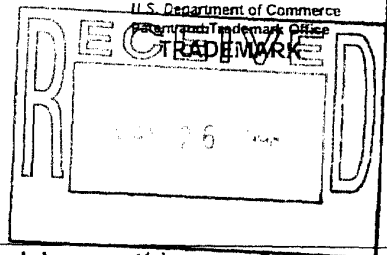


06-05-1998



100728770

RECORDATION FORM COVER SHEET
TRADEMARKS ONLY



MSB 5-26-98

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

Submission Type

- New
- Resubmission (Non-Recordation)
Document ID # _____
- Correction of PTO Error
Reel # _____ Frame # _____
- Corrective Document
Reel # _____ Frame # _____

Conveyance Type

- Assignment
- License
- Security Agreement
- Nunc Pro Tunc Assignment
Effective Date
Month Day Year _____
- Merger
- Change of Name
- Other _____

Conveying Party

Mark if additional names of conveying parties attached

Name ZyLAB International, Inc.

Execution Date
Month Day Year
May 10, 1994

Formerly ZyC O Incorporated

- Individual
- General Partnership
- Limited Partnership
- Corporation
- Association
- Other _____
- Citizenship/State of Incorporation/Organization Virginia

Receiving Party

Mark if additional names of receiving parties attached

Name PT Partners

DBA/AKA/TA _____

Composed of _____

Address (line 1) c/o Jon Karlin

Address (line 2) 4059 Boteler Road

Address (line 3) Mt. Airy

Maryland

21771

City

State/Country

Zip Code

- Individual
- General Partnership
- Limited Partnership
- Corporation
- Association
- Other _____

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

Citizenship/State of Incorporation/Organization Maryland

FOR OFFICE USE ONLY

06/04/1998 DCOATES 00000143 7E155195

01 FC:481 40.00 OP
02 FC:482 125.00 OP

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

Mail documents to be recorded with required cover sheet(s) information to
Commissioner of Patents and Trademarks, Box Assignments, Washington, D.C. 20231
REEL: 1735 FRAME: 0660

Domestic Representative Name and Address

Enter for the first Receiving Party only.

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

Correspondent Name and Address

Area Code and Telephone Number

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

Pages

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

#

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

Mark if additional numbers attached

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

Trademark Application Number(s)			Registration Number(s)		
<input type="text" value="75/155195"/>	<input type="text"/>	<input type="text"/>	<input type="text" value="2113806"/>	<input type="text" value="2113807"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text" value="2113809"/>	<input type="text" value="2113808"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text" value="2111979"/>	<input type="text"/>	<input type="text"/>

Number of Properties

Enter the total number of properties involved.

#

Fee Amount

Fee Amount for Properties Listed (37 CFR 3.41):

\$

Method of Payment:

Enclosed

Deposit Account

Deposit Account

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

Deposit Account Number:

#

Authorization to charge additional fees:

Yes

No

Statement and Signature

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

Caroline Owens, Vice Pres. & Auth. Agent

Name of Person Signing

Caroline Owens

Signature

May 15, 1998

Date Signed

PTP
SECURITY AGREEMENT

This Security Agreement (the "Agreement") is made and entered into as of the 16th day of May, 1994, by PT Partners, a Maryland partnership, having its principal place of business at 4059 Boteler Road, Mt. Airy, Maryland 21771 ("Secured Party") and ZyCO Incorporated, a Virginia corporation having its principal place of business at 5252 Cherokee Avenue, Suite 400, Alexandria, Virginia 22312-2000 ("Debtor").

WHEREAS, pursuant to that certain Asset Sale Agreement (the "Asset Sale Agreement") between, among others, Secured Party and Debtor dated May 17, 1994, Secured Party and Progressive Technologies, Inc., a Maryland corporation having its principal place of business at 19650 Club House Road, Suite 106, Gaithersburg, Maryland 20879 ("PTI") have agreed to sell, assign, transfer, and convey to Debtor, and Debtor has agreed to purchase, all of Secured Party's and PTI's rights in and to certain assets including without limitation trademarks, copyrights and tangible assets as more fully described in the Asset Sale Agreement (the "Assets").

WHEREAS, as consideration for the sale and transfer of the Assets to Debtor pursuant to the Asset Sale Agreement, Debtor has agreed in the Asset Sale Agreement to perform and fulfill certain covenants and to pay a Purchase Price (as defined in the Asset Sale Agreement) to Secured Party in cash, royalty and other payments, some of which performances and payments will occur over a period of time;

WHEREAS, to secure the full and complete performance of any and all present and future obligations (whether monetary, non-monetary or otherwise) and payment of any and all indebtedness, of whatever kind and whenever created of Debtor to Secured Party, direct or indirect, absolute or contingent, now existing or hereafter arising, including but not limited to the consideration described above and in the Asset Sale Agreement, for the purchase of the Assets from Secured Party and PTI (collectively, the "Obligations"), Debtor has agreed to grant to Secured Party a security interest in the Collateral, as defined below;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Debtor and Secured Party hereby agree as follows:

1. Grant of Security Interest. As security for the prompt and complete payment and performance of all the Obligations, and in order to induce Secured Party to sell the Assets in accordance with the terms and conditions of the Asset Sale Agreement, Debtor hereby grants, assigns, conveys, mortgages, pledges, hypothecates and transfers to Secured Party a security interest in all of the Collateral, as hereinafter defined.

