular Member Over A Container	T.K. Wilhelm, A.R. Rodriguez, D.S. Estock	4/7/92	4/7/09	In Effect

Patents Not Assigned of Record Invented through Course of Work

Patent No.	Title	Inventor(s)	Issue Date	Expiration Date	Status
5,101,613	Apparatus For Positioning And Shaping A Tubular Member Over A Container	T.K. Wilhelm, A.R. Rodriguez, D.S. Estock	4/7/92	4/7/09	In Effect

* Terminal Disclaimer Filed

Pending Patent Applications Assigned of Record

Serial No.	Title	Inventor(s)	Date Filed	Remarks
07/939,894	Automatic Splicer	Gaylen Hinton	9/1/92	Pending
08/553,836	Registration System For Web Feeding	Gaylen Hinton	11/6/95	Pending
08/337,745	Banding Machine Having Improved Film Registration System	William Menta, Michael Yager	11/14/94	Allowed
08/342,780	Method And Apparatus For Applying Labels To Articles And Articles Produced Thereby	Robert Rello, Michael Yager, Ramon Martinez	11/24/94	File Wrapper Continuation Filed
08/411,958	Method And Apparatus For Applying Labels To Articles And Articles Produced Thereby	Robert Rallo, Michael Yager, Ramon Martinez	3/28/95	Pending
08/427,289	Method And Apparatus For Applying Labels To Articles Using A Bottom Feed Conveyor Unit	Robert Rello, Michael Yager, Ramon Martinez	4/21/95	Pending
08/551,986	Method And Apparatus For Applying A Label Onto An Article Using The Bottom Feed Chain Conveyor	Robert Rallo, Michael Yager, Ramon Martinez	11/2/95	Pending
08/308,243	Labeling Machine	Gaylen Hinton, Stanley Black	9/19/94	File Wrapper Continuation Filed
08/404,032	Labeling Machine With Improved Cutting Roll And Cutting Roll Therefor	Gaylen Hinton, Danny Williams	3/14/95	Pending
08/532,361	Labeling Machine With Improved Cutter Assembly	Gaylen Hinton	9/22/95	Pending
08/524,191	Method And Apparatus For Labeling An Article Having A Convex Surface And An Article Produced Thereby	Gaylen Hinton, Danny Williams	9/6/95	Pending
08/615/918	Labeling Machine And Method For Applying Adhesive To Labels For Attachment And Articles Therefor	Gaylen Hinton	3/14/96	Pending
08/625,918	Method And Apparatus For Labeling An Article Having A Convex Surface And An Article Produced Thereby	Gaylen Hinton, Danny Williams	4/1/96	Pending
08/633,922	Labeling Machine	Gaylen Hinton, Stanley B. Black	4/17/96	Pending
08/634,438	Labeling Machine	Gaylen Hinton, Stanley B. Black	4/17/96	Pending
08/634,506	Labeling Machine	Gaylen Hinton, Stanley B. Black	4/18/96	Pending

08/640,682

Labeling Machine

Gaylen Hinton,
Stanley B. Black

4/30/96

File Wrapper
Continuation Of
08/308,243

CAS-4

TRADEMARK
REEL: 001966 FRAME: 0958

**SCHEDULE 1
TO SUBSIDIARY SECURITY AGREEMENT
(TRINE MANUFACTURING COMPANY)**

Patents and Patent Licenses

Patents Assigned of Record

Patent No.	Title	Inventor(s)	Issue Date	Expiration Date	Status
4,844,760	Apparatus And Method For Applying A Label to A Container	D.M. Dickey	7/4/89	7/4/06	In Effect
4,923,557	Apparatus And Method For Applying A Heat Shrink Film To A Container	D.M. Dickey	5/8/90	5/8/07	In Effect
5,058,724	Apparatus And Method For Orienting Articles And Containers	Gaylen R. Hinton	10/22/91	10/22/08	In Effect
5,064,488	Apparatus And Method For Splicing Film	D.M. Dickey	11/12/91	11/12/08	In Effect
5,512,120	Apparatus And Method For Applying A Label To A Container	Gaylen R. Hinton, Stanley B. Black	4/30/96	4/30/13	In Effect

**SCHEDULE 1
TO SUBSIDIARY SECURITY AGREEMENT
(AC LABEL COMPANY, INC.)**

Patents and Patent Licenses

None.

**SCHEDULE 1
TO SUBSIDIARY SECURITY AGREEMENT
(NATIONAL LABEL SYSTEMS, INC.)**

Patents and Patent Licenses

None.

