

SECURITIES AND EXCHANGE COMMISSION  
Washington D.C. 20549

SCHEDULE 13D  
(Rule 13d-101)

Under the Securities Exchange Act of 1934  
Information to be included in statements filed pursuant to Rule 13d-(a) and  
amendments thereto filed pursuant to Rule 13d-2(a)  
(Amendment No. \_\_)

General DataComm Industries, Inc.  
-----

(Name of Issuer)

Common Stock, Par Value \$.01 Per Share  
-----

(Title of Class of Securities)

369487608  
-----

(CUSIP Number)

Gerald Gordon  
Weisman Celler Spett & Modlin, P.C.  
445 Park Avenue  
New York, New York 10022, (212) 371-5400  
(Name, Address and Telephone Number of Person Authorized  
to Receive Notices and Communications)

March 1, 2004  
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(Date of Event Which Requires Filing of This Statement)

If the filing person has previously filed a statement on Schedule 13G to report  
the acquisition which is the subject of this Statement because of Rule 13d-1(e),  
13d-1(f) or 13d-1(g), check the following box:

[ ]

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-----  
CUSIP No. 369487608 13D  
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(1) NAMES OF REPORTING PERSONS  
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)  
John L. Segall  
-----

(2) CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP:

(a) [ ]  
(b) [ ]  
-----

(3) SEC USE ONLY  
-----

(4) SOURCE OF FUNDS  
00  
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(5) CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO  
ITEMS 2(d) or 2(e)  
[ ]  
-----

(6) CITIZENSHIP OR PLACE OF ORGANIZATION United States  
-----

	:	(7)	SOLE VOTING POWER	
			313,086	(Item 5)
-----				
NUMBER OF SHARES	:	(8)	SHARED VOTING POWER	
BENEFICIALLY OWNED BY EACH			None	(Item 5)
REPORTING PERSON WITH	-----			
	:	(9)	SOLE DISPOSITIVE POWER	
			313,086	(Item 5)
-----				
	:	(10)	SHARED DISPOSITIVE POWER	
			None	(Item 5)

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(11) AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON (Item 5)  
313,086 shares  
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(12) CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES  
-----

(13) PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 8.72%  
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(14) TYPE OF REPORTING PERSON IN  
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ITEM 1. Security and Issuer

This Schedule 13D on the Common Stock of General DataComm Industries, Inc. (the "Issuer") is being filed on behalf of the undersigned Reporting Person (the "Schedule 13D").

ITEM 2. Identity and Background

This statement is being filed by John L. Segall, (the "Reporting Person)

The foregoing person owns beneficially more than 5% of a class of equity securities of the Issuer.

John L. Segall resides at 11 Blackstone Drive, Norwalk, CT. 06855 and has been a director of the issuer since 1994. He is a consultant; former Vice Chairman of GTE from 1991 to 1994 and formerly Vice Chairman of Contel Corp. from 1989 to 1994.

The Reporting Person is a citizen of the United States.

During the past five years the Reporting Person has not been (a) convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or (b) a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceedings was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, Federal or State securities laws or finding any violations with respect to such laws.

ITEM 3. Source and Amount of Funds or Other Consideration.  
The Reporting Person used \$125,000 of his personal funds to acquire the Issuer's Promissory Note convertible into the Issuer's Common Stock.

ITEM 4. Purpose of Transaction. The purpose of the acquisition of the securities was to lend funds as replacement debt for repayment of senior debt of the Issuer and receive a convertible note secured by the Issuer's and subsidiaries' assets subordinate to the lien of their Senior

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Lender. The transaction was approved by the Issuer's Board of Directors. The Reporting Person has no current plans which relate to or would result in:

(a) The acquisition by any person of additional securities of the Issuer, or the disposition of securities of the Issuer other than stock option grants under the Issuer's stock option plans;

(b) An extraordinary corporation transaction, such as a merger, reorganization or liquidation, involving the Issuer or any of its subsidiaries;

(c) A sale or transfer of a material amount of assets of the Issuer or any of its subsidiaries;

(d) Any change in the present board of directors or management of the Issuer, including any plans or proposals to change the number or term of directors or to fill any existing vacancies on the board;

(e) Any material change in the present capitalization or dividend policy of the Issuer;

(f) Any other material change in the Issuer's business or corporate structure;

(g) Causing a class of securities of the Issuer to be deleted from a national securities exchange;

(h) A class of equity securities of the Issuer becoming eligible for termination of registration pursuant to Section 12(g)(4) of the Securities Exchange Act of 1934; or

(i) Any action similar to any of those enumerated above;

but the foregoing responses above do not apply to any such actions of the Issuer in the ordinary course of business which may result from actions taken by the Reporting Person as an executive officer or a director of the Issuer or its subsidiaries.

ITEM 5. Interest In Securities Of The Issuer

(a) The aggregate number and percentage of securities to which this Schedule 13D relates is 313,086 shares of Common Stock, representing 8.72% of 3,591.858 shares of Common Stock of the Issuer outstanding. This number of shares outstanding is arrived at by taking the number of shares reported as

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being outstanding in the Issuer's recently filed Form 10-Q for the quarter ended December 31, 2003 disclosing 3,303,872 shares of the Issuer's Common Stock outstanding and adding thereto 1,550 shares if the Reporting Person were to exercise three out-of-the-money director stock options held by him described below plus 141,509 shares issuable on conversion of a Note acquired December 30, 2003 from the Issuer and 144,927 shares issuable on conversion of a Note acquired March 1, 2003 from the issuer.

The Reporting Person is deemed to beneficially own the Common Stock as follows:

Name	Shares of Common Stock Deemed Owned*	% of Common Stock Outstanding
----	-----	-----
John L. Segall	313,086	8.72%

\* Pursuant to Rule 13d-3 141,509 shares are deemed owned on conversion of a Note dated December 30, 2003 held by the Reporting Person, 144,927 shares are deemed owned on conversion of a Note dated March 1, 2004, and 1,550 shares are deemed owned based on options to purchase Common Stock which could be exercised by the Reporting Person as follows: 500 at \$123.125 per share, 450 at \$37.50 per share and 600 at \$26.875 per share, respectively, expiring October 9, 2005, March 4, 2008 and October 20, 2009 respectively.

(b) The Reporting Person has the sole power to vote or direct the vote, and sole power to dispose or to direct the disposition, of the shares of the Issuer reported for him for his own benefit.

(c) Information with respect to all transactions in the shares of the Issuer which were effected during the past sixty days by the Reporting Person is set forth on Schedule I annexed hereto and incorporated herein by reference.

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(d) Not applicable.

(e) Not applicable.

ITEM 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer.

None except the three outstanding options previously granted by the Issuer reported in Item 5, the Notes issued to the Reporting Person and an Additional Senior Security Agreement, as amended securing the Notes. The Reporting Person disclaims any interest in the Notes issued to Howard S. Modlin who also loaned \$300,000 and \$125,000 to the Issuer and whose Notes are convertible on like terms and secured by such Additional Senior Security Agreement. The undersigned and Mr. Modlin have no agreements whatsoever with respect to any securities of the Issuer except for the fact all Notes are secured by the same Additional Senior Security Agreement.

ITEM 7. Material to be Filed as Exhibits

1. (a) Promissory Note dated December 30, 2003  
(b) Promissory Note dated March 1, 2004
2. (a) Additional Senior Security Agreement  
(b) First Amendment to Additional Senior Security Agreement.
3. Power of Attorney

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SIGNATURES

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: March 8, 2004

/s/ JOHN L. SEGALL

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John L. Segall by  
Gerald Gordon, Attorney-in-fact

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SCHEDULE I  
INFORMATION WITH RESPECT TO  
TRANSACTIONS EFFECTED DURING THE PAST SIXTY DAYS  
IN GENERAL DATACOMM INDUSTRIES, INC. SECURITIES

	Date	Shares Acquirable on Conversion Price	
	----	-----	-----
\$125,000 Promissory Note	3-1-04	144,927	\$125,000
\$300,000 Promissory Note	12-30-03	141,509	\$300,000
Common Stock	--	None	
Class B Stock	--	None	

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Exhibit 1(a)

\$300,000 NEGOTIABLE PROMISSORY NOTE

December 30, 2003

For value received, on December 29, 2005, General DataComm Industries, Inc, having an office at 6 Rubber Avenue, Naugatuck CT 06770 ("Payor"), promises to pay to the order of John L. Segall, residing at 11 Blackstone Drive, East Norwalk, CT 06855 ("Payee"), with interest at the rate of 10% per annum on the unpaid balance thereof from December 30, 2003, the principal sum of \$300,000 in lawful money of the United States of America. This Note may be prepaid at any time without penalty or premium. Interest which accrues during each calendar month shall be paid on the first day of the following calendar month during the term of this Note except the first interest payment shall be made May 1, 2004.

1. Payment of this Note is unconditional and shall be made without defense, counterclaim or offset, any defense to be asserted in a separate suit. If payment is not made at maturity or upon the occurrence of a Default, then interest shall accrue from such date until paid in full at the rate of 12% per annum or the maximum permitted by law, whichever is less. This Note is secured by a security agreement dated this date.