2. Collateral. As used herein, "Collateral" includes the following described property:

Whether now owned or existing or hereafter arising or acquired, all of Debtor's property and assets, including but not limited to Debtor's interest in the Assets, wherever located and all products, replacements, additions, substitutions, returns, repossessions, amendments, exchanges and proceeds thereof, whether, as original

collateral or proceeds, accounts (including contract rights), general intangibles, instruments, documents, chattel paper, money, deposit accounts, bank accounts and deposits, insurance policies and proceeds of insurance, inventory, equipment, real estate fixtures, trade fixtures, leasehold fixtures and improvements, or otherwise, including but not limited to:

(a) All accounts, receivables, and all present and future rights of Debtor to payment for goods or rights sold, licensed or leased or for services rendered, whether or not evidenced by instruments or chattel paper, and whether or not earned by performance; proceeds of any letters of credit or advices of credit as to which Debtor is beneficiary; contract rights; prepaid expenses; deposits; chattel paper; instruments; documents; insurance proceeds, and all obligations of whatever nature owing to Debtor, together with all instruments and all documents of title representing any of the foregoing, all rights in any goods which any of the same may represent, and all right, title, security, guaranties and sureties' obligations with respect to the foregoing, including, without limitation, rights in law and equity with respect thereto; and

(b) all trademarks, service marks, trademark or service mark registrations, trade names, and trademark or service mark applications (collectively, "Trademark Collateral"), whether the foregoing are domestic or foreign, including, without limitation, each mark, registration and application listed on Schedule I, attached hereto and made a part thereof, and (i) renewals thereof, (ii) all income, royalties, damages and payments now and hereafter due and/or payable with respect thereto, including, without limitation, damages and payment for past or future infringements thereof, (iii) the right to sue for past, present and future infringements thereof, (iv) all rights corresponding thereto throughout the world, (v) the Trademark License Rights, as hereinafter defined, (vi) trade dress, (vii) all customer and other lists related to any of the foregoing, and (viii) together in each case with the goodwill of Debtor's business connected with the use of, and symbolized by any of the foregoing. For purposes of this Agreement, "Trademark License Rights" shall mean Debtor's entire right, title and interest in, to and under all license agreements with any person or entity, whether Debtor is licensor or licensee under any such license agreement, including, without limitation, the licenses listed on Schedule I, with respect to any trademarks, service marks, trade names and trade dress and all rights thereto and thereunder; and

(c) all copyright interests throughout the world (collectively, "Copyright Collateral"), including, without limitation, all copyright interests in the works listed and described on Schedule II attached hereto and made a part hereof, including registrations thereof, and all copyright interests in the Collateral described in subsection (h) of this Section 2, and (i) all renewals thereof, (ii) all income, royalties, damages and payments now and hereafter due and/or payable with respect thereto, including, without limitation, damages and payments for past or future infringements thereof, (iii) the right to

sue for past, present and future infringements thereof, and (iv) the Copyright License Rights, as hereinafter defined. For purposes of this Agreement, "Copyright License Rights" shall mean Debtor's entire right, title and interest in, to and under all license agreements with any person or entity, whether Debtor is licensor or licensee under any such license agreement, including, without limitation, the licenses listed on Schedule II, with respect to any copyrights and all rights thereto and thereunder; and

(d) all choses in action, causes of action, inchoate or matured, and all other intangible personal property of Debtor of every kind or nature, including, without limitation, corporate or other business records, inventions, designs, processes, patents, patent applications, trade secrets, goodwill, registrations, licenses, franchises, customer lists, tax refunds and claims, rights and claims against carriers and shippers, and rights to indemnification, subrogation and contribution; and

(e) all goods, merchandise, inventory and other property furnished or to be furnished under any contract of service or intended for sale or lease, including, without limitation, all raw materials, work in process, finished goods, goods in possession of artisans, carriers, bailees and others, and materials and supplies of any kind, nature or description which are or might be used in or in connection with Debtor's business, and all documents representing the same; and

(f) All computer equipment and hardware including, without limitation, central processing units, terminals, disk drives, tape drives, electronic memory units, printers, keyboards, screens, peripherals (and other input/output devices), modems and other communication controllers, and any and all accessions, parts and appurtenances thereto, all intellectual property used by Debtor in the operation of such equipment and hardware including, without limitation, all software, all rights under licenses and all leases and rights to any of the same; and

(g) all equipment and fixtures including, without limitation, furniture, machines, vehicles, trade fixtures, leasehold or real estate fixtures, machinery, tools, dies, parts, supplies, shop equipment, and office equipments;

(h) all computer software programs and products, with all modifications thereto, and releases and works derivative thereof, and including all supporting documentation (collectively, "Software Collateral"), including but not limited to the Software Products, Derived Products (both as defined in the Asset Sale Agreement) and those programs and products listed on Schedule III attached hereto and made a part hereof; and

(i) all records and proceeds (in whatever form) of the foregoing.

3. Maintenance of Security Interest. At Debtor's sole expense, Debtor shall immediately take any and all actions (including any which Secured Party may at any time reasonably request) required to maintain and preserve the value of the Collateral and to establish and assure that the security interest granted hereby has and will continuously have priority over all claims, rights or interests whatsoever of any other person or entity. Without thirty (30) days prior written notice to Secured Party, Debtor shall not change its corporate name, the location of its chief executive office, any name under which it is doing business, any business location, or the location of the Collateral or records thereof, or add any new business location or any name under which it will do business.

