

03-12-1999



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TRADEMARKS ONLY

Ms 3-8-99

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

Merger

Change of Name

Other \_\_\_\_\_

Effective Date  
Month Day Year  
03031999

Conveying Party

Mark if additional names of conveying parties attached

Execution Date  
Month Day Year  
03031999

Name SONIC FOUNDRY, INC.

Formerly \_\_\_\_\_

Individual  General Partnership  Limited Partnership  Corporation  Association

Other \_\_\_\_\_

Citizenship/State of Incorporation/Organization WISCONSIN

Receiving Party

Mark if additional names of receiving parties attached

Name ASSOCIATED BANK SOUTH CENTRAL

DBA/AKA/TA \_\_\_\_\_

Composed of \_\_\_\_\_

Address (line 1) 1720 MONROE STREET

Address (line 2) \_\_\_\_\_

Address (line 3) MADISON

WI

53711

Individual  General Partnership  Limited Partnership

Corporation  Association

Other \_\_\_\_\_

Citizenship/State of Incorporation/Organization \_\_\_\_\_

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.)

03/10/1999 DCOATES 00000120 75595016

FOR OFFICE USE ONLY

01 FC:A81  
02 FC:A82

40.00 OP  
100.00 OP

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

TRADEMARK  
REEL: 1866 FRAME: 0398

**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)**

**Number of Properties**

Enter the total number of properties involved.

#

**Fee Amount**

Fee Amount for Properties Listed (37 CFR 3.41):

\$

Method of Payment:  
Deposit Account

Enclosed

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.

EUGENIA G. CARTER

Name of Person Signing

Eugenia G. Carter

Signature

3/8/99

Date Signed

## SECURITY AGREEMENT

THIS SECURITY AGREEMENT (the "Agreement") is made as of the 3<sup>rd</sup> day of March, 1999, by and between Sonic Foundry, Inc., a Maryland corporation ("Borrower") and Associated Bank South Central ("Bank").

### RECITALS

- A. Borrower and Bank have executed a Loan Agreement of even date herewith as amended, restated, supplemented or otherwise modified from time to time, (the "Loan Agreement"), providing for the extension of credit by Bank to Borrower of Five Million (\$5,000,000) Dollars.
- B. Borrower wishes to secure all present and future obligations of Borrower to Bank under the Loan Agreement and the Loan Documents (collectively the "Borrower Obligations") by granting Bank a security interest in the collateral described herein.
- C. It is a condition precedent to Bank entering into the Loan Agreement that Borrower enter into this Agreement and perform Borrower's obligations hereunder.

### AGREEMENT

In consideration of the mutual promises set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

### ARTICLE 1 DEFINED TERMS

All capitalized terms used herein and not otherwise defined below, have the meanings assigned to them in the Loan Agreement. The following terms used herein have the meanings defined below:

1.1 "Accounts" means "accounts" as defined in Section 409.106 of the UCC and, without limiting the generality of the foregoing, includes: (a) any and all rights to the payment of money or other forms of consideration of any kind now or hereafter owing or to be owing to Borrower (whether classified under the UCC as accounts, chattel paper, general intangibles, or otherwise) including, but not limited to, accounts receivable, letters of credit and the right to receive payment thereunder, chattel paper, tax refunds, insurance proceeds, contract rights, notes, drafts, instruments, documents, acceptances, and all other debts, obligations and liabilities in whatever form now or hereafter owing to Borrower, all guarantees, security interests and liens which secure payment of any of the foregoing, all of Borrower's rights to goods, now owned or

hereafter acquired by Borrower, sold (delivered, undelivered, in transit or returned) which may be represented thereby; and (b) all proceeds of any of the foregoing.