2.(a) At the option of the Payee or holder the principal amount of this Note may be converted in whole or in part into Common Stock of the Payor at the conversion price of \$2.12 per share by written notice designating the amount thereof being converted in minimum multiples of \$10,000 principal amount or integral multiples thereof. The Payee or holder acknowledges any shares of Common Stock issued on conversion will not be registered under the Securities Act of 1933, as amended and must be held for investment without a view to distribution and the certificates for such shares shall bear a restrictive legend therefor. The Payor shall issue a replacement note for this Note in the event of any conversion for the remaining balance thereof

(b) (a) If additional shares of Common Stock are issued by the Payor pursuant to a stock split or stock dividend in excess of 5% in any one fiscal year of the Payor, the number of shares of Common Stock then issuable on conversion shall be increased proportionately with no increase in the principal amount of this Note being converted. In the event that the shares of common stock of the Payor are reduced at any time by a combination of shares, the number of shares of common stock then issuable on conversion herein shall be reduced proportionately with no reduction in the principal amount of this Note being converted. If the Payor shall be reorganized, consolidated or merged with another corporation, or if all or substantially all of the assets of the Payor shall be sold or exchanged, the Payee shall, at the time of issuance of the stock under such a corporate event, be entitled to receive upon the conversion

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of this Note, the same number and kind of shares of stock or the same amount of property, cash or securities as he would have been entitled to receive upon the happening of any such corporate event as if he had been, immediately prior to such event, the holder of the number of shares receivable on conversion of this Note.

3. The term "Default" as used herein shall mean the failure of Payor to pay the principal or interest on this Note when due or the failure of Payor to perform any other obligation (including the obligations under Paragraphs 2(a) or (b) when required, or the security agreement securing this Note or if an Event of Default exists under the Payor's Loan and Security Agreement with Ableco Finance LLC and such indebtedness is accelerated.

4. Payor agrees to pay all costs and expenses of collection, including reasonable attorney's fees, in the event of acceleration of this Note by Payee or holder following Default.

5. Presentation for payment, notice of dishonor, protest and notice of protest are hereby waived.

6. This Note shall be governed by the laws of the State of Connecticut. The Payor of this Note hereby submits to the exclusive jurisdiction of the courts of general jurisdiction of the State of Connecticut, and hereby waives, and agrees not to assert, as a defense in any action, suit or proceeding for the interpretation or enforcement of this Note, that it is not subject thereto or that such action, suit or proceeding may not be brought or it is not maintainable in such courts, or that this Note may not be enforced in or by such courts, or that the suit, action or proceeding is brought in an inconvenient forum, or that the venue of the suit, action or proceeding is improper. Service of process with respect thereto may be made upon Payor by mailing a copy thereof by registered or certified mail, postage prepaid, to such party at its address as provided above.

GENERAL DATACOMM INDUSTRIES, INC.

By: /s/ WILLIAM G. HENRY

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William G. Henry  
Title: Vice President, Finance  
and Administration

\$125,000 NEGOTIABLE PROMISSORY NOTE

March 1, 2004

For value received, on February 28, 2006, General DataComm Industries, Inc, having an office at 6 Rubber Avenue, Naugatuck CT 06770 ("Payor"), promises to pay to the order of John L. Segall, residing at 11 Blackstone Drive, East Norwalk, CT 06855 ("Payee"), with interest at the rate of 10% per annum on the unpaid balance thereof from March 1, 2004, the principal sum of \$125,000 in lawful money of the United States of America. This Note may be prepaid at any time without penalty or premium. Interest which accrues during each calendar month shall be paid on the first day of the following calendar month during the term of this Note except the first interest payment shall be made July 1, 2004. This Note evidences a loan made to Payor by Payee in the sum of \$125,000 for the purpose of Payor paying and replacing indebtedness of a similar amount owed to Ableco Finance, LLC, as Agent, and the Lenders, under Loan and Security Agreement dated as of August 20, 2002.

1. Payment of this Note is unconditional and shall be made without defense, counterclaim or offset, any defense to be asserted in a separate suit. If payment is not made at maturity or upon the occurrence of a Default, then interest shall accrue from such date until paid in full at the rate of 12% per annum or the maximum permitted by law, whichever is less. This Note is secured by a security agreement dated December 30, 2003, as amended.

2.(a) At the option of the Payee or holder the principal amount of this Note may be converted in whole or in part into Common Stock of the Payor at the conversion price of \$.8625 per share by written notice designating the amount thereof being converted in minimum multiples of \$10,000 principal amount or integral multiples thereof. The Payee or holder acknowledges any shares of Common Stock issued on conversion will not be registered under the Securities Act of 1933, as amended and must be held for investment without a view to distribution and the certificates for such shares shall bear a restrictive legend therefor. The Payor shall issue a replacement note for this Note in the event of any conversion for the remaining balance thereof

(b) (a) If additional shares of Common Stock are issued by the Payor pursuant to a stock split or stock dividend in excess of 5% in any one fiscal year of the Payor, the number of shares of Common Stock then issuable on conversion shall be increased proportionately with no increase in the principal amount of this Note being converted. In the event that the shares of common stock of the Payor are reduced at any time by a combination of shares, the number of shares of common stock then issuable on conversion herein shall be reduced proportionately with no reduction in the principal amount of this Note

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being converted. If the Payor shall be reorganized, consolidated or merged with another corporation, or if all or substantially all of the assets of the Payor shall be sold or exchanged, the Payee shall, at the time of issuance of the stock under such a corporate event, be entitled to receive upon the conversion of this Note, the same number and kind of shares of stock or the same amount of property, cash or securities as he would have been entitled to receive upon the happening of any such corporate event as if he had been, immediately prior to such event, the holder of the number of shares receivable on conversion of this Note.

3. The term "Default" as used herein shall mean the failure of Payor to pay the principal or interest on this Note when due or the failure of Payor to perform any other obligation (including the obligations under Paragraphs 2(a) or (b) when required, or the security agreement securing this Note) or if an Event of Default exists under the Payor's Loan and Security Agreement with Ableco Finance LLC and such indebtedness is accelerated.

4. Payor agrees to pay all costs and expenses of collection, including reasonable attorney's fees, in the event of acceleration of this Note by Payee or holder following Default.

5. Presentation for payment, notice of dishonor, protest and notice of protest are hereby waived.

6. This Note shall be governed by the laws of the State of Connecticut. The Payor of this Note hereby submits to the exclusive jurisdiction of the courts of general jurisdiction of the State of Connecticut, and hereby waives, and agrees not to assert, as a defense in any action, suit or proceeding for the interpretation or enforcement of this Note, that it is not subject thereto or that such action, suit or proceeding may not be brought or it is not maintainable in such courts, or that this Note may not be enforced in or by such courts, or that the suit, action or proceeding is brought in an inconvenient forum, or that the venue of the suit, action or proceeding is improper. Service of process with respect thereto may be made upon Payor by mailing a copy thereof by registered or certified mail, postage prepaid, to such party at its address as provided above.

GENERAL DATACOMM INDUSTRIES, INC.

By: /s/ WILLIAM G. HENRY

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William G. Henry  
Title: Vice President, Finance  
and Administration

ADDITIONAL SENIOR SECURITY AGREEMENT  
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Date: December 30, 2003

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound, GENERAL DATACOMM INDUSTRIES, INC., a Delaware corporation ("Parent"), GENERAL DATACOMM, INC., a Delaware corporation, with its chief executive office located at 6 Rubber Avenue, Naugatuck, Connecticut 06770 ("General DataComm"), DATACOMM LEASING CORPORATION, a Delaware corporation ("DataComm Leasing"), GDC FEDERAL SYSTEMS, INC., a Delaware corporation ("GDC Federal"), GDC HOLDING COMPANY, LLC, a Delaware limited liability company formerly known as Vital Network Services, L.L.C. ("GDC Holding"), GDC REALTY, INC., a Texas corporation ("GDC Realty"), and GDC NAUGATUCK, INC., a Delaware corporation, ("GDC Naugatuck", and together with the Parent, General DataComm, DataComm Leasing, GDC Federal, GDC Holding and GDC Realty, collectively the "Debtors"), and Howard S. Modlin and John L. Segall (together with their successors or assigns the "Secured Party"), agree as follows:

1. Defined Terms. Unless otherwise defined in this Security Agreement (the "Security Agreement"), capitalized terms used in this Security Agreement shall have the meanings ascribed to such terms by Section 9-102 of the New York Uniform Commercial Code as in effect on the date hereof.
2. Security Interest. Subject to Section 12 hereof, Debtors hereby grants to Secured Party a security interest ("Security Interest") in the property described on the attached Schedule 1, whether now owned or hereafter owned or acquired, in all Proceeds and Products thereof in any form, in all parts, accessories, attachments, special tools, additions and accessions thereto, in all increases or profits received therefrom, and in all substitutions therefor ("Collateral").
3. Indebtedness Secured. The Security Interest granted by Debtors secures payment of any and all indebtedness of Parent and its subsidiaries incurred under the promissory notes payable to Secured Party of even date herewith in the original aggregate principal amount of \$600,000 (the Notes) ) whether or not any such indebtedness is now existing or hereafter incurred, of every kind and character, direct or indirect, and whether any such indebtedness is from time to time reduced and thereafter increased, or entirely extinguished and thereafter reincurred, including, without limitation, any sums advanced by Secured Party for taxes, assessments, insurance and other charges and expenses as hereinafter provided, and all amounts owed under any modifications, renewals or extensions of any of the foregoing obligations (collectively, the "Indebtedness").