4. No Disposition. etc. Debtor agrees that without the prior written consent of Secured Party, it will not sell, assign, transfer, exchange, or otherwise dispose of, or grant any option with respect to, the Collateral (except that Debtor may, in the regular and ordinary course of business but not otherwise, sell or non-exclusively license such tangible items of the Collateral as are ordinarily sold in the regular course of Debtor's business), nor will it create, incur or permit to exist any pledge, lien, mortgage, hypothecation, security interest, charge, option or any other encumbrance with respect to any of the Collateral, or any interest therein, or any proceeds thereof, except for the lien and security interest provided by this Agreement and as set forth in Schedule IV attached hereto and made a part hereof.

5. Protection of Collateral. Debtor shall (a) maintain the tangible Collateral in good repair, working order and condition, make all necessary or appropriate repairs, restorations, replacements and renewals thereto, and not permit its value to be impaired; (b) defend the Collateral against all claims and legal proceedings by persons or entities other than Secured Party; (c) pay and discharge when due all taxes, fees, levies or other charges of any sort upon the Collateral; (d) not permit any tangible Collateral to become an accession or fixture to any other property; (e) as to any Collateral consisting of accounts, contract rights, instruments, documents, money, chattel paper or general intangibles, not deliver possession thereof to anyone other than Secured Party or Secured Party's designee(s); (f) not permit any Collateral to be used in violation of any applicable law, rule, regulation or policy of insurance or this Agreement; (g) conduct its business as to the Software Products and Derived Products (as defined in the Asset Sale Agreement) in good faith and in a manner reasonably intended to maximize (Gross Revenues (as defined in the Asset Sale Agreement)) and in substantial compliance with all applicable laws and regulations; (h) without prior written notice to and the written consent of Secured Party, which will not be unreasonably withheld upon a determination by Secured Party that the Secured Party's security position cannot be adversely affected, not remove or allow the removal of any Collateral from Debtor's present business location(s) (or the present location of the Assets), except for permitting sales or non-exclusive licenses of the Collateral as provided in Section 4 hereof; (i) as to all Debtor's records, neither remove them from, nor fail to keep them at, Debtor's chief executive office, which is the address of the chief executive office set forth in Schedule V attached hereto and made a part hereof or such other address as to which Debtor has given Secured Party thirty (30) days prior written notice under Section 3 above; and (j) not permit all or any part of the Copyright Collateral, any trade secret included within the Collateral or any other Collateral susceptible of being so

destroyed to enter into the public domain, and do all things reasonably necessary to prevent same from occurring.

6. Obligations Relating to Trademark Collateral. In connection with Collateral consisting of Trademark Collateral, and in addition to any other provisions herein regarding same:

(a) Debtor shall use reasonable and proper statutory notice in connection with its use of each registered trademark and service mark.

(b) Debtor agrees that, should it obtain an ownership interest in any Trademark License Rights, trademark, service mark, trade name, trademark or service mark registration, or application for trademark or service mark registration which is not now identified in Schedule I, (i) Debtor shall give prompt written notice thereof to Secured Party, (ii) the provisions of this Agreement shall automatically apply to any such Trademark License Rights, trademark, service mark, trademark or service mark registration, or application for trademark or service mark registration, and (iii) any such Trademark License Rights, mark, registration, or application, together with the goodwill of the business connected with the use of the mark and symbolized by it, shall automatically become part of the Trademark Collateral. Debtor authorizes Secured Party to modify this Agreement by amending Schedule I to include any Trademark License Rights, trademark, service mark, trademark or service mark registration, or application for trademark or service mark registration which becomes part of the Trademark Collateral under this Section.

(c) With respect to any trademark necessary to the conduct of Debtor's business, Debtor agrees to take all necessary steps in any proceeding before the United States Patent and Trademark Office or any similar office or agency in any other country or any political subdivision thereof or in any court to maintain each registered trademark, service mark, and trademark or service mark registration, and to pursue each application for trademark or service mark registration now or hereafter included in the Trademark Collateral, including the filing of applications for renewal, the payment of maintenance fees, and the participation in opposition, interference and infringement proceedings. To the extent necessary or desirable to the conduct of its business, Debtor agrees to take corresponding steps with respect to each new or other registered trademark, service mark, trademark or service mark registration, and application for trademark or service mark registration to which the Debtor is now or later becomes entitled. Any expenses incurred in connection with such activities shall be borne by Debtor. Debtor shall not abandon any right to file an application for trademark or service mark registration, or abandon any pending application, registration, trademark or service mark, unless (i) the goodwill of the business connected with and symbolized by such application, registration, trademark or service mark is not necessary or desirable in the conduct of Debtor's business and (ii) Debtor has given Secured Party prior written notice of such intention to abandon.

(d) Debtor agrees to notify Secured Party immediately and in writing if Debtor learns (i) that any material item of the Trademark Collateral may become abandoned or dedicated; (ii) of any adverse determination or any development (including, without limitation, the institution of any proceeding in the United States Patent and Trademark Office or any court) regarding any

material item of the Trademark Collateral; or (iii) that it is or potentially could be in default of any of the Trademark License Rights.

(e) If Debtor becomes aware that any material item of the Trademark Collateral is infringed or misappropriated by a third party, Debtor shall promptly notify Secured Party and shall take such other actions as Debtor shall reasonably deem appropriate under the circumstances to protect such Trademark Collateral, which may include instituting actions for infringement or misappropriation and for recovery of all damages caused by such infringement or misappropriation. Any expenses incurred in connection with such activities shall be borne by Debtor.