1.2 "Collateral" means and includes all of Borrower's right, title, and interest in and to the following, whether now owned or hereafter acquired and wherever located:

(a) Accounts;

(b) Equipment;

(c) Fixtures;

(d) Inventory;

(e) Intellectual Property;

(f) Investment Property;

(g) General Intangibles;

(h) All Borrower's right, title and interest in and to all goods and other property, whether or not delivered (1) the sale or lease of which gives or purports to give rise to Accounts including, but not limited to, all merchandise returned or rejected by or repossessed from customers or (2) securing any Account, including all Borrower's rights as an unpaid vendor or lienor, including stoppage in transit, replevin and reclamation with respect to such goods and other properties;

(i) All guaranties, mortgages on, or security interests in real or personal property, leases or other agreements or property securing or relating to Accounts or other Collateral, or acquired for the purpose of securing and enforcing any item thereof;

(j) All documents of title, policies and certificates of insurance, securities, or other documents or instruments;

(k) All files, correspondence, computer programs, discs and related data processing software (owned by Borrower or in which Borrower has an interest) which contain information identifying or pertaining to any of the Collateral or any account debtor, or showing the amounts thereof or payments thereon or otherwise necessary or helpful in the realization or collection thereof; and

(l) Any and all products and proceeds of any item of the foregoing (including, but not limited to, any claims to any items referred to in this definition, and any claims of Borrower against third parties for loss of, damage to, destruction of, or infringement of any or all the Collateral or for proceeds payable under or unearned premiums with respect to policies of insurance) in whatever form, including cash, negotiable

instruments and other instruments for the payment of money, chattel paper, security agreements or other documents.

1.3 "Copyrights" means means all of the following now or hereafter owned by Borrower: (a) all copyright rights in any work subject to the copyright laws of the United States or any other country, whether as author, assignee, transferee or otherwise, including without limitation all of Borrower's proprietary source code, and (b) all registrations and applications for registration of any such copyright in the United States or any other country, including registrations, recordings, supplemental registrations and pending applications for registrations in the United States Copyright Office.

1.3 "Equipment" means "equipment" as defined in Section 409.109(2) of the UCC and, without limiting the generality of the foregoing, includes: (a) all motor vehicles; (b) all accessions, attachments, substitutions and replacements (including spare parts) for any item described herein; (c) any other goods now owned or hereafter acquired by Borrower that do not constitute Inventory and which are used or bought for use primarily in business; and (d) all proceeds of any of the foregoing.

1.4 "Fixtures" means "fixtures", as defined in Section 409.313 of the UCC, installed on, or affixed to, the real property described on **Exhibit A** attached hereto, or to the buildings or improvements situated thereon, and all proceeds of the foregoing.

1.5 "General Intangibles" means "general intangibles" as defined in Section 409.106 of the UCC, and includes, without limiting the generality of the foregoing, all goodwill, inventions, designs, customer lists, trade secrets, Trademarks, Copyrights, Licenses, applications for any of the foregoing, government approvals, permits or authorizations for any of the foregoing and all derivative works and enhancements relating to any of the foregoing.

1.6 "Intellectual Property" means collectively all Trademarks, Copyrights, and Licenses.

1.7 "Investment Property" means "investment property" as defined in Section 409.115 of the CC.

1.8 "Inventory" means "inventory" as defined in Section 409.109(4) of the UCC and, without limiting the generality of the foregoing, includes:

- (a) all goods held or intended for sale or lease by Borrower;
  - (b) all documents evidencing and general intangibles relating to such goods;
- and
- (c) all proceeds of any of the foregoing.

1.9 "Licenses" has the meaning stated in the Loan Agreement.

1.10 "Security Interest" has the meaning assigned in Article 2 of this Agreement.

1.11 "Trademarks" means all of the following now or hereafter owned by Borrower:

(a) all trademarks, service marks, trade names, corporate names, company names, business names, fictitious business names, trade styles, trade dress, logos, other source or business identifiers, designs, and general intangibles of like nature, now existing or hereafter adopted or acquired, all registrations and recordings thereof, and all registration and recording applications filed in connection therewith, including registrations and registration applications in the United States Patent and Trademark Office, any state of the United States or any similar offices in any other country or any political subdivision thereof, and all extensions or renewals thereof, including the trade names Sonic Foundry and design, Sound Forge, Select Stream, Selectstream, Soft Stream, Softstream and Acid and (b) all goodwill associated therewith or symbolized thereby, and (c) all other assets, rights and interests that uniquely reflect or embody such goodwill.