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4. Representations and Warranties of Debtors. Debtors represent and warrant, and so long as any Indebtedness remains unpaid, shall be deemed continuously to represent and warrant, that:

(a) Debtors have good and indefeasible title to the Collateral free of all security interests or other encumbrances, except the Security Interest, the Senior Secured Interest (as hereinafter defined) and any Permitted Liens. For purposes of this Security Agreement, "Permitted Liens" shall mean (i) any liens securing Additional Senior Secured Debt (as hereinafter defined) (ii) liens for unpaid taxes that either (A) are not yet delinquent or (B) do not constitute an Event of Default hereunder and are the subject of Debtors' good faith protest, (iii) liens set forth on Schedule 4(a), (iv) purchase money liens or the interests of lessors under capital leases to the extent that such liens or interests secure purchase money indebtedness so long as the lien attaches only to the assets purchased or acquired and the proceeds thereof, (v) liens arising by operation of law in favor of warehousemen, landlords, carriers, mechanics, materialmen, laborers, or suppliers, incurred in the ordinary course of business of each Debtor and not in connection with the borrowing of money, and which liens either (A) are for sums not yet due and payable, or (B) are the subject of Debtors' good faith protests, (vi) liens arising from deposits made in connection with obtaining worker's compensation or other unemployment insurance, (vii) liens or deposits to secure performance of bids, tenders, or leases, incurred in the ordinary course of business of each Debtor and not in connection with the borrowing of money, (viii) liens arising by reason of security for surety or appeal bonds in the ordinary course of business of each Debtor, (ix) liens resulting from any judgment or award that would not have a material adverse effect on the operation of Debtors' business and as to which the time for appeal or petition for rehearing of which has not yet expired, or in respect of which Debtors are in good faith prosecuting an appeal or proceeding for a review, and in respect of which a stay of execution pending such appeal or proceeding for review has been secured, (x) liens with respect to the Naugatuck Property (as hereinafter defined) that are exceptions to the commitments for title insurance issued in connection with the New Naugatuck Mortgage (xi) with respect to any real property constituting Collateral, easements, rights of way, zoning and similar covenants and restrictions, and similar encumbrances that customarily exist on properties of Persons engaged in similar activities and similarly situated and that in any event do not materially interfere with or impair the use or operation of the Collateral by any Debtor or the value of the Secured Party's lien thereon or therein, or materially interfere with the ordinary conduct of the business of any Debtor, (xii) liens on leases (and the underlying Equipment) in which DataComm Leasing is the lessor, provided that Secured Party receives not less than 30 days prior written notice of the incurrence of such liens and the indebtedness secured thereby, (xiii) liens with respect to the Naugatuck Property described on Schedule 4(a) or as provided for or contemplated under the Debtors' Reorganization Plan; provided, however, that any such lien constitutes a "permitted lien" under the Senior Loan Documents (as hereinafter defined) and is permissible under the terms of the Indenture dated September 15, 2003 between Parent and HSBC Bank USA (the "Indenture"), and (xiiii) liens in favor of HSBC Bank USA as Trustee under Subordinated Security Agreement dated September 15, 2003 (the "Subordinated Security Agreement").

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(b) Each Debtor's exact legal name is as set forth in the definition of "Debtor" in the first sentence of this Security Agreement;

(c) Debtors are authorized to enter into this Security Agreement;

(d) Each Debtor is a business organization legally created and registered in the office of the Secretary of State of its organization;

(e) Each Account, Contract Right, Supporting Obligation and Chattel Paper constituting Collateral is genuine and enforceable in accordance with its terms against the party obligated to pay the same subject to (i) bankruptcy, insolvency, fraudulent transfer, fraudulent conveyance, moratorium, receivership, reorganization, liquidation and other similar laws relating to or affecting the rights and remedies of creditors generally, and (ii) principles of equity (regardless of whether considered and applied in a proceeding in equity or at law);

(f) Debtors' records concerning the Collateral are kept at the following address:

6 Rubber Avenue  
Naugatuck, CT 06770  
Attn: Chief Financial Officer

(g) Each Instrument and each Document of Title constituting Collateral, if any, is genuine and in all respects what it purports to be;

(h) If any Collateral is or will be a fixture, it will be affixed to real property at Debtors' real property more particularly described in Exhibit "A" attached hereto as a part hereof, and such real property is owned by Debtor;

(i) If any Collateral is or will be Investment Property, then, except as set forth in Schedule 4(i), such Investment Property is duly and validly authorized and issued, fully paid and nonassessable, is free of all options and charges, and is not subject to any charter, bylaw, statutory, contractual or other restrictions governing its issuance, transfer, ownership or control, except as indicated on the stock certificates for the Investment Property, if any; and

(j) If any Collateral is or will be Investment Property, the appropriate Debtor has delivered to the Secured Party all stock certificates or other instruments or documents representing or evidencing the Investment Property, together with corresponding assignments or transfer powers duly executed in blank by such Debtor; provided, however, that to the extent such Investment Property has been pledged as collateral for the Senior Secured Interest, then such stock certificates or other instruments or documents representing or evidencing the Investment Property shall be delivered upon request to the Secured Party after termination of the Senior Secured Interest.

(k) All of the Equipment is used or held for use in Debtors' business.

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(l) The Inventory and Equipment are not stored with a bailee, warehouseman, or similar party (without Secured Party's prior written consent) and no material part of the Inventory or Equipment is located at locations other than those identified on Schedule 4(l); provided, however, that Debtors may amend Schedule 4(l) so long as such amendment occurs by written notice to Secured Party not less than 30 days prior to the date on which the Inventory or Equipment is moved to such new location, so long as such new location is within the continental United States, and so long as, at the time of such written notification, each Debtor provides to Secured Party a Collateral Access Agreement.

(m) Each Debtor keeps records itemizing and describing the kind, type, quality, and quantity of the Inventory, and such Debtor's cost therefor that are correct and accurate in all material respects.

(n) Each Debtor's FEIN and organizational identification number is identified in Schedule 4(n).

(o) None of the Debtors holds any commercial tort claim as of the date hereof, except as set forth in Schedule 4(o).

(p) Set forth on Schedule 4(p) is a complete and accurate list of all permits, patents, patent applications, trademarks, trademark applications, service marks, service mark applications, trade names, copyrights, trade secrets and know-how (collectively, the "Intellectual Property"), owned by each Debtor, showing as of the date hereof the jurisdiction in which registered, the registration or application number. Each Debtor owns or possesses adequate licenses or other rights that are necessary for the operation of its business as currently conducted or proposed to be conducted. No claim is pending or, to the knowledge of Debtors, threatened to the effect that any Debtor infringes upon, or conflicts with, the asserted rights of any other Person under any Intellectual Property, and, to the best of each Debtor's knowledge without independent investigation other than those investigations customarily undertaken by owners of similar businesses, there is no basis for any such claim (whether pending or threatened) that is likely to have a material adverse effect on Debtors operation of its business. No claim is pending or, to the knowledge of Debtors, threatened to the effect that any such Intellectual Property owned or licensed by any Debtor, or in which any Debtor otherwise has the right to use is invalid or unenforceable by any Debtor, and, to the best of each Debtor's knowledge without independent investigation other than those investigations customarily undertaken by owners of similar businesses, there is no basis for any such claim (whether or not pending or threatened).

5. Covenants of Debtors. Subject to the provisions of Section 12 and 13 hereof and so long as any Indebtedness remains unpaid, Debtors:

(a) will defend the Collateral against the claims and demands of all other parties, will keep the Collateral free from all security interests or other encumbrances, except the Security Interest, the Senior Secured Interest, Permitted Liens, and liens securing any Additional Senior Secured Debt (as hereinafter defined) and Secured Party does not authorize, and

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Debtors agree not to, sell, transfer, lease, license, or otherwise dispose of any Collateral or any interest therein without the prior written consent of Secured Party except that (i) until the occurrence of an Event of Default that is continuing as hereinafter provided, Debtors may sell or dispose of Inventory and Equipment in the ordinary course of Debtors' business, (ii) until termination of the Senior Secured Interest, the written consent of the Secured Party as herein provided shall not be required in order for Debtors to sell, transfer, lease, license or otherwise dispose of Collateral or any interest therein, and (iii) after termination of the Senior Secured Interest, the written consent of the Secured Party as herein provided shall not be required in order for Debtors to sell, transfer, lease, license or otherwise dispose of the Collateral or any interest therein set forth in Schedule 5(a) if the sale is for fair market value and the proceeds of such sale are paid to reduce the Indebtedness;

(b) will notify Secured Party promptly in writing of any change in any Debtor's name, and of any change in address as specified in Section 4(e) above, and of any change in the location of any Collateral or of the records with respect thereto, and will permit Secured Party or its agents to inspect the Collateral;

(c) will keep the Collateral in good condition and repair, and will not use the Collateral in violation of any provisions of this Security Agreement, of any applicable statute, regulation or ordinance or of any policy insuring the Collateral;

(d) in connection herewith, will execute and file in all appropriate jurisdictions such financing statements, mortgages and other documents, pay all costs of title searches and filing financing statements and other documents in all public offices as may be required by applicable law, and do such other things as Debenture Holders and Secured Party may reasonably request;

(e) except for any taxes, assessments or charges as are being contested in good faith, will pay all taxes, assessments and other charges of every nature that may be levied or assessed against the Collateral, will insure the Collateral against risks, and in coverage, form and amount, to the extent presently so insured and, after termination of the Senior Secured Interest, will deliver each policy or certificate of insurance therefor to Secured Party;

(f) will prevent the Collateral or any part thereof from being or becoming an accession to other goods not covered by this Security Agreement;

(g) will keep, in accordance with generally accepted accounting principles, consistently applied, accurate and complete records concerning the Collateral, will, to the extent required by applicable law, mark any and all such records to indicate the Security Interest, and, upon Secured Party's request, will upon reasonable notice permit Secured Party or its agents to audit and make extracts from such records or any of Debtors' ledgers, reports, correspondence or other records;

(h) will not create any Chattel Paper without placing a legend on the Chattel Paper indicating that Secured Party has a security interest in the Chattel Paper;

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(i) except as set forth in Schedule 5(i), shall maintain its organization as an entity in good standing in the jurisdiction of its organization or formation at all times; and Debtors shall not reorganize, merge, restructure, or dissolve; and

(j) to the extent not otherwise delivered to or held by the holder of the Senior Secured Interest and as required by applicable law, will deliver to Secured Party any Documents of Title and any Chattel Paper constituting, representing or relating to the Collateral or any part thereof, if any, any schedules, invoices, shipping documents, delivery receipts, purchase orders, contracts or other documents representing or relating to purchases or other acquisitions, or sales, leases or other disposition of Collateral and Proceeds thereof, and any and all schedules, documents and statements that Secured Party may, from time to time, request.