7. Obligations Relating to Copyright Collateral. In connection with Collateral consisting of Copyright Collateral, and in addition to any other provisions herein regarding same:

(a) Debtor shall use reasonable and proper statutory notice in connection with its distribution of works included within the Copyright Collateral which were first published prior to March 1, 1989, and will conform to any foreign or international treaty notice requirements with respect to copies of such works distributed outside of the United States.

(b) Debtor agrees that, should it obtain an ownership interest in any Copyright License Rights, any copyright necessary or reasonably significant to the conduct of Debtor's business which is not now identified in Schedule II or any copyright in a work derivative of the Collateral described in subsection 2(h), (i) Debtor shall give prompt written notice thereof to Secured Party, (ii) the provisions of this Agreement shall automatically apply to any such Copyright License Rights or copyright, and (iii) any such Copyright License Rights or copyright shall automatically become part of the Copyright Collateral. Debtor authorizes Secured Party to modify this Agreement by amending Schedule II to include any Copyright License Rights or copyright which becomes part of the Copyright Collateral under this Section.

(c) With respect to any copyright in a work necessary or reasonably significant to the conduct of Debtor's business, and in any event with respect to all of copyrights in and to all of the Collateral described in subsection 2(h), Debtor agrees to take all necessary steps to register said copyrights with the United States Copyright Office or any similar office or agency in any other country or any political subdivision thereof or in any court to obtain any such registration and to faithfully and diligently pursue each application for copyright registration for any such works now or hereafter included in the Copyright Collateral. Debtor also agrees that it shall be responsible for the filing of applications for renewal, the payment of maintenance fees, and the conduct of and participation in infringement proceedings. To the extent necessary or desirable to the conduct of its business, and in any event as to all of the copyrights in and to all works derivative of the Collateral described in subsection 2(h), Debtor agrees to take corresponding steps with respect to each new or other copyright to which the Debtor is now or later becomes entitled. Any expenses incurred in connection with such activities shall be borne by Debtor. Debtor shall not abandon any pending application for copyright registration unless Debtor has given Secured Party prior written notice of such intention to abandon. Debtor will promptly deliver copies to Secured Party of

each Certificate of Registration (or other similar documents) issued in respect of any registration of copyright effected pursuant to this Section 7.

(d) Debtor agrees to notify Secured Party immediately and in writing if Debtor learns (i) that any work included within the Copyright Collateral may enter or have entered the public domain; (ii) of any adverse determination or any development (including, without limitation, the institution of any proceeding in the United States Copyright Office or any court) regarding any material item of the Copyright Collateral; or (iii) that it is or potentially could be in default of any of the Copyright License Rights.

(e) If Debtor becomes aware that any material item of the Copyright Collateral is infringed or misappropriated by a third party, Debtor shall promptly notify Secured Party and shall take such other actions as Debtor shall reasonably deem appropriate under the circumstances to protect such Copyright Collateral, which may include instituting actions for infringement or misappropriation and for recovery of all damages caused by such infringement or misappropriation. Any expenses incurred in connection with such activities shall be borne by Debtor.

8. Risk of Loss and Insurance. Debtor shall at all times bear the entire risk of loss of, damage to or destruction of any Collateral under this Agreement, and no such loss, damage or destruction shall in any way release Debtor from any of the Obligations. Debtor shall at all times at Debtor's sole expense maintain insurance against loss or damages (a) by fire, theft, burglary, pilferage and loss in transit, (b) such other hazards as are insured against in policies prevalent or prudent in its industry and location, and (c) such other hazards as Secured Party may (but is not obligated to) specify, all under policies with reputable and responsible companies, for not less than the full insurable value thereof and/or as may be reasonably required by Secured Party at any time, and shall from time to time upon Secured Party's request deliver proof satisfactory to Secured Party of such insurance coverage. All such insurance shall name Secured Party as a named insured (not an additional insured) and provide for cancellation only after 30 days' prior written notice to Secured Party.

9. Reports Audits and Inspections. Debtor will maintain, and cause to be maintained on Debtor's behalf, accurate, current and complete books, records and financial control practices in compliance with generally accepted accounting principles consistently applied and with generally accepted auditing standards. Debtor will furnish Secured Party, promptly upon request, such reports as Secured Party may from time to time reasonably request regarding Debtor's business or financial affairs or the Collateral. Debtor will permit Secured Party or Secured Party's representatives to audit, inspect and copy at times reasonable under the circumstances and as frequently as Secured Party may reasonably desire, taking into account Secured Party's interest in protecting its secured position and the measure of disruption, if any, to Debtor's business (and Debtor will fully and timely assist Secured Party to the extent Secured Party so reasonably requests) any of Debtor's books and records whatsoever, Debtor's business operation(s) and the Collateral. At Secured Party's discretion at any time and as frequently as Secured Party desires, Secured Party may take any action Secured Party desires to confirm the accuracy, existence, amount, validity and enforceability of any accounts of any sort, including by direct inquiry of Debtor's account debtors.