1.12 "UCC" means the Uniform Commercial Code as adopted by and as in effect in, the State of Wisconsin, as the same may be amended from time to time.

## **ARTICLE 2**

### **GRANT OF SECURITY INTEREST**

To secure the payment and performance of the Borrower Obligations and for other good and valuable consideration, receipt of which is hereby acknowledged, Borrower hereby mortgages, pledges and assigns all the Collateral to Bank, and grants Bank a continuing security interest in the Collateral (the "Security Interest").

## **ARTICLE 3**

### **BORROWER'S REPRESENTATIONS AND WARRANTIES**

Borrower represents and warrants to Bank that:

3.1 Location of Chief Executive Office. Borrower's chief executive office and the books and records relating to the Collateral are located at Borrower's place of business at 754 Williamson Street, Madison, Dane County, Wisconsin (the "Business Office").

3.2 Location of Collateral. All Equipment and Fixtures are, or will be, located on premises which are owned by Borrower or are being leased by Borrower and all such premises shall be under Borrower's control. All Inventory is, or will be, located on premises which are owned by Borrower or are being leased by Borrower and all such premises shall be under Borrower's control.

3.3 Ownership of Collateral. Borrower owns the Collateral free of all encumbrances and security interests, except Permitted Encumbrances. Chattel paper constituting Collateral evidences a perfected security interest in the goods covered by it, free from all other encumbrances and security interests. No financing statement is on file covering the Collateral or any of it other than as shown on attached **Exhibit B** which secure Permitted Encumbrances. Borrower, acting alone, may grant the Security Interest in the Collateral. None of the Trademarks have been adjudged invalid or unenforceable, in whole or in part.

3.4 Accounts. Each Account and chattel paper constituting Collateral as of this date arose from the performance of services by Borrower from a bona fide sale or lease of goods, which have been delivered or shipped to the account debtor, and for which Borrower has genuine invoices, shipping documents or receipts. Each Account constituting Collateral as of this date is genuine and enforceable against the account debtor according to its terms. Each Account, and the transaction out of which it arose, comply with all applicable laws and regulations. The amount represented by Borrower to Bank as owing by each account debtor is the amount actually owing and is not subject to setoff, credit, allowance or adjustment, except discount for prompt payment, nor has any account debtor returned the goods or disputed its liability.

3.5 No Defaults under Collateral. There has been no default as of this date according to the terms of any Collateral and no step has been taken to foreclose the security interest it evidences or otherwise to enforce its payment, and as of this date, Borrower has no notice or knowledge which might impair the credit standing of any account debtor.

3.6 Filings.

(a) The filing of a UCC-1 financing statement in the form attached hereto as **Exhibit C** with the Wisconsin Department of Financial Institutions and the filing of a UCC-3 financing statement in the form attached hereto as **Exhibit D** with the register of deeds for Dane County, Wisconsin, constitute the only public filings necessary in any governmental, municipal or other office in any jurisdiction located within the United States and its respective territories and possessions to publish notice of and protect the validity of and to establish a valid and perfected security interest in favor of Bank in respect of the Collateral in which a security interest may be perfected by filing a financing statement or analogous document in the United States and its political subdivisions, territories and possessions pursuant to the UCC or other applicable law in such jurisdictions. No further or subsequent filing, refiling, recording, rerecording, registration or reregistration is necessary in any such jurisdiction, except as provided under applicable law with respect to the filing of continuation statements or other documents of similar effect.