6. Verification of Collateral. Secured Party shall have the right to verify all or any Collateral in any manner and through any medium Secured Party may consider appropriate and Debtors agree to furnish all assistance and information and perform any acts that Secured Party may reasonably require in connection therewith.

7. Registered Holder of Collateral. If any Collateral consists of Investment Property and to the extent not otherwise delivered to or held by the holder of the Senior Secured Interest, Debtors authorize Secured Party, subject to any limitations applicable to such Investment Property under the terms of such Investment Property, to transfer the same or any part thereof into its own name or that of its nominee so that Secured Party or its nominee may appear of record as the sole owner thereof; provided that so long as no Event of Default has occurred and is continuing as hereinafter provided, Secured Party shall deliver promptly to Debtors all notices, statements or other communications received by it or its nominee as such registered owner, and upon demand and receipt of payment of necessary expenses thereof, shall issue to Debtors or Debtors' designee a proxy or proxies to vote and take all action with respect to such Investment Property. After the occurrence of any such Event of Default, Debtors waive all rights to be advised or to receive any notices, statements or communications received by Secured Party or its nominee as such record owner, and agrees that no proxy or proxies issued by Secured Party to Debtors or their designee as aforesaid shall thereafter be effective.

8. Income from and Interest on Collateral. Subject to the provisions of Section 12 and 13 hereof:

(a) Until the occurrence of an Event of Default that is continuing as hereinafter provided, Debtors reserve the right to receive all income from or interest on the Collateral, including, without limitation, any income from any sale of the Collateral in the ordinary course of Debtors' business, and if Secured Party receives any such income or interest prior to such Event of Default, Secured Party shall pay the same promptly to Debtors;

(b) At all times until the Senior Loan Documents (as hereinafter defined) have terminated and the indebtedness and obligations evidenced and secured thereby are paid in full, Debtors, without the consent of Secured Party and with the consent of the Senior Lenders (as hereinafter

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defined), may sell any portion of the Collateral without regard to whether such sale is within the ordinary course of Debtors' business. In the event of any such sale of Collateral, Secured Party will release its security interest in such Collateral upon Secured Party's receipt of confirmation of the Senior Lender's consent.

(c) In the event of any Event of Default and during the continuance thereof occurring after the Senior Loan Documents (as hereinafter defined) and any Additional Senior Secured Debt have terminated and the respective indebtedness and obligations evidenced and secured thereby are paid in full, Debtors will not demand or receive any income from or interest on the Collateral and if Debtors receive any such income or interest without any demand by Secured Party, Debtors will pay the same promptly to Secured Party. Secured Party may apply the net cash receipts from such income or interest to payment of any of the Indebtedness, provided that Secured Party shall account for and pay over to Debtors any such income or interest remaining after payment in full of the Indebtedness.

9. Increases, Profits, Payments or Distributions.

(a) Whether or not an Event of Default has occurred as hereinafter provided and subject to the provisions of Section 12 and 13 hereof, Debtors authorize Secured Party:

(i) To hold any increase in or profits on the Collateral as part of the Collateral;  
and

(ii) If any Collateral consists of Investment Property, receive any payment or distribution upon redemption, or upon dissolution and liquidation of the issuer, of any Collateral; to surrender such Collateral or any part thereof in exchange therefor; and to hold the net cash receipts from any such payment or distribution as part of the Collateral.

10. [Intentionally Omitted].

11. Events of Default; Remedies.

(a) To the extent that it is continuing, the occurrence or existence of any of the events or conditions defined as Defaults in the Notes, or any document or instrument evidencing or securing the Indebtedness (continuing beyond any applicable cure period therein, if any) including, without limitation, the failure of Parent to repay the Indebtedness shall constitute an "Event of Default" hereunder.

(b) Subject to the provisions of Sections 12 and 13 hereof, Secured Party, at its sole election, may declare all or any part of any Indebtedness not payable on demand to be immediately due and payable without demand or notice of any kind upon the happening of any Event of Default hereunder.

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(c) Upon the happening and during the continuance of any Event of Default and subject to the provisions of Sections 12 and 13 hereof, Secured Party's rights and remedies with respect to the Collateral shall be those of a Secured Party under the New York Uniform Commercial Code, as amended, and under any other applicable law, as the same may from time to time be in effect, in addition to those rights granted herein and in any other agreement now or hereafter in effect between Debtors and Secured Party including, without limitation, those granted in the Notes Secured Party's rights and remedies under this Security Agreement, the Notes, and all other agreements shall be cumulative. No exercise by Secured Party of one right or remedy shall be deemed an election, and no waiver by Secured Party of any Event of Default shall be deemed a continuing waiver. No delay by Secured Party shall constitute a waiver, election, or acquiescence by it.

(d) Subject to the provisions of Sections 12 and 13 hereof, without in any way requiring notice to be given in the following manner; Debtors agree that any notice by Secured Party of sale, disposition or other intended action hereunder or in connection therewith, whether required by the Uniform Commercial Code or otherwise, shall constitute reasonable notice to Debtors if such notice is mailed by regular or certified mail, postage prepaid, at least five (5) days prior to such action, to Debtors' address specified below or to any other address that Debtors have specified in writing to Secured Party as the address to which notices hereunder shall be given to Debtors.

(e) Debtors agrees to pay all costs and expenses incurred by Secured Party in enforcing this Security Agreement, in realizing upon any Collateral and in enforcing and collecting any Indebtedness, including, without limitation, if Secured Party retains counsel for any such purpose, reasonable attorneys' fees.

(f) Subject to the provisions of Sections 12 and 13 hereof, upon the happening and during the continuance of any Event of Default, at the request of Secured Party, Debtors shall assemble the Collateral and make it available to Secured Party at the Debtors' real property described in Exhibit "A" attached hereto or at such Debtor's principal place of business if such principal place of business is not located at the property described in Exhibit "A". Secured Party has no obligation to clean-up or otherwise prepare the Collateral for sale.

(g) Subject to the provisions of Sections 12 and 13 hereof and except as otherwise expressly provided in this Security Agreement, each Debtor hereby waives notice of acceptance of its joint and several liability, notice of the occurrence of any Event of Default, or of any demand for any payment under this Security Agreement, notice of any action at any time taken or omitted by Secured Party under or in respect of any of the Indebtedness, any requirement of diligence or to mitigate damages and, generally, to the extent permitted by applicable law, all demands, notices and other formalities of every kind in connection with this Security Agreement (except as otherwise provided in this Security Agreement). Each Debtor hereby assents to, and waives notice of, any extension or postponement of the time for the payment of any of the Indebtedness, the acceptance of any payment of any of the Indebtedness, the acceptance of any partial payment thereon, any waiver, consent or other action or acquiescence by Secured Party at any time or times in

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respect of any default by any Debtor in the performance or satisfaction of any term, covenant, condition or provision of this Security Agreement, any and all other indulgences whatsoever by Secured Party in respect of any of the Indebtedness, and the taking, addition, substitution or release, in whole or in part, at any time or times, of any security for any of the Indebtedness or the addition, substitution or release, in whole or in part, of any Debtor. Without limiting the generality of the foregoing, each Debtor assents to any other action or delay in acting or failure to act on the part of Secured Party with respect to the failure by any Debtor to comply with any of its respective obligations hereunder, including, without limitation, any failure strictly or diligently to assert any right or to pursue any remedy or to comply fully with applicable laws or regulations thereunder, that might, but for the provisions of this Section 11(g) afford grounds for terminating, discharging or relieving any Debtor, in whole or in part, from any of its obligations under this Section 11, it being the intention of each Debtor that, so long as any of the Indebtedness remains unsatisfied, the obligations of such Debtors under this Section 11 shall not be discharged except by performance and then only to the extent of such performance. The obligations of each Debtor under this Section 11 shall not be diminished or rendered unenforceable by any winding up, reorganization, arrangement, liquidation, reconstruction or similar proceeding with respect to any Debtor, Secured Party or any Debenture holder. The joint and several liability of the Debtors hereunder shall continue in full force and effect notwithstanding any absorption, merger, amalgamation or any other change whatsoever in the name, constitution or place of formation of any Debtor, Secured Party or any Note holder.

(h) Each Debtor hereby agrees that it will not enforce any of its rights of contribution or subrogation against the other Debtors with respect to any liability incurred by it hereunder, any payments made by it to Secured Party or any Noteholder with respect to any of the Indebtedness or any Collateral security therefor. Any claim that any Debtor may have against any other Debtor with respect to any payments to Secured Party hereunder or under any of the Notes are hereby expressly made subordinate and junior in right of payment, without limitation as to any increases in the Indebtedness arising thereunder, to the prior indefeasible payment in full in cash of the Indebtedness and, in the event of any insolvency, bankruptcy, receivership, liquidation, reorganization or other similar proceeding under the laws of any jurisdiction relating to any Debtor, its debts or its assets, whether voluntary or involuntary, all such Indebtedness shall be paid in full in cash before any payment or distribution of any character, whether in cash, securities or other property, shall be made to any other Debtor therefor.