**SCHEDULE 1
TO SUBSIDIARIES SECURITY
AGREEMENT (L.L. WALKER, INC.)**

Patents and Patent Licenses

None.

SCHEDULE 1
TO SUBSIDIARIES SECURITY
AGREEMENT (INNOVATIVE FOLDING CARTON
COMPANY, INC.)

Patents and Patent Licenses

None.

SCHEDULE I
TO SUBSIDIARIES SECURITY
AGREEMENT (LABEL EXPRESS, INC.)

Patents and Patent Licenses

None.

PATENTS AND PATENT LICENSES

Registered Patents of Label-Aire:

1. Patent Number 4,201,621 (United States) (Label applicator for irregularly shaped articles).
2. Patent Number 4,210,484 (United States) (Label spreader applicator).
3. Patent Number 4,255,220 (United States) (Method for supplying a label to an article surface).
4. Patent Number 4,314,869 (United States) (Method and apparatus for labeling front and back of cylindrical containers).
5. Patent Number 4,337,108 (United States) (Label applicator with oscillating label receiver and method).
6. Patent Number 4,378,665 (United States) (Machine for orienting an article and performing a work operation on the article).
7. Patent Number 4,390,386 (United States) (Label applicator and method for labelling the forward faces of articles).
8. Patent Number 4,473,429 (United States) (High speed wrap around label applicator and method).
9. Patent Number 4,475,978 (United States) (Label applicator and method for labelling the forward faces of articles).
10. Patent Number 4,612,079 (United States) (Label applicator with pivotable labeling head).
11. Patent Number 4,685,982 (United States) (Method and apparatus for sensing sheet-like elements).
12. Patent Number 4,830,701 (United States) (Labeling system).
13. Patent Number 4,844,771 (United States) (Printer-Tamp label applicator).
14. Patent Number 5,050,720 (United States) (Interchangeable feedscrew system).
15. Patent Number 5,050,725 (United States) (Feedscrew system and methodology).
16. Patent Number 5,117,965 (United States) (Feedscrew system and methodology).

17. Patent Number 5,421,948 (United States) (Box corner labeler having a force reducer).
18. Patent Number 1,144,115 (Canada) (Method for supplying a label to an article surface).
19. Patent Number 1,146,916 (Canada) (Label applicator with oscillating label receiver and method).
20. Patent Number 1,175,395 (Canada) (Label separator utilizing flexible element).
21. Patent Number 1,201,415 (Canada) (Label separator utilizing flexible element).
22. Patent Number 1,245,187 (Canada) (Method and apparatus for sensing sheet like elements).
23. Patent Number 5,645,669 (United States) (Method for labeling transverse sides of box).
24. Patent Number 1,139,273 (Canada) (Wine bottle label applicator).

Pending Patent Applications:

1. Serial Number 08/833,967[4-11-97] for Security Label Applicator invented by Label-Aire/George Allen.
2. Serial Number 08/627,077[4-3-96] for High Speed Corner Labeler invented by Label-Aire/Michael Crankshaw. The application has been allowed/approved. Although the patent has not been issued, Label-Aire has paid the issue fee with respect thereto.
3. Serial Number 09/025,920[2-19-98] for Air Manifold Assembly invented by Label-Aire/ Michael Crankshaw.

Patent Licenses and Quasi-Licenses:

1. Patent License Agreement (By and Between Label-Aire, Incorporated and Imtec, Inc./U.S. Patent 4,255,220) executed by Label-Aire on May 6, 1992, and executed by Imtec, Inc. on April 28, 1992.
2. Pursuant to the terms of a Patent Licensing Agreement and Release dated March 9, 1998, Label-Aire has agreed not to sue Accu-Sort Systems, Inc. with respect to its ASI Printer Applicator Device for infringement of U.S. Patent Numbers 4,255,220, 4,337,108 and 4,844,771.

3. Pursuant to the terms of a Patent Licensing Agreement and Release dated March 1, 1998, among Label-Aire, Tapp Technologies, Inc. and Impresstik Machinery Pty., Label-Aire has agreed not to sue Tapp Technologies, Inc. and others, with respect to Tapp Technologies, Inc.'s Label Applicator Device for infringement of U.S. Patent Number 4,314,869 and Canadian Patent Number 1,139,273.

4. Label-Aire entered into a Letter of Intent and Understanding to Grant License and Enter Into Licensing Agreement dated December 18, 1996, with Grand Rapids Label Label-Aire with respect to U.S. Patent No. 4,255,220.