10. Further Assurances. At Secured Party's request, Debtor will join with Secured Party in executing and delivering such documents, including financing statements or continuations or amendments thereto, registrations, documents, recordations or certificates of title, and such other instruments, notices and the like, as Secured Party in its discretion may from time to time deem necessary or desirable to preserve and protect the interests of Secured Party provided for hereby; Debtor shall pay all costs and expenses, including recording fees and taxes, of filing all documents and instruments required and requested by Secured Party hereunder; in the event that any part of the Collateral is subject to the claim of another person or entity, if requested by Secured Party at any time prior to the termination hereof, Debtor will obtain at its expense and deliver to Secured Party a statement of account or list of Collateral approved or corrected by the person or entity claiming such interest; and that, in order to perfect and protect the interests of Secured Party in the Collateral, Secured Party may, and hereby is authorized by Debtor to, give such notice to other creditors of Debtor as may be necessary under applicable law or deemed desirable by Secured Party.

11. Secured Party Appointed Attorney-in-Fact. Debtor hereby irrevocably appoints Secured Party as Debtor's attorney-in-fact, with full authority in Debtor's place, stead and on behalf of Debtor and in Debtor's name or otherwise, from time to time in Secured Party's sole and absolute discretion if a default hereunder shall have occurred and be continuing, to take any action and to execute any instrument that Secured Party may deem necessary or advisable to accomplish the purposes of this Agreement, including, without limitation:

(a) to ask, demand, collect, sue for, recover, compromise, receive and give acquittance and receipts for moneys due and to become due under or in respect of any of the Collateral;

(b) to receive, endorse, and collect any drafts or other instruments, documents and chattel paper, in connection with clause (a) above;

(c) to file any claims or take any action or institute any proceedings that Secured Party may deem necessary or desirable for the collection of any of the Collateral or otherwise to enforce the rights of Secured Party with respect to any of the Collateral; and

(d) should Debtor fail or refuse to execute and deliver forthwith any and all documents necessary or advisable to transfer title to the Collateral after Secured Party's request, to execute any or all documents on Debtor's behalf to record title to any or all of the Collateral in the name of the purchaser after any sale thereof.

12. Secured Party's Performance; Expenses. In the event that Debtor shall fail duly and promptly to perform any of the obligations and responsibilities of Debtor required to be performed under this Agreement, the Asset Sale Agreement or any other agreement relating to the Collateral or the Obligations, Secured Party may, at its option, immediately or at any time thereafter, perform the same for the account of Debtor or cause the same to be done without thereby waiving any default or event of default; and any amount paid or the expenses or liability incurred by Secured Party in such performance, together with interest thereon until paid at the rate of one and one-half

percent (1.5%) per month or the highest rate permitted by law, whichever is less, shall be payable to Secured Party by Debtor on demand and shall become part of the Obligations secured hereby.

13. Representations, Warranties and Covenants of Debtor. Debtor represents and warrants, which representations and warranties shall survive the execution and delivery hereof and the satisfaction of the Obligations, that (a) it is the legal record and beneficial owner of the Collateral, subject to no pledge, lien, mortgage, hypothecation, security interest, charge, option or other encumbrance whatsoever, except the lien and security interest created by this Agreement and except as specifically set forth in Schedule IV hereto; (b) it has full power, authority and legal right to enter into and grant to Secured Party the interests granted in this Agreement; (c) this Agreement has been duly authorized, executed and delivered by Debtor and is valid and enforceable against Debtor in accordance with its terms; (d) Schedule V hereto is complete and correct and contains (i) Debtor's name and state of incorporation, (ii) all names, tradenames and styles under which Debtor has conducted business within the immediately preceding five years, (iii) the address(es) of Debtor's principal place of business, chief executive office, and office where its records concerning the Collateral are kept, (iv) the address(es) where the tangible items of the Collateral are kept and maintained, (v) the names and addresses of all persons or entities, if any, other than Debtor in possession of any of the Collateral or records thereof under agreements of bailment or otherwise, and (vi) the name(s) and address(es) of the holder(s) of all shares of capital stock of Debtor; (e) this Agreement creates a valid, enforceable security interest, and, upon filing, possession, record notation and other perfection actions in respect of Secured Party in compliance with applicable laws will perfect in Secured Party a valid first lien on and a first perfected security interest in the Collateral, subject to no prior pledge, lien, mortgage, hypothecation, security interest, charge, option or encumbrance or to any agreement purporting to grant to any third party a security interest in the property or assets of Debtor which would include the Collateral, except as set forth in Schedule IV hereto, and Debtor covenants and agrees that it will defend Secured Party's right, title and security interest in and to the Collateral against the claims and demands of all person and entities whatever; (f) it has and will hereafter continuously maintain, preserve and keep in full force and effect its corporate existence, good standing, rights and privileges in the jurisdiction where Debtor is incorporated and in all jurisdictions where Debtor does business or owns properties; (g) it will prepare and file all returns and pay all taxes (including without limitation income, personal property, sales and use taxes), assessments, fees and public charges of any nature whatever related to Debtor's business, on a timely basis (except those which Debtor is contesting in good faith); and (h) without Secured Party's prior written consent, Debtor will not effect or permit a Change of Control of Debtor, as defined in the Asset Sale Agreement.