(i) Subject to the provisions of Sections 12 and 13 hereof, upon the occurrence, and during the continuation, of an Event of Default, Secured Party may do any one or more of the following, all of which are authorized by each Debtor:

(i) Settle or adjust disputes and claims directly with Account Debtors for amounts and upon terms that Secured Party considers reasonable, and in such cases, Secured Party will credit the Indebtedness with only the net amounts received by Secured Party in payment of such disputed Accounts after deducting all expenses incurred or expended in connection therewith;

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(ii) Cause each Debtor to hold all returned Inventory in trust for Secured Party, segregate all returned Inventory from all other property of such Debtor or in such Debtor's possession and conspicuously label said returned Inventory as the property of Secured Party;

(iii) Without notice to or demand upon any Debtor, make such payments and do such acts as Secured Party considers necessary or reasonable to protect its security interests in the Collateral (for the benefit of the Debenture holders). Each Debtor agrees to assemble the Collateral if Secured Party so requires, and to make the Collateral available to Secured Party as Secured Party may designate. Each Debtor authorizes Secured Party to enter the premises where the Collateral is located, to take and maintain possession of the Collateral, or any part of it, and to pay, purchase, contest, or compromise any encumbrance, charge, or lien that in Secured Party's determination appears to conflict with the security interests of Secured Party and to pay all expenses incurred in connection therewith. With respect to a Debtors' owned or leased premises, such Debtor hereby grants Secured Party a license to enter into possession of such premises and to occupy the same, without charge, for up to 120 days in order to exercise any of Secured Party's rights or remedies provided herein, at law, in equity, or otherwise;

(iv) Without notice to any Debtor (such notice being expressly waived), and without constituting a retention of any Collateral in satisfaction of an obligation, set off and apply to the Indebtedness any and all (i) balances and deposits of each Debtor held by Secured Party, or (ii) indebtedness at any time owing to or for the credit or the account of Debtors held by Secured Party;

(v) Hold, as cash collateral, any and all balances and deposits of each Debtor held by Secured Party to secure the full and final repayment of all of the Indebtedness;

(vi) Ship, reclaim, recover, store, finish, maintain, repair, prepare for sale, advertise for sale, and sell (in the manner provided for herein) the Collateral. Secured Party is hereby granted a license or other right to use, without charge for the benefit of Debenture holders, each Debtor's labels, patents, copyrights, rights of use of any name, trade secrets, trade names, trademarks, service marks, and advertising matter, or any property of a similar nature, as it pertains to the Collateral, in completing production of, advertising for sale, and selling any Collateral and each Debtor's rights under all licenses and all franchise agreements shall inure to Secured Party's benefit;

(vii) Sell the Collateral at either a public or private sale, or both, by way of one or more contracts or transactions, for cash or on terms, in such manner and at such places (including any Debtor's premises) as Secured Party determines is commercially reasonable. It is not necessary that the Collateral be present at any such sale;

(viii) Secured Party shall give notice of the disposition of the Collateral as follows:

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(A) Secured Party shall give the Debtors with rights in the applicable Collateral and each holder of a security interest in the Collateral who has filed with Secured Party a written request for notice, a notice in writing of the time and place of public sale, or, if the sale is a private sale or some other disposition other than a public sale is to be made of the Collateral, then the time on or after which the private sale or other disposition is to be made;

(B) The notice shall be personally delivered or mailed, postage prepaid, to the Debtor with rights in the applicable Collateral at the address in the Notes at least 5 days before the date fixed for the sale, or at least 5 days before the date on or after which the private sale or other disposition is to be made; no notice needs to be given prior to the disposition of any portion of the Collateral that is perishable or threatens to decline speedily in value or that is of a type customarily sold on a recognized market. Notice to Persons other than the Debtor with rights in the applicable Collateral shall be sent to such addresses as they have furnished to Agent;

(ix) Secured Party may credit bid and purchase at any public sale; and

(x) Secured Party may seek the appointment of a receiver or keeper to take possession of all or any portion of the Collateral or to operate same and, to the maximum extent permitted by law, may seek the appointment of such a receiver without the requirement of prior notice or a hearing.

12. Subordination With Respect to Senior Loan Documents.

(a) Secured Party hereby acknowledges and agrees that notwithstanding the Indebtedness secured hereunder constitutes "Additional Senior Secured Debt" under the Indenture and Subordinated Security Agreement, all Collateral is subject to a prior lien therein ("Senior Secured Interest") granted to Ableco Finance LLC ("Senior Secured Agent") to secure the repayment of all obligations under that certain Loan and Security Agreement entered into on September 15, 2003 and dated as of August 20, 2002 (as amended, supplemented or otherwise modified from time to time, the "Senior Loan Agreement"), by and among Debtors, as borrowers, the lenders from time to time party thereto (the "Senior Lenders") and the Senior Secured Agent as agent for the Senior Lenders, and the other Loan Documents (as defined in the Senior Loan Agreement) (collectively, the "Senior Loan Documents").

(b) At all times until the Senior Loan Documents have terminated and the indebtedness and obligations evidenced and secured thereby are paid in full, Secured Party and Debtors agree for the benefit of the Senior Secured Lender and any and all future holders of the Senior Loan Documents or any interest therein as follows:

(i) The Security Interest and the lien of any judgment obtained by Secured Party against Debtors pursuant to the Notes are and at all times hereafter shall be subject, subordinate and inferior in line, operation, payment and effect to the Senior Loan Documents and the indebtedness and obligations evidenced and secured thereby, and to any extension,

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consolidation, modification or supplement to any thereof. While an Event of Default exists under the Senior Loan Documents or would be caused by the payment of principal and/or interest on the Notes, no payments of principal and/or interest under the Notes shall be made. The provisions of this Section 12(b)(i) shall be deemed to prohibit payments by Parent to the holders of the Notes while such Event of Default exists unless and until Secured Party shall have received written notice from Senior Secured Agent that it consents to such payment.

(ii) In the event of an Event of Default under any of the terms or conditions of the Notes resulting in the exercise of the rights of the holder thereof, such proceedings shall be especially advertised as being under and subject to the operation, lien and effect of the Senior Loan Documents.

(iii) The Notes shall be expressly subject, inferior and subordinate, to the extent provided in Sections 12 and 13 hereof, to all future advances by Senior Lenders to or for the benefit of Debtors pursuant to the Senior Loan Documents and to any expenses (including without limitation taxes, insurance, repairs, appraisals), charges and fees reasonably incurred by the holder of the Senior Loan Documents, including any interest, expenses, charges, and fees which may increase the indebtedness and obligations evidenced and secured by the Senior Loan Documents above the original principal amount thereof. Debtors agree to subordinate, to the extent provided in Sections 12 and 13 hereof, all future subordinated notes or other subordinated indebtedness to Senior Lenders if the same are created after the date of this Security Agreement until such time as the indebtedness and obligations evidenced and secured by the Senior Loan Documents shall have been paid and satisfied in full.

(iv) Until the Senior Loan Documents have been terminated and the indebtedness and obligations under the Senior Loan Documents have been paid in full:

(A) the Secured Party and the holders of the Notes will not (I) exercise or seek to exercise any rights or remedies (including recoupment or set-off) with respect to any Collateral (whether under this Security Agreement, applicable law or otherwise), (II) institute any action or proceeding with respect to such rights or remedies (including any action of foreclosure, to seek relief from the automatic stay pursuant to Section 362 of Title 11 of the U.S. Code with respect to the Collateral), (III) contest, protest or object to any foreclosure proceeding or action brought by the Senior Secured Agent or any Senior Lender, the exercise of any right by Senior Secured Agent or any Senior Lender under any lockbox agreement, landlord waiver or bailee's letter or similar agreement or arrangement, or any other exercise by any such party, of any rights and remedies relating to the Collateral under the Senior Loan Documents or otherwise, or (IV) object to the forbearance by the Senior Secured Agent or the Senior Lenders from bringing or pursuing any foreclosure proceeding or action or any other exercise of any rights or remedies relating to the Collateral; and

(B) the Senior Secured Agent and the Senior Lenders shall have the exclusive right to enforce rights, exercise remedies (including recoupment, set-off and the right to credit bid their debt)

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and make determinations regarding the release, disposition, or restrictions with respect to the Collateral without any consultation with or the consent of the Secured Party or any holder of the Notes; provided, that (I) in any insolvency or similar proceeding commenced by or against the Debtors, the Secured Party may file a claim or statement of interest with respect to the Notes, (II) the Secured Party may take any action in order to perfect or maintain the perfection of its Security Interest in the Collateral and (III) Senior Secured Agent and Senior Lenders shall at all times act in a manner that is commercially reasonable.

In exercising rights and remedies with respect to the Collateral, the Senior Secured Agent and the Senior Lenders may enforce the provisions of the Senior Loan Documents and exercise remedies thereunder, all in such order and in such manner as they may determine in the exercise of their sole discretion. Such exercise and enforcement shall include the ability of an agent appointed by the Senior Secured Agent to sell or otherwise dispose of Collateral by private or public sale or any other means permissible under applicable law. In the event of any such private or public sale, the Secured Party agrees, on behalf of itself and the holders of the Notes, that such sale will be free and clear of the Security Interests securing the Notes. In furtherance thereof, the Secured Party agrees that it will execute any and all Security Interest releases reasonably requested by Senior Secured Agent in connection therewith, so long as the proceeds from such disposal of Collateral are applied to repay the indebtedness and obligations under the Senior Loan Documents and any excess proceeds are paid over to the Secured Party to satisfy indebtedness and obligations under the Notes. The Senior Secured Agent is entitled to incur expenses in connection with such sale or disposition, and to exercise all the rights and remedies of a secured lender under the Uniform Commercial Code of any applicable jurisdiction and of a secured creditor under bankruptcy or insolvency laws of any applicable jurisdiction.