**SCHEDULE 1
TO SUBSIDIARY SECURITY AGREEMENT
(ARLINGTON PRESS, INC.)**

Patents and Patent Licenses

None.

**SCHEDULE 1
TO SUBSIDIARY SECURITY AGREEMENT
(MIKAFLEX CORPORATION)**

Patents and Patent Licenses

None.

**SCHEDULE 2
(TO SUBSIDIARIES SECURITY AGREEMENT)**

TRADEMARK AND TRADEMARK LICENSES

(See attached Subschedules)

**SCHEDULE 2
TO SUBSIDIARY SECURITY AGREEMENT
(CMS MACHINE SYSTEMS, INC.)**

Trademarks and Trademark Licenses

<u>Trademark</u>	<u>Reg. No./ (Appl. No.)</u>	<u>Reg. Date/ (Appl. Date)</u>	<u>Goods</u>	<u>Class</u>	<u>Status</u>
Tamp-R-Alert	1,378,823	1/21/86	Container Sealing Machine, Namely Heat Shrink Seal Applicator Machines	7	Registered

SCHEDULE 2
 TO SUBSIDIARY SECURITY AGREEMENT
 (CMS GILBRETH PACKAGING
 SYSTEMS, INC.)

Trademarks and Trademark Licenses

Active Trademark Registrations and Applications

<u>Trademark</u>	<u>Reg. No./ (Appl. No.)</u>	<u>Reg. Date/ (Appl. Date)</u>	<u>Goods</u>	<u>Class</u>	<u>Status</u>
Arrow Design (U.S.)	1,725,053	10/20/93	Packaging Machines	7	Registered
Arrow Design (Aus.)	A580141	6/3/94	Packaging Machines	7	Registered
Arrow Design (Benelux)	515,455	6/10/92	Packaging Machines	7	Registered
Arrow Design (Brazil)	816 949 468	11/15/94	Packaging Machines	7	Registered
Arrow Design (France)	92,422,086	6/10/92	Packaging Machines	7	Registered
Arrow Design (Germany)	2,038,131	6/14/93	Packaging Machines	7	Registered
Arrow Design (G.B.)	1,502,938	12/10/91	Packaging Machines	7	Registered
Arrow Design (Japan)	3,113,203	1/31/96	Packaging Machines	7	Registered
Arrow Design (Sweden)	247,305	3/5/93	Packaging Machines	7	Registered
Fastlane (U.S.)	1,719,858	9/29/92	Packaging Machines	7	Registered
Gilbreth (U.S.)	1,081,716	1/10/78	Heat Shrinkable Tubing	17	Registered
Security-Gard (U.S.)	1,329,575	4/9/85	Heat Shrinkable Tamper-Evident Seals For Containers	17	Registered
Skintight (U.S.)	846,497	3/26/68	Synthetic, Flexible Heat Tubing Which Shrinks With A Snap Action When Subjected to Heat	17	Registered

**SCHEDULE 2
TO SUBSIDIARY SECURITY AGREEMENT
(TRINE MANUFACTURING COMPANY)**

Trademarks and Trademark Licenses

None.

**SCHEDULE 2
TO SUBSIDIARY SECURITY AGREEMENT
(AC LABEL COMPANY, INC.)**

Trademarks and Trademark Licenses

None.

**SCHEDULE 2
TO SUBSIDIARY SECURITY AGREEMENT
(NATIONAL LABEL SYSTEMS, INC.)**

Trademarks and Trademark Licenses

None.

SCHEDULE 2
TO SUBSIDIARIES SECURITY
AGREEMENT (LL. WALKER, INC.)

Trademarks and Trademark Licenses

None.

SCHEDULE 2
TO SUBSIDIARIES SECURITY
AGREEMENT (INNOVATIVE FOLDING CARTON COMPANY
INC.)

Trademarks and Trademark Licenses

<u>Trademark</u>	<u>Reg. No./ (App. No.)</u>	<u>Reg. Date/ (App. Date)</u>	<u>Goods</u>	<u>Classes</u>	<u>Status</u>
Innovative Color Simulator	(75/222,384)	(12/17/96)	Paper Products	2, 5, 22, 23, 29, 37, 38 & 50	Pending

SCHEDULE 2
TO SUBSIDIARIES SECURITY
AGREEMENT (LABEL EXPRESS, INC.)