14. Default. Debtor understands and agrees that each of the following will constitute a default under this Agreement: (a) Debtor's failure to pay when due, or duly and punctually to observe or perform, any of the Obligations; (b) breach, whether or not within Debtor's control, of any covenant, warranty or representation in or regarding this Agreement, the Asset Sale Agreement or any other present or future agreement or arrangement of any kind between Debtor and Secured Party or any document or information now or hereafter furnished by Debtor to Secured Party in regard hereto; (c) any

financial information submitted to Secured Party by Debtor or on Debtor's behalf shows that Debtor has a negative net worth or contains any reservation or qualification concerning (i) net worth, (ii) continuation of its business as a going concern, or (iii) any matter as to which Debtor or Secured Party has reasonably requested an affirmative report; (d) Debtor becomes insolvent, terminates its existence, dissolves, experiences business failure, or a custodian, as that term is defined in Title 11, U.S.C., as amended (the "Bankruptcy Code"), of any of Debtor's property is appointed or exists or any assignment for the benefit of creditors or the commencement of a case under the Bankruptcy Code with Debtor as debtor is initiated by or against Debtor; or (e) Debtor consummates any transaction which Secured Party reasonably could construe as jeopardizing the accrual or payment of Contingent Payments under the Asset Sale Agreement.

15. Remedies Upon Default. In the event of a default hereunder, Secured Party, without demand of performance or other demand, advertisement or notice of any kind (except the notice specified herein of time and place of public or private sale) to or upon Debtor or any other person or entity (all and each of which demands, advertisements and/or notices are to the extent permitted by applicable law hereby expressly waived), may forthwith:

(a) ask, demand, compound, compromise, collect, receive and give receipts for payments on or in respect of, and otherwise appropriate and realize upon the Collateral, or any part thereof, and/or may, if necessary, forthwith sell, assign, give option or options to purchase, contract to sell or otherwise dispose of and deliver said Collateral, or any part thereof, in one or more parcels at public or private sale or sales, at any exchange or broker's board or at any of Secured Party's or its agents' offices or elsewhere upon such terms and conditions as it may deem advisable and at such prices as it may deem best, for cash or on credit or for future delivery without assumption of any credit risk, with the right in Secured Party or its agent upon any such sale or sales, public or private, to purchase the whole or any part of said Collateral so sold, free of any right of equity of redemption in Debtor, which right of equity is to the extent permitted by applicable law hereby expressly waived or released;

(b) as to any Trademark Collateral, Copyright Collateral or Software Collateral, and in addition to and not in limitation of the rights and remedies set forth in subsection 15(a) above, assign or license the Trademark Collateral, Copyright Collateral, Software Collateral or any part of any one or all of them, to any person or entity. In the event of any sale, assignment, or other disposition of any of the Trademark Collateral, the goodwill of the business connected with and symbolized by any Trademark Collateral subject to such disposition shall be included. Debtor shall supply to Secured Party or its designee Debtor's know-how and expertise relating to the development, distribution and licensing of products or the provision of services relating to any Trademark Collateral, Copyright Collateral or Software Collateral subject to any such disposition, and Debtor's customer lists and other records relating to such Trademark Collateral, Copyright Collateral or Software Collateral and to the distribution of such products and services; and

(c) with respect to any Collateral which is an account, as defined in the Uniform Commercial Code as enacted in the State of Ohio, Ohio Revised Code §109.01(A)(15)(UCC §9-106), or which is an amount due and payable under any agreement licensing or otherwise authorizing use or distribution of any of the

Trademark Collateral, Copyright Collateral or Software Collateral (collectively, "Accounts"): (i) direct any and all account debtors to make all payments in respect of such Accounts directly to Secured Party or otherwise demand payment of any or all of such Accounts; (ii) enforce payment of any or all of such Accounts by legal proceedings or otherwise; (iii) exercise Debtor's rights and remedies with respect to any actions or proceedings brought to collect an Account; (iv) sell or assign an Account upon such terms, for such amount and at such time or times as Secured Party deems advisable; (v) settle, adjust, compromise, extend or renew an Account; (vi) discharge or release any Account; (vii) prepare, file and sign Debtor's name on any proof of claim in bankruptcy or any similar document against an account debtor, and to otherwise exercise the rights granted herein.

16. Application of Proceeds; Notice and Costs of Sale. Secured Party shall apply the net proceeds of any such collection, recovery, receipt, appropriation, realization or sale, after deducting all reasonable costs and expenses of every kind incurred therein or incidental to the care, safekeeping or otherwise of any and all of the Collateral or in any way relating to the rights of Secured Party hereunder (including reasonable attorney's fees and legal expenses), to the payment in whole or in part of the Obligations in such order as Secured Party may elect, Debtor remaining liable for any deficiency remaining unpaid after such application, and only after application of such net proceeds and after the payment by Secured Party of any other amount required by any provision of law, including, without limitation, Section 1309.47 of the Ohio Revised Code, need Secured Party account for the surplus, if any, to Debtor. Debtor agrees that Secured Party need not give more than ten days' notice of the time and place of any public sale or of the time after which a private sale or other intended disposition is to take place and that such notice is reasonable notification of such matters. No notification need be given to Debtor if Debtor has signed after default a statement renouncing or modifying any right to notification of sale or other intended disposition.

All costs and expenses of Secured Party in retaking, holding, preparing for sale, selling, leasing or otherwise processing and disposing of the Collateral in the event of any default or any event of default, including court costs and reasonable attorneys' fees and legal expenses, shall be payable to Secured Party by Debtor on demand and shall become part of the Obligations secured hereby. In addition to the rights and remedies granted to it in this Agreement and in any other instrument or agreement securing, evidencing or relating to any of the Obligations, Secured Party shall have all the rights and remedies of a secured party under the Uniform Commercial Code of the State of Ohio.