(v) The Secured Party, on behalf of itself and the holders of the Notes, agrees that it will not take or receive any Collateral or any proceeds of Collateral in connection with the exercise of any right or remedy (including recoupment or set-off) with respect to any Collateral (whether under this Security Agreement, applicable law or otherwise), unless and until all indebtedness and obligations under the Senior Loan Documents has been paid in full. Without limiting the generality of the foregoing, unless and until all indebtedness and obligations under the Senior Loan Documents have been paid in full, the sole right of the Secured Party and the holders of the Notes with respect to the Collateral is to hold a Security Interest in the Collateral pursuant to this Security Agreement for the period and to the extent granted therein and to receive a share of the proceeds thereof, if any, only after all indebtedness and obligations under the Senior Loan Documents have been paid in full.

(vi) The provisions of this Section 12 are intended to be for the benefit of, and shall be enforceable directly by, the Senior Secured Agent and each Senior Lender.

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13. Subordination to Other Senior Indebtedness.

(a) In addition and subject to the Senior Secured Interest, Secured Party hereby acknowledges and agrees that Collateral consisting of real property and the improvements thereon owned by GDC Naugatuck, Inc. and located at 6 Rubber Avenue, Naugatuck, Connecticut 06770 (the "Naugatuck Property") may, without the consent of Secured Party, become subject to a senior mortgage lien to be granted therein ("New Naugatuck Mortgage") in connection with the Debtors' borrowing of money ("Naugatuck Debt") from a lender (the "Senior Secured Real Estate Lender") that is secured by the Naugatuck Property; provided, however, in the event of the granting of the New Naugatuck Mortgage, the proceeds of such borrowing are used to satisfy the obligations to the Senior Lenders under the Senior Loan Documents and any proceeds in excess of the amounts necessary to satisfy such obligations are paid to Secured Party to satisfy the Notes. In the event any Senior Secured Real Estate Lender requires that Secured Party's security interest in the Naugatuck Property be released, Secured Party shall release such interest so long as the proceeds of the New Naugatuck Mortgage have been paid in accordance with the first sentence of this subsection (a).

(b) In addition and subject to the Senior Secured Interest, Secured Party hereby acknowledges and agrees that the Collateral may, without the consent of Secured Party, become subject to a senior lien(s) in the Collateral to secure indebtedness that replaces the indebtedness and obligations evidenced and secured by the Senior Loan Documents ("Replacement Debt") and, together with the Naugatuck Debt the "Additional Senior Secured Debt"); provided, however, that the amount of any Replacement Debt may not exceed and the term of any Replacement Debt may not extend beyond the amount and term of the indebtedness and obligations evidenced and secured by the Senior Loan Documents at the time the Replacement Debt is incurred ; and provided, further, however, that the total amount of indebtedness that is senior to the Notes does not exceed twenty million dollars (\$20,000,000) at any time.

(c) At all times until the Additional Senior Secured Debt is paid in full and subject to all rights of the Senior Lenders under the Senior Loan Documents, Secured Party and Debtors agree for the benefit of the holders of the Additional Senior Secured Debt and any and all future holders of the Additional Senior Secured Debt or any interest therein as follows:

(i) The Security Interest and the lien of any judgment obtained by Secured Party against Debtors pursuant to the Notes are and at all times hereafter shall be subject, , subordinate and inferior in line, operation, payment and effect to the Additional Senior Secured Debt, and to any extension, consolidation, modification or supplement to any thereof. Except as specifically provided herein, while an Event of Default exists under the Additional Senior Secured Debt or would be caused by the payment of principal and/or interest on the Notes no payments of principal and/or interest under the Notes shall be made until all indebtedness and obligations constituting the Additional Senior Secured Debt shall have been paid and satisfied in full, in cash. Except as specifically provided, herein, the provisions of this Section 13(c) (i) shall be deemed to prohibit payments by Parent to the holders of the Notes while such an Event of Default exists unless and until Secured Party shall

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have received written notice from the holders, if any, of the Additional Senior Secured Debt that such holder consents to such payment.

(ii) In the event of an Event of Default under any of the terms or conditions of the Notes based on an Event of Default under the Additional Senior Secured Debt resulting in the exercise of the rights of the holder thereof, such proceedings shall be especially advertised as being under and subject to the operation, lien, payment and effect of the Additional Senior Secured Debt.

(iii) The Notes shall be expressly subject, inferior and subordinate, to the extent provided in Sections 12 and 13 hereof, to all future advances under the Additional Senior Secured Debt to or for the benefit of Debtors and to any expenses (including without limitation taxes, insurance, repairs, appraisals), charges and fees reasonably incurred by the holder(s) of the Additional Senior Secured Debt, including any interest, expenses, charges, and fees which may increase the Additional Senior Secured Debt above the original principal amount thereof, provided that such future advances are permitted under Section 13(b), above, at the time such advances are made. (iv) Until the Additional Senior Secured Debt, if any, has been paid in full:

(A) the Secured Party and the holders of the Notes will not (I) exercise or seek to exercise any rights or remedies (including recoupment or set-off) with respect to any Collateral (whether under this Security Agreement, applicable law or otherwise), (II) institute any action or proceeding with respect to such rights or remedies (including any action of foreclosure, to seek relief from the automatic stay pursuant to Section 362 of Title 11 of the U.S. Code with respect to the Collateral), (III) contest, protest or object to any foreclosure proceeding or action brought by the holders of the Additional Senior Secured Debt, the exercise of any right by the holders of any Additional Senior Secured Debt under any lockbox agreement, landlord waiver or bailee's letter or similar agreement or arrangement, or any other exercise by any such party, of any rights and remedies relating to the Collateral securing the Additional Senior Secured Debt or otherwise, or (IV) object to the forbearance by any holder of Additional Senior Secured Debt from bringing or pursuing any foreclosure proceeding or action or any other exercise of any rights or remedies relating to the Collateral; and

(B) subject to the rights of the Senior Secured Agent and the Senior Lenders set forth in Section 12(b) (iv) (B), the holders of any Additional Senior Secured Debt shall have the exclusive right to enforce rights, exercise remedies (including recoupment, set-off and the right to credit bid their debt) and make determinations regarding the release, disposition, or restrictions with respect to the Collateral without any consultation with or the consent of the Secured Party or any holder of the Notes; provided, that (I) in any insolvency or similar proceeding commenced by or against the Debtors, the Secured Party may file a claim or statement of interest with respect to the Notes, (II) the Secured Party may take any action in order to perfect or maintain the perfection of its Security Interest in the Collateral and (III) the holder(s) of any Additional Senior Secured Debt shall at all times act in a manner that is commercially reasonable.

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In exercising rights and remedies with respect to the Collateral, any holder of Additional Senior Secured Debt may enforce such debt and exercise remedies thereunder, all in such order and in such manner as they may determine in the exercise of their sole discretion. Such exercise and enforcement shall include the ability of an agent appointed by a holder of Additional Senior Secured Debt to sell or otherwise dispose of Collateral by private or public sale or any other means permissible under applicable law. In the event of any such private or public sale, the Secured Party agrees, on behalf of itself and the holders of the Notes, that such sale will be free and clear of the Security Interests securing the Notes. In furtherance thereof, the Secured Party agrees that it will execute any and all Security Interest releases reasonably requested by a holder of Additional Senior Secured Debt in connection therewith, so long as the proceeds from such disposal of Collateral are applied (i) to repay the indebtedness and obligations under the Senior Loan Documents, (ii) to repay the indebtedness and obligations under any Additional Senior Secured Debt, and (iii) any excess proceeds are paid over to the Secured Party to satisfy indebtedness and obligations under the Notes. A holder of Additional Senior Secured Debt is entitled to incur expenses in connection with such sale or disposition, and to exercise all the rights and remedies of a secured lender under the Uniform Commercial Code of any applicable jurisdiction and of a secured creditor under bankruptcy or insolvency laws of any applicable jurisdiction.

(v) The Secured Party, on behalf of itself and the holders of the Notes, agrees that it will not take or receive any Collateral or any proceeds of Collateral in connection with the exercise of any right or remedy (including recoupment or set-off) with respect to any Collateral (whether under this Security Agreement, applicable law or otherwise), unless and until all indebtedness and obligations under the Senior Loan Documents and any Additional Senior Secured Debt has been paid in full. Without limiting the generality of the foregoing, unless and until all indebtedness and obligations under the Senior Loan Documents and any Additional Senior Secured Debt has been paid in full, the sole right of the Secured Party and the holders of the Notes with respect to the Collateral is to hold a Security Interest in the Collateral pursuant to this Security Agreement for the period and to the extent granted therein and to receive a share of the proceeds thereof, if any, only after all indebtedness and obligations under the Senior Loan Documents and Additional Senior Secured Debt have been paid in full. Notwithstanding the prior provisions of this Section 13(c)(v), Secured Party shall not be prohibited from receiving the payments described in Sections 13(a) and 13(b) out of the proceeds of any Naugatuck Debt.

(vi) The provisions of this Section 13 are intended to be for the benefit of, and shall be enforceable directly by, any holder of Additional Senior Secured Debt.

14. Miscellaneous.

(a) Pursuant to Section 9-509(a)(1) of the New York Uniform Commercial Code, Debtors hereby authorize Secured Party, at Debtors' expense, to file in any or all offices of the Secretary of State or other public central filing offices for filing under the Uniform Commercial Code in the applicable jurisdictions, and in offices designated for the filing or recording

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of a record of mortgage, initial financing statements, amendments to financing statements and continuation statements, all without the Debtors' signatures or execution, that cover all assets of Debtors and/or all Collateral described herein, and all property that becomes collateral under Section 9-315(a) (2) of the New York Uniform Commercial Code. Debtors authorize Secured Party to perform all other acts which Secured Party deems appropriate to perfect and continue the Security Interest and to protect and preserve the Collateral.