Trademarks and Trademark Licenses

None.

**SCHEDULE 2
TO SUBSIDIARY SECURITY AGREEMENT
(MIKAFLEX CORPORATION)**

Trademarks and Trademark Licenses

None.

WA991830.044/2+

SCHEDULE 2
TO SUBSIDIARIES SECURITY
AGREEMENT (LABEL-AIRE, INC.)

TRADEMARKS AND TRADEMARK LICENSES

Registered Trade Names, Trademarks and Service Marks:

Label-Aire has registered the "LABEL-AIRE" mark as follows:

<u>COUNTRY</u>	<u>REGISTRATION NUMBER</u>
Australia	A287,492
Austria	50,972
Benelux	507,745
Canada	241,671
Denmark	VR 00.157 1964
Finland	109,424
France	1,477,171
Germany	787,953
Great Britain	840,140
Ireland	158,104
Italy	Reg. No. 189,481 Renewal No. 457,789
Mexico	432,388
New Zealand	B111,921
Norway	62,779
Portugal	298,705
South Africa	75/2554
Spain	1,764,900
Sweden	111,369
Switzerland	200,340 Renewal No. 328,735
Taiwan	520,166
United States	708,074

Label-Aire has registered the "SUPER FLY" mark as follows:

United States	1,084,531
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Pending Trademark and Service Mark Applications:

Label-Aire has pending applications with respect to the "LABEL-AIRE" mark as follows:

1. Argentina: Application number 2147793 filed on April 29, 1998.
2. Brazil: Local counsel in Brazil acknowledged receipt of filing documents on June 1, 1998. Label-Aire is awaiting further filing information and an application number.
3. Chile: Application number 413244 filed April 29, 1998.
4. Colombia: Application number 98.023.258 filed April 28, 1998.
5. Peru: Application number 061276 filed April 29, 1998.
6. Venezuela: Local counsel in Venezuela acknowledge receipt of filing documents on May 25, 1998. Label-Aire is awaiting further filing information and an application number.

Brand Marks and Brand Names:

None.

Trademark Licenses:

Pursuant to the following distributor agreements, Label-Aire has granted to certain distributors the right to use the trademark "Label-Aire" in connection with the sale of Label-Aire's products in certain geographical areas:

- (a) Distributor Agreement dated January 1, 1998, between Label-Aire and Promo Edge.
- (b) Distributor Agreement dated April 15, 1998, between Label-Aire and Label It.
- (c) Distributor Agreement dated January 1, 1998, between Label-Aire and Weber Marketing Systems.
- (d) Distributor Agreement dated March 1, 1998, between Label-Aire and Zellerbach (Michigan),
- (e) Distributor Agreement dated January 1, 1998, between Label-Aire and MPI Label Systems.
- (f) Distributor Agreement dated January 1, 1998, between Label-Aire and Ray Press Corporation.

- (g) Distributor Agreement dated January 1, 1998, between Label-Aire and Artcraft Converters, Inc.
- (h) Distributor Agreement dated January 1, 1998, between Label-Aire and Grand Rapids Label Company.
- (i) Distributor Agreement dated January 1, 1998, between Label-Aire and Best Label Company (Union City, California).
- (j) Distributor Agreement dated January 1, 1998, between Label-Aire and York Tape & Label.
- (k) Distributor Agreement dated January 1, 1998, between Label-Aire and Lone Peak Labeling Systems.
- (l) Distributor Agreement dated January 1, 1998, between Label-Aire and U.S. Tape & Label Corporation.
- (m) Distributor Agreement dated January 1, 1998, between Label-Aire and QLC, Inc.
- (n) Distributor Agreement dated January 1, 1998, between Label-Aire and Best Label Label-Aire (Cerritos, California).
- (o) Distributor Agreement dated January 1, 1998, between Label-Aire and Tapemark Label-Aire.
- (p) Distributor Agreement dated January 1, 1998, between Label-Aire and Tapecon, Luc.
- (q) Distributor Agreement dated January 1, 1998, between Label-Aire and Banke Electronics.
- (r) Distributor Agreement dated January 1, 1998, between Label-Aire and Southeastern Label Label-Aire.
- (s) Distributor Agreement dated March 16, 1998, between Label-Aire and Resource Packaging Group, LLC.
- (t) Distributor Agreement dated January 1, 1998, between Label-Aire and Sonoco Engraph Machine Systems.
- (u) Distributor Agreement dated December 10, 1997, between Label-Aire and Zellerbach (California).
- (v) Distributor Agreement dated January 1, 1998, between Label-Aire and Tape & Label Engineering.
- (w) Distributor Agreement dated April 15, 1998, between Label-Aire and Labeltronix.