17. Indemnity. Debtor agrees to and does hereby indemnify and hold Secured Party harmless from and against any and all claims, losses and liabilities arising out of or resulting from this Agreement or the transactions contemplated hereby (including, without limitation, enforcement of this Agreement), except claims, losses or liabilities resulting from Secured Party's bad faith or willful misconduct as determined by a final judgment of a court of competent jurisdiction.

18. Nature of Contract and Assignment. Debtor agrees that this Agreement is a contract by Debtor and a condition for Secured Party's selling the Assets to Debtor, which Assets will specifically and materially benefit

Debtor. Accordingly, without Secured Party's prior written consent, which Secured Party may withhold under any circumstances, Debtor will not assign or in any way transfer, by operation of law or otherwise, this Agreement, the Obligations or any of its rights or obligations thereunder or hereunder. Secured Party may assign this Agreement or any of its rights or obligations hereunder, whether for security or otherwise, without consent of or notice to Debtor. Upon notice of assignment and direction, Debtor will perform the Obligations directly to the assignee thereof and will not assert against any assignee, as a claim, defense, counterclaim, setoff, cross-claim, cross-complaint or otherwise, any dispute or claim which Debtor may have against Secured Party.

19. Notice. All notices and consents provided for herein must be in writing and shall be deemed given: (a) when delivered personally, or when sent by telex, telegram or electronic facsimile device, to Debtor at Debtor's address stated in the preamble hereof, attention: Wes Teague, or to Secured Party at its address stated in the preamble hereof, attention: Jon Karlin; or (b) two (2) days after the date delivered to a domestic (United States) or international express courier, as appropriate, to such addresses. Any party or other person entitled to receive notice hereunder may change its address for notification purposes by sending, as aforesaid, a notice stating the change and setting forth the new address.

20. Applicable Law. All rights and obligations under this Agreement shall be construed and enforced in accordance with the local laws of the State of Ohio, except only to the extent replaced or precluded by other law of mandatory application. In any instance that any provision of this Agreement should be invalid, illegal or unenforceable under applicable law, the validity, legality or enforceability of that provision in other situations and of the remaining provisions and conditions hereof shall not be in any way affected thereby.

21. Waiver. Secured Party shall not be deemed to have waived any of its rights, or any default by Secured Party, under this Agreement unless such waiver shall be specific and in writing, and no delay or omission by Secured Party in exercising any right shall operate as a waiver thereof or as a modification hereof. No waiver by Secured Party of any of its rights or default by Debtor shall operate as a waiver of any other right or default or of the same right or default on a future occasion.

22. Release of Collateral. Upon the final payment in full and satisfaction of the Obligations, the liens and security interests granted hereby shall terminate and all rights to the Collateral shall revert to Debtor. Upon any such termination, Secured Party will, at Debtor's expense, execute and deliver to Debtor such documents as Debtor shall reasonably request to evidence such termination.

23. Reference to Intercreditor Agreement. Notwithstanding anything to the contrary herein, this Security Agreement, and the rights and obligations of the parties hereto, are subject to the terms of that certain Intercreditor Agreement, to the extent applicable hereto, between Secured Party, OCLC Online Computer Library Center, Incorporated, Information Dimensions, Inc., among others.

24. General. As to this Agreement: (a) captions have been inserted solely for convenient reference and shall not limit or affect any provision herein; (b) any provision hereof which becomes unenforceable by reason of the commencement of a case under the Bankruptcy Code shall again be valid and enforceable at the termination of that case; (c) all rights and remedies afforded Secured Party herein shall be in addition to, and not in lieu of, those available at law or in equity; (d) it shall bind Debtor, its permitted successors and permitted assigns and shall benefit Secured Party, its successors and assigns; (e) it shall constitute the entire agreement between Debtor and Secured Party in regard to the subject matter hereof, and Debtor acknowledges that no representations, warranties or agreements of any kind have been made to Debtor by Secured Party except as specifically set forth herein; (f) no amendment thereto shall be effective unless it specifically states that it is intended to modify this Agreement (identifying the name and date hereof and the parties hereto), is in writing and is signed by the party against whom enforcement is sought; and (g) by Debtor's signature hereon, Debtor acknowledges receipt of an executed copy hereof.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first set forth above.

DEBTOR:
ZYCO INCORPORATED

SECURED PARTY:
PT PARTNERS

By: *Wes Teague*
Wes Teague, Vice President

By: *Jon Karlin*
Jon Karlin, Managing Partner

COMMONWEALTH OF VIRGINIA :
COUNTY OF ARLINGTON : ss.

The foregoing instrument was signed and acknowledged before me this 17th day of May, 1994 by Wes Teague, a Vice President of ZyCO Incorporated, a Virginia corporation, on behalf of the corporation.

My commission expires on the 11th day of June, 1994.

William H. King
Notary Public

COMMONWEALTH OF VIRGINIA :
COUNTY OF ARLINGTON : ss.

The foregoing instrument was signed and acknowledged before me this 17th day of May, 1994 by Jon Karlin, Managing Partner of PT Partners, a Maryland general partnership, on behalf of the partnership.

My commission expires on the 11th day of June, 1994.

William H. King
Notary Public

SCHEDULE I TO SECURITY AGREEMENT
[List of "Trade Mark Collateral"]

<u>MARK</u>	<u>REGISTRATION NO.</u>	<u>DATE REGISTERED</u>	<u>CLASS OF REGISTRATION</u>	<u>ORIGINAL REGISTRANT</u>
ZyINDEX	1,803,156	November 9, 1993	Int. 9 U.S. 38	Information Dimensions, Inc.