(b) (i) As further security for payment of the Indebtedness but subject to Sections 12 and 13 hereof, Debtors hereby grant to Secured Party a Security Interest in and lien on any and all property and proceeds of Debtors that are or may hereafter be in Secured Party's possession in any capacity, including, without limitation, all monies, escrows and reserves owed or to be owed by Secured Party to Debtors. With respect to all of such property, Secured Party shall have the same rights hereunder as it has with respect to the Collateral.

(ii) Without limiting any other right of Secured Party, whenever Secured Party has the right to declare any Indebtedness to be immediately due and payable (whether or not it has so declared), Secured Party at its sole election may set off against the Indebtedness any and all monies then owed to Debtors by Secured Party in any capacity, whether or not due, and Secured Party shall be deemed to have exercised such right of setoff immediately at the time of such election even though any charge therefor is made or entered on Secured Party's records subsequent thereto.

(c) Subject to the provisions of Sections 12 and 13 hereof, upon Debtors' failure to perform any of their duties hereunder, Secured Party may, but shall not be obligated to, perform any or all such duties, and Debtors shall pay an amount equal to the expense thereof to Secured Party forthwith upon written demand by Secured Party.

(d) Subject to the provisions of Sections 12 and 13 hereof, upon the occurrence of and Event of Default that is continuing, Secured Party may demand, collect and sue on the Collateral (in either Debtors' or Secured Party's name at the latter's option) with the right to enforce, compromise, settle or discharge the Collateral, and may endorse any Debtor's name on any and all checks, commercial paper, and any other Instruments pertaining to or constituting the Collateral.

(e) No delay or omission by Secured Party in exercising any right or remedy hereunder or with respect to any Indebtedness shall operate as a waiver thereof or of any other right or remedy, and no single or partial exercise thereof shall preclude any other or further exercise thereof or the exercise of any other right or remedy. Secured Party may remedy any default by Debtors hereunder or with respect to any Indebtedness in any reasonable manner without waiving the default remedied and without waiving any other prior or subsequent default by Debtors. All rights and remedies of Secured Party hereunder are cumulative. All duties and obligations of Debtors hereunder are joint and several.

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(f) Secured Party shall have no obligation to take, and Debtors shall have the sole responsibility for taking, any and all steps to preserve rights against any and all prior parties to any Instrument or Chattel Paper, whether Collateral or Proceeds and whether or not in Secured Party's possession. Debtors waive protest of any Instrument constituting Collateral at any time held by Secured Party on which Debtors are in any way liable and waives notice of any other action taken by Secured Party.

(g) The rights and benefits of Secured Party hereunder shall, if Secured Party so agrees, inure to any party acquiring any interest in the Indebtedness or any part thereof. This Security Agreement shall bind all persons who become bound as a debtor to this Security Agreement pursuant to the New York Uniform Commercial Code.

(h) No modification, rescission, waiver, release or amendment of any provision of this Security Agreement shall be made except by a written agreement subscribed by Debtors and by a duly authorized officer of Secured Party.

(i) This Security Agreement and the transaction evidenced hereby shall be construed under the laws of the State of New York.

(j) No extension, alteration or other such modification of the Notes or any of the collateral documents evidencing or securing the Indebtedness shall affect the attachment, perfection, validity or priority of this Security Agreement or the associated financing statements.

[SIGNATURE PAGE FOLLOWS]

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SIGNED, SEALED AND  
DELIVERED  
IN THE PRESENCE OF:

ATTEST:

/s/ GERALD GORDON

-----  
Gerald Gordon, Assistant Secretary

DEBTORS:

GENERAL DATACOMM INDUSTRIES, INC., a  
Delaware corporation

By: /s/ WILLIAM G. HENRY

-----  
Name: William G. Henry  
Title: Vice President, Finance and  
Admin.

ATTEST:

GENERAL DATACOMM, INC.,  
a Delaware corporation

/s/ GERALD GORDON

-----  
Gerald Gordon, Assistant Secretary

By: /s/ WILLIAM G. HENRY

-----  
Name: William G. Henry  
Title: Vice President, Finance and  
Admin.

ATTEST:

DATACOMM LEASING  
CORPORATION, a Delaware corporation

/s/ GERALD GORDON

-----  
Gerald Gordon, Assistant Secretary

By: /s/ WILLIAM G. HENRY

-----  
Name: William G. Henry  
Title: Vice President, Finance and  
Admin.

GDC HOLDING COMPANY, L.L.C.,  
a Delaware limited liability company

-----  
Witness

By: /s/ WILLIAM G. HENRY

-----  
Name: William G. Henry  
Title: Vice President, Finance and  
Admin.

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ATTEST: GDC FEDERAL SYSTEMS, INC.,  
a Delaware corporation

/s/ GERALD GORDON  
-----  
Gerald Gordon, Assistant Secretary

By: /s/ WILLIAM G. HENRY  
-----  
Name: William G. Henry  
Title: Vice President, Finance and  
Admin.

ATTEST: GDC REALTY, INC.,  
a Texas corporation

/s/ GERALD GORDON  
-----  
Gerald Gordon, Assistant Secretary

By: /s/ WILLIAM G. HENRY  
-----  
Name: William G. Henry  
Title: Vice President, Finance and  
Admin.

ATTEST: GDC NAUGATUCK, INC.,  
a Delaware Corporation

/s/ GERALD GORDON  
-----  
Gerald Gordon, Assistant Secretary

By: /s/ WILLIAM G. HENRY  
-----  
Name: William G. Henry  
Title: Vice President, Finance and  
Admin.

SECURED PARTY:

/s/ HOWARD S. MODLIN  
-----  
Howard S. Modlin

/s/ JOHN L. SEGALL  
-----  
John L. Segall

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SCHEDULE "1"  
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Description of Collateral

DEBTORS: General DataComm Industries, Inc.  
General DataComm, Inc.  
DataComm Leasing Corporation  
GDC Realty, Inc.  
GDC Federal Systems, Inc  
GDC Holding Company, LLC  
GDC Realty, Inc  
GDC Naugatuck, Inc.

SECURED PARTY:

Accounts: Meaning all of Debtor's present and future accounts, contracts, chattel paper, instruments and documents, letter-of-credit rights, and all other rights to the payment of money, including but not limited to any specific property described below, whether or not yet earned, for services rendered or goods sold, consigned, leased or furnished by the Debtor, together with all general intangibles, guaranties and securities relating to any of the foregoing, and all returned, reclaimed or repossessed goods the sale, consignment, lease or other furnishing of which shall have given or may give rise to any of the foregoing, including, without limitation, the right of stoppage in transit.

Deposit Accounts: Meaning all demand, time, savings, passbook or other accounts of Debtor maintained at any bank or other financial institution.

General Intangibles: Meaning all of each Debtor's now owned or hereafter acquired right, title, and interest with respect to general intangibles (including payment intangibles, contract rights, rights to payment, rights arising under common law, statutes, or regulations, choses or things in action, goodwill, patents, trade names, trademarks, servicemarks, copyrights, blueprints, drawings, purchase orders, customer lists, monies due or recoverable from pension funds, route lists, rights to payment and other rights under any royalty or licensing agreements, infringement claims, computer programs, information contained on computer disks or tapes, software, literature, reports, catalogs, money, deposit accounts, insurance premium rebates, tax refunds, and tax refund claims), and any and all supporting obligations in respect thereof, and any other personal property other than goods, Accounts, Investment Property, and Negotiable Collateral.

Negotiable Collateral: Meaning all of each Debtor's now owned and hereafter acquired right, title, and interest with respect to letters of credit, letter of credit rights, instruments, promissory notes, drafts, Investment Property, security entitlements, securities (including the shares of stock of subsidiaries of each Debtor), documents, personal property leases, and chattel paper (including electronic chattel paper and tangible chattel paper), and any and all supporting obligations in respect thereof.

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Chattel Paper: Meaning all of Debtor's present and future chattel paper within the definition of "chattel paper" under Section 9-102(a)(11) of the New York Uniform Commercial Code.

Instruments: Meaning all of Debtor's present and future instruments within the meaning of "instrument" under Section 9-102(a)(47) of the New York Uniform Commercial Code.

Goods: Meaning all of Debtor's present and future goods included within the definition of "goods" under Section 9-102(a)(44) of the New York Uniform Commercial Code.

Inventory: Meaning all of Debtor's present and future inventory (including but not limited to goods held for sale or lease or furnished or to be furnished under contracts of service, raw materials, work in process, goods used or consumed in business,) whether owned, consigned or held on consignment, together with all merchandise, component materials, supplies, incidentals, office supplies, packaging materials and other goods or items used or to be used in connection with Inventory, all present and future documents, instruments and general intangibles (including but not limited to manufacturing and processing rights, patents, patent rights, licenses, trademarks, trade names, trade secrets and copyrights) pertaining to or utilized in the consumption, sale, consignment, lease, promotion, shipment or storage of Inventory, and all returned, reclaimed or repossessed goods sold, consigned, leased or otherwise furnished by the Debtor.

Equipment: Meaning all of Debtor's present and future machinery, vehicles (including motor vehicles), mobile or motorized equipment or machinery, office furniture, office equipment, fixtures, hand tools, power tools, dies, jigs, molds, blueprints, renderings, technical data, technical processes and prototypes and other equipment, machines, machinery or articles of tangible personal property of every type, and all parts, substitutions, accretions, accessions, attachments, accessories, additions, components and replacements of Equipment, together with all documents, instruments and general intangibles relating to Equipment, including but not limited to trademarks, trade names, trade styles, copyrights, brands, patents, patent rights, licenses, trade secrets and all manuals or operation, maintenance or repair, utilized in connection with Equipment.