**SCHEDULE 3
(TO SUBSIDIARIES SECURITY AGREEMENT)
FILINGS AND OTHER ACTIONS REQUIRED TO
PERFECT SECURITY INTEREST**

CMS Gilbreth Packaging Systems, Inc.

Uniform Commercial Code Filings

Delaware Secretary of State
Illinois Secretary of State
Pennsylvania Secretary of Commonwealth
Bucks County (PA) Prothonotary

Patent and Trademark Filings

Notice of Security Interest in Patents and Trademarks filed with U.S. Patent and Trademark Office with respect to the U.S. Patents set forth on Schedule 1 to this Subsidiary Security Agreement and to the U.S. Trademark set forth on Schedule 2 to this Subsidiary Security Agreement

Other Actions

Mortgages filed with Bucks County Recorder with respect to (i) the property known as 3300 State Road, Township of Bensalem, Bucks County, Pennsylvania, more particularly described in Deed Book 295 page 2164 and (ii) the property known as 7.727 Ac. State Road, Township of Bristol, Bucks County, Pennsylvania, more particularly described in Deed Book 2527 page 278.

Lockbox Agreement with PNC Bank with respect to Lockbox Account Number 8400-425-688

Uniform Commercial Code Filings

Delaware Secretary of State
Illinois Secretary of State
Pennsylvania Secretary of Commonwealth
Bucks County (PA) Prothonotary

Patent and Trademark Filings

Notice of Security Interest in Patents and Trademarks filed with U.S. Patent and Trademark Office with respect to the U.S. Patents set forth on Schedule 1 to this Subsidiary Security Agreement and to the U.S. Trademark set forth on Schedule 2 to this Subsidiary Security Agreement

Other Actions

Lockbox Agreement with PNC Bank with respect to Lockbox Account Number 8400-665-251

Uniform Commercial Code Filings

California Secretary of State
Illinois Secretary of State

Patent and Trademark Filings

None.

Other Actions

Delivery of Stock Certificate of National Label Systems, Inc.
pursuant to Subsidiaries Pledge Agreement.

Lockbox Agreement with Union Bank of California with respect to
Lockbox Account Number 2060-151-787

Uniform Commercial Code Filings

Delaware Secretary of State
Illinois Secretary of State
California Secretary of State

Patent and Trademark Filings

Notice of Security Interest in Patents and Trademarks filed with U.S. Patent and Trademark Office with respect to U.S. Patents set forth on Schedule 1 to this Subsidiaries Security Agreement and to the U.S. Trademarks set forth on Schedule 2 to this Subsidiaries Security Agreement

Other Actions

Deed of Trust with the Stanislaus County (CA) Clerk and Recorder with respect to the property known as 650 Trade Way, City of Turlock, Stanislaus County, California, as shown on a parcel map recorded March 21, 1985 in Book 36 of Parcel Maps, Page 43, Stanislaus County Records

Lockbox Agreement with PNC Bank with respect to Lockbox Account Number 8400-675-150

Uniform Commercial Code Filings

Wisconsin Department of Financial Institutions
Illinois Secretary of State
California Secretary of State

Patent and Trademark Filings

None.

Other Actions

None.

Uniform Commercial Code Filings

Delaware Secretary of State
Illinois Secretary of State
California Secretary of State

Patent and Trademark Filings

None.

Other Actions

Lockbox Agreement with Union Bank of California with respect to
Lockbox Account Number 2060-151-795

Uniform Commercial Code Filings

New Jersey Secretary of State
Illinois Secretary of State

Patent and Trademark Filings

Notice of Security Interest in Patents and Trademarks filed with U.S. Patent and Trademark Office with respect to U.S. Patents set forth on Schedule 1 to this Subsidiaries Security Agreement and to the U.S. Trademarks set forth on Schedule 2 to this Subsidiaries Security Agreement

Other Actions

Lockbox Agreement with PNC Bank with respect to
Lockbox Account Number 1006-970-678

Uniform Commercial Code Filings

New York Department of State
Illinois Secretary of State
Division of Corporations and Commercial Code of the State of Utah

Patent and Trademark Filings

None.