UNREGISTERED TRADEMARKS

ZyINDEX Personal
ZyINDEX Standard
ZyINDEX Professional
ZyINDEX Plus
ZyINDEX Server
ZyINDEX for Windows
ZyINDEX for DOS
ZyINDEX for UNIX
ZyINDEX for Developer's Toolkit
ZyIMAGE
ZySCAN
M/ZyIMAGE
ZyFIND
ZyBUILD
ZyFINDi
ZyBUILDi
ZyREPORT
ZyLIST

TRADE NAMES

ZyLAB

SCHEDULE II TO SECURITY AGREEMENT
[List of "Copyright Collateral"]

Copyright Registrations

<u>Title</u>	<u>Registration No.</u>	<u>Registration Date</u>	<u>Author</u>
ZYINDEX	534 683	August 27, 1992	Information Dimensions, Inc.
ZYINDEX 4.0 for DOS	Application Filed	Application Filed	Information Dimensions, Inc.
ZYINDEX Toolkit for Windows and DOS	Application Filed	Application Filed	Information Dimensions, Inc.
ZYINDEX for Windows, ZyIMAGE and M/ZyIMAGE	Application Filed	Application Filed	Information Dimensions, Inc.

Copyrighted Publications (Unregistered)

ZyINDEX 5.1 for Windows User's Guide
 ZyINDEX 5.01 for Windows User's Guide
 ZyINDEX 5.1 for Windows Training Manual
 ZyINDEX 5.01 for Windows Training Manual
 ZyINDEX 5.1 for Preparation of ZyFIND Module
 ZyINDEX 5.01 for Windows Preparation of ZyFIND Module
 ZyFIND 4.0 Module Manual
 ZyFIND 5.1 Module Manual
 ZyINDEX 5.01 Module Manual
 ZyIMAGE 1.0 User's Guide
 ZyIMAGE 2.0 User's Guide
 ZyIMAGE 1.0 Training Manual
 ZyIMAGE 2.0 Training Manual
 M/ZyIMAGE 2.0 User's Guide
 ZyINDEX 3.1 for DOS User's Guide
 ZyINDEX 4.0 for DOS User's Guide
 ZyINDEX 3.1 for DOS Training Manual
 ZyINDEX 4.0 for DOS Training Manual
 ZyINDEX 4.0 for DOS Preparation of ZyFIND Module
 ZyINDEX 4.0 for DOS Preparation of ZySEARCH Module
 ZyINDEX Developer's Toolkit Programmer's Guide
 ZySEARCH 3.1 Module Manual

SCHEDULE III TO SECURITY AGREEMENT
[List of "Software Products Collateral"]

ZyLAB modules (includes without limitation):

programs:

zyfind.exe	zyfindi.exe	zybuild.exe	zyddd.dll	zyidenxl.dll	
zyfinddev.dll	zyindexo.dll	zymgobj.dll	zynovell.dll	zybanyan.dll	
zyindexi.dll	zyole.dll	hapi.dll	zpublish.exe	zyff.exe	
zybuild.exe	zyp.exe	zyl.exe	zyr.exe	zylist.exe	zyf.bat

data files:

zybuild.hlp	zyindex.cmd	zyindex.en5	zyindex.td2	zyfindi.hlp
zyindex.en1	zyindex.noi	zyref.txt	zyindex.chr	zyindex.en3
zyindex.td1	zyindex.cmd	zyindex.en5	zyindex.td2	zyff.hlp
zynidex.en1	zyindex.noi	zyref.txt	zyindex.chr	zyindex.en3
zyindex.td1	zyindex.st1			

PTP modules:

programs:

mailview.exe	tools.dll	zyscan.exe	mzyscan.exe
tiffw.dll	xip.dll	mirror.dll	

data files:

zyscan.sym	tools.sym	zyscan.hlp
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SCHEDULE IV TO SECURITY AGREEMENT

Other Security Interests, Liens, Claims, etc. with respect to the Collateral:

1. Certain liens to the extent described in and limited by a certain Intercreditor Agreement of even date herewith by OCLC Online Computer Library Center, Incorporated, Information Dimensions, Inc. and PT Partners, among others.

SCHEDULE V TO SECURITY AGREEMENT

(i) Debtor's name and state of incorporation:

ZyCO Incorporated
A Virginia corporation

(ii) All names, tradenames and styles under which Debtor has conducted business within the immediately preceding five years:

None, except as above.

(iii) Address(es) of Debtor's principal place of business, chief executive office and offices where its records concerning the Collateral are kept:

5252 Cherokee Avenue, Suite 400
Alexandria, VA 22312-2000

(iv) Address(es) where tangible items of Collateral are kept and maintained:

(1) S/A* (2) 19650 Club House Road, #106 (3) 100 Lexington Drive, #2
Gaithersburg, MD 20879 Buffalo Grove, IL

(v) Names and address(es) of all persons and entities, if any, other than Debtor who are in possession of Collateral or records thereof under any agreements of bailment or otherwise:

None

(vi) Name(s) and address(es) of holder(s) of all shares of capital stock of Debtor:

C-CUBED Corporation
5252 Cherokee Avenue, #400
Alexandria, VA 22312

PT Partners
4059 Boteler Road
Mt. Airy, MD 21881

* SAME AS ABOVE