Investment Property: Meaning all of Debtor's present and future interests in any security, whether certificated or uncertificated, security entitlement, securities account, commodity contract, or commodity account and all other items included in the definition of "investment property" under Section 9-102(a)(49) of the New York Uniform Commercial Code.

Records: Meaning all present and future files, books, ledgers, records, bills, invoices, receipts, deeds, documents of title, certificates or documents of ownership, warranties, bills of sale, and all other data, data storage systems, and processing media, customer lists and software and related material of Debtor that relate to or are used in connection with the business operations or financial condition, and all copies and reproductions of all the foregoing.

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Additional Security: Meaning, all monies, securities and other property of Debtor and the proceeds thereof, now or hereafter in the possession or custody of, or in transit to, Secured Party for any purpose including safekeeping, collection, pledge or otherwise, in any and all deposits (whether general or special) and credits now or hereafter maintained by Debtor for its account with Secured Party, and in any claims of Debtor against Secured Party.

Real Property. Meaning all that certain parcel of real estate and the improvements thereon commonly known as 6 Rubber Avenue, Naugatuck, Connecticut 06770 more particularly described on Exhibit "A" to the Subordinated Security Agreement

Supporting Obligations. Meaning all present and future letter-of-credit rights or secondary obligations that support the payment or performance to Debtor of an account, chattel paper, a document, a general intangible, an instrument, or investment property.

Proceeds: Meaning all proceeds as defined in the New York Uniform Commercial Code and shall additionally include whatever is received upon the use, or other utilization or disposition of any Collateral granted to Secured Party in this Security Agreement as set forth above, whether cash or noncash, including but not limited to all lease or rental payments, accounts, chattel paper, instruments, documents, contract rights, general intangibles, equipment, inventory, insurance proceeds and all proceeds of the foregoing.

THE FOREGOING DESCRIPTION OF "COLLATERAL" IS INTENDED TO DESCRIBE ALL ASSETS OF DEBTOR AND, CONSISTENT WITH SUCH INTENTION THE TERM "COLLATERAL" IS TO BE INTERPRETED AS BROADLY AS POSSIBLE TO ACHIEVE SUCH RESULT.

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EXHIBIT "A"  
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Legal Description

FIRST AMENDMENT  
TO ADDITIONAL SENIOR SECURITY AGREEMENT

FIRST AMENDMENT, dated as of March 1, 2004 (the "Amendment"), to the Additional Senior Security Agreement referred to below, by and among (i) GENERAL DATACOMM INDUSTRIES, INC., a Delaware corporation, GENERAL DATACOMM, INC., a Delaware corporation ("GDC"), DATACOMM LEASING CORPORATION, a Delaware corporation, GDC HOLDING COMPANY, LLC, a Delaware limited liability company, GDC NAUGATUCK, INC., a Delaware corporation, GDC FEDERAL SYSTEMS, INC., a Delaware corporation, GDC REALTY, INC., a Texas corporation (each, a "Borrower" and collectively, the "Debtors") and Howard Sl. Modlin and John L. Segall (together with their successors and assigns the "Secured Party")

WHEREAS, the Debtors are obligated to repay certain indebtedness owing to Ableco Finance LLC as Agent and the Lenders under that certain Loan and Security Agreement dated as of August 20, 2002 (as amended, supplemented and otherwise modified from time to time, the "Senior Loan Agreement");

WHEREAS, GDC and the other Debtors have requested that the Secured Party loan GDC an additional \$250,000 which shall be used to pay and replace \$250,000 of the obligations owed to the Lenders under the Senior Loan Agreement, subject to (i) the execution and delivery of this Amendment by the Debtors, and (ii) the other terms and conditions set forth in this Amendment;

NOW THEREFORE, in consideration of the premises and other good and valuable consideration, the parties hereto hereby agree as follows:

1. Definitions in Amendment. Any capitalized term used herein and not defined shall have the meaning assigned to it in the Additional Senior Security Agreement dated December 30, 2003 between the Debtors and the Secured Party (the "Security Agreement").

2. Replacement Loans. In consideration of the aggregate principal amount of \$250,000 to be loaned this date by the Secured Party to GDC reflected by two separate notes of \$125,000 each, GDC covenants and agrees such funds shall be used to pay and replace Indebtedness of a like amount owed to the Lenders under the Senior Loan Agreement on this date and shall be Replacement Debt as defined in the Subordinated Security Agreement dated September 15, 2003 between the Debtors and HSBC Bank USA as Trustee and as provided in the Indenture dated September 15, 2003 between General DataComm Industries, Inc. and HSBC Bank USA.

3. Indebtedness Secured. Paragraph 3 of the Security Agreement is amended to read in its entirety as follows: "Indebtedness Secured. The Security Interest granted by Debtors secures payment of any and all indebtedness of Parent and its subsidiaries incurred under the promissory notes payable to Secured Party dated December 30, 2003 in the original aggregate principal amount of \$600,000 and the promissory notes payable to Secured Party dated March 1, 2003 in the original aggregate principal amount of \$250,000 and which notes

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total \$850,000 (the "Notes") whether or not any such indebtedness is now existing or hereafter incurred, of every kind and character, direct or indirect, and whether any such indebtedness is from time to time reduced and thereafter increased, or entirely extinguished and thereafter reincurred, including, without limitation, any sums advanced by Secured Party for taxes, assessments, insurance and other charges and expenses as hereinafter provided, and all amounts owed under any modifications, renewals or extensions of any of the foregoing obligations (collectively, the "Indebtedness")."

4. Miscellaneous.

(a) Continued Effectiveness of Security Agreement. Except as otherwise expressly provided herein, the Security Agreement shall continue to be, in full force and effect and is hereby ratified and confirmed in all respects. Except as expressly provided herein, the execution, delivery and effectiveness of this Amendment shall not constitute an amendment of any other provision of the Security Agreement.

(b) Counterparts. This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which shall be deemed to be an original, but all of which taken together shall constitute one and the same agreement.

(c) Headings. Section headings herein are included for convenience of reference only and shall not constitute a part of this Amendment for any other purpose.

(d) Governing Law. This Amendment shall be governed by, and construed in accordance with, the law of the State of New York.

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

Borrowers:  
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GENERAL DATACOMM INDUSTRIES, INC.,  
a Delaware corporation

By \_\_\_\_\_

Title: \_\_\_\_\_

GENERAL DATACOMM, INC.,  
a Delaware corporation

By \_\_\_\_\_

Title: \_\_\_\_\_

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DATACOMM LEASING CORPORATION,  
a Delaware corporation

By \_\_\_\_\_

Title: \_\_\_\_\_

GDC HOLDING COMPANY, LLC,  
a Delaware limited liability company

By \_\_\_\_\_

Title: \_\_\_\_\_

GDC FEDERAL SYSTEMS, INC.,  
a Delaware corporation

By \_\_\_\_\_

Title: \_\_\_\_\_

GDC NAUGATUCK, INC.,  
a Delaware corporation

By \_\_\_\_\_

Title: \_\_\_\_\_

GDC REALTY, INC.,  
a Texas corporation

By \_\_\_\_\_

Title: \_\_\_\_\_

Secured Party  
\_\_\_\_\_

/s/ HOWARD S. MODLIN  
\_\_\_\_\_  
Howard S. Modlin

/s/ JOHN L. SEGALL  
\_\_\_\_\_  
John L. Segall

POWER OF ATTORNEY

Know all by these presents, that the undersigned hereby constitutes and appoints Gerald Gordon the undersigned's true and lawful attorney-in-fact to:

- (1) execute for and on behalf of the undersigned, in the undersigned's capacity as a more than 5% stockholder of General DataComm Industries, Inc. (the "Company"), Schedule 13D amendments in accordance with Section 13(d) of the Securities Exchange Act of 1934 and the rules thereunder, and any other forms or reports the undersigned may be required to file in connection with the undersigned's ownership, acquisition, or disposition of securities of the Company.
- (2) do and perform any and all acts for and on behalf of the undersigned which may be necessary or desirable to complete and execute any such Schedule 13D amendment, or other form or report, and timely file such form or report with the United States Securities and Exchange Commission and any stock exchange or similar authority; and
- (3) take any other action of any type whatsoever in connection with the foregoing which, in the opinion of such attorney-in-fact, may be of benefit to, in the best interest of, or legally required by, the undersigned, it being understood that the documents executed by such attorney-in-fact on behalf of the undersigned pursuant to this Power of Attorney shall be in such form and shall contain such terms and conditions as such attorney-in-fact may approve in such attorney-in-fact's discretion.

The undersigned hereby grants to each such attorney-in-fact acting singly full power and authority to do and perform any and every act and thing whatsoever requisite, necessary, or proper to be done in the exercise of any of the rights and powers herein granted, as fully to all intents and purposes as the undersigned might or could do if personally present, with full power of substitution or revocation, hereby ratifying and confirming all that such attorney-in-fact, or such attorney-in-fact's substitute or substitutes, shall lawfully do or cause to be done by virtue of this power of attorney and the rights and powers herein granted. The undersigned acknowledges that the foregoing attorney-in-fact, in serving in such capacity at the request of the undersigned, is not assuming, nor is the Company assuming, any of the undersigned's responsibilities to comply with Section 13 of the Securities Exchange Act of 1934.

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This Power of Attorney shall remain in full force and effect until the undersigned is no longer required to file Schedule 13D with respect to the undersigned's holdings of and transactions in securities issued by the Company, unless earlier revoked by the undersigned in a signed writing delivered to the foregoing attorney-in-fact.

IN WITNESS WHEREOF, the undersigned has caused this Power of Attorney to be executed as of this 1st day of March, 2004.

/s/ JOHN L. SEGALL

-----  
Signature

John L. Segall

-----  
Print Name