Other Actions

Lockbox Agreement with Union Bank of California with respect to
Lockbox Account Number 2060-153-410

Uniform Commercial Code Filings

New York Department of State
Erie County (NY) Clerk and Recorder
Illinois Secretary of State
Pennsylvania Secretary of the Commonwealth
Bucks County (PA) Prothonotary

Patent and Trademark Filings

None.

Other Actions

None.

Uniform Commercial Code Filings

Delaware Secretary of State
Illinois Secretary of State
California Secretary of State

Patent and Trademark Filings

Notice of Security Interest in Patents and Trademarks filed with U.S. Patent and Trademark Office with respect to U.S. Patents set forth on Schedule 1 to this Subsidiaries Security Agreement and to the U.S. Trademarks set forth on Schedule 2 to this Subsidiaries Security Agreement

Other Actions

Delivery of Stock Certificates of Label-Aire AS

Lockbox Agreement with Union Bank of California with respect to
Lockbox Account Number 0630-12-2260

Uniform Commercial Code Filings

New York Department of State
Kings County (NY) City Register
Illinois Secretary of State
North Carolina Secretary of State
Wake County (NC) Register of Deeds

Patent and Trademark Filings

Notice of Security Interest in Trademarks filed with U.S. Patent and Trademark Office with respect to the pending applications for U.S. Trademarks set forth on Schedule 2 to this Subsidiaries Security Agreement

Other Actions

Lockbox Agreement with Depository Bank (to be identified) with respect to Lockbox Account

**SCHEDULE 4
(TO SUBSIDIARIES SECURITY AGREEMENT)**

INVENTORY AND EQUIPMENT

Name	Location
CMS Gilbreth Packaging Systems Inc.	3001 State Road, Croydon (Bristol), PA 3300 State Road, Bensalem, PA
CMS Machine Systems, Inc.	3001 State Road, Croydon (Bristol), PA
AC Label Company, Inc.	47690 Westinghouse Drive, Fremont, CA
Trine Manufacturing Company	650 Trade Way, Turlock, CA 3070 Commerce Way, Turlock, CA 3120 Commerce Way, Turlock, CA
National Label Systems, Inc.	47690 Westinghouse Drive, Fremont, CA
I.L. Walker, Inc.	1615 East 22nd Street, Los Angeles, CA 1620 East 22nd Street, Los Angeles, CA 1626 East 22nd Street, Los Angeles, CA 1632 East 22nd Street, Los Angeles, CA 1635 East 22nd Street, Los Angeles, CA 2201 Long Beach Avenue, Los Angeles, CA
Innovative Folding Carton Company, Inc.	901 Durham Avenue, South Plainfield, NJ Halls Warehouse, 120 Circle Drive, Piscataway, NJ
Label Express, Inc.	1275 South 1600 West, Orem, UT 7000 South 185 West, Midvale, UT
Mikaflex Corporation	3001 State Road, Croydon (Bristol), PA
Label-Aire, Inc.	550 Burning Tree Road, Fullerton, CA
Arlington Press, Inc.	236 Greenpoint Avenue, Brooklyn, NY 7605 Welborn Street, Space B, Raleigh, NC 191 Harrison Street, Brooklyn, NY 7711 Welborn Street, Suite 102, Raleigh, NC

GRANTORS

Grantors	Chief Executive Office	
AC Label Company, Inc.	999 Plaza Drive, Suite 830 Schaumburg, Illinois, 60173	
National Label Systems Incorporated	999 Plaza Drive, Suite 830 Schaumburg, Illinois, 60173	
CMS Gilbreth Packaging Systems, Inc.	999 Plaza Drive, Suite 830 Schaumburg, Illinois, 60173	
Trine Manufacturing Company	999 Plaza Drive, Suite 830 Schaumburg, Illinois, 60173	
CMS Machine Systems, Inc.	999 Plaza Drive, Suite 830 Schaumburg, Illinois, 60173	
Innovative Folding Carton Company, Inc.	999 Plaza Drive, Suite 830 Schaumburg, Illinois, 60173	
Label Express, Inc.	999 Plaza Drive, Suite 830 Schaumburg, Illinois, 60173	
Arlington Press, Inc.	999 Plaza Drive, Suite 830 Schaumburg, Illinois, 60173	
Label-Aire Inc.	999 Plaza Drive, Suite 830 Schaumburg, Illinois, 60173	
I.L. Walker, Inc.	999 Plaza Drive, Suite 830 Schaumburg, Illinois, 60173	
Mikaflex Corporation	999 Plaza Drive, Suite 830 Schaumburg, Illinois, 60173	