(b) Borrower shall ensure and warrant that fully executed security agreements in the form hereof and containing a description of the Collateral shall have been received and recorded within three months after the execution of this Agreement with

respect to United States registered Trademarks (and Trademarks for which United States registration applications are pending) pursuant to the applicable provisions of the United States Code and the regulations thereunder, as applicable, to protect the validity and first priority of and to perfect a valid first priority security interest in favor of Bank in respect of the Collateral in which a security interest may be perfected by filing in the United States and its political subdivisions, territories and possessions pursuant to applicable law, and no further or subsequent filing, re-filing, recording, rerecording, registration or reregistration is necessary (other than such actions as are necessary to perfect Bank's first priority security interest with respect to any Collateral (or registration or application for registration thereof) acquired or developed after the date hereof).

3.7 Validity of Security Interests. The Security Interest constitutes (a) a valid, perfected, and first-priority security interest in all the Collateral in which a security interest may be perfected by filing a financing statement or analogous document in the United States and its political subdivisions, territories and possessions pursuant to the UCC or other applicable law in such jurisdictions, and (b) a valid, first-priority security interest that is perfected in all Collateral in which a security interest may be perfect upon the receipt and recording of this Agreement with the United States Patent and Trademark Office within the three-month period (commencing as of the date hereof) pursuant to the applicable provisions of the United States Code.

#### **ARTICLE 4** **BORROWER'S COVENANTS**

From the date hereof, and thereafter until all the Borrower Obligations are satisfied in full:

4.1 Filing; Notification; Re-filing. Borrower shall, at its sole cost and expense, take or cause to be taken all action which Bank may reasonably request and which may be necessary or desirable in order to ensure that Bank will at all times have a properly perfected, first-priority security interest in the Collateral and to enable Bank to exercise or enforce rights hereunder, including but not limited to:

(a) delivering to Bank, endorsed or accompanied by such instruments of assignment as Bank may specify, and stamping and marking, in such manner as Bank may specify, any and all chattel paper, instruments, letters and advices of credit, title certificates and documents evidencing or forming a part of the Collateral; and

(b) executing and delivering such financing statements, pledges, designations, hypothecations, notices and assignments, in each case in form and substance satisfactory to Bank, relating to the creation, validity, perfection, maintenance or continuation of the Security Interest under the UCC or other laws of the State of Wisconsin, the laws of such other state or states as Bank may from time to time reasonably request, and the laws of the United States of America. In the event that any rerecording or re-filing (or the filing of any statement of continuation or assignment of any



financing statement) or any repledge or reassignment, or any other action, is required at any time to protect, preserve or maintain the Security Interest, Borrower shall, at its sole cost and expense, cause the same to be done or taken at such time and in such manner as may be necessary and as may be reasonably requested by Bank.

4.2 Ownership of Collateral. Borrower shall at all times be the sole owner of each and every item of Collateral, and shall defend the Security Interest and Borrower's title to the Collateral at Borrower's own expense.

4.3 Records and Inspections. Borrower shall at all times keep accurate and complete records of the Collateral, and permit Bank to enter upon Borrower's place or places of business at any time and from time to time during reasonable business hours, and without hindrance or delay, to inspect the Collateral and to inspect, audit, check and make extracts from and copies of the books, records, journals, orders, receipts and correspondence which relate to the Collateral or other transactions between the parties hereto and the general financial condition of Borrower.

4.4 Change in Location, Name. Without giving Bank at least thirty (30) days' prior written notice thereof, Borrower shall not:

(a) move its chief executive office or the books and records relating to the Collateral to a location other than that specified in Section 3.1; or

(b) move any Inventory, Equipment or Fixtures to a location other than those specified in Section 3.2.

4.5 Maintenance of Collateral; Insurance. Borrower shall maintain all tangible items of Collateral in good repair and working condition. Borrower shall procure and maintain insurance against loss, theft, destruction or damage to the Collateral for the full replacement value thereof, and business interruption, with such insurers as are acceptable to Bank, plus other insurance thereon in the amounts and against such risks as Bank may specify, and promptly deliver an original copy of each policy to Bank, with a standard lender's loss payable clause in favor of Bank, as well as a clause requiring the insurer to provide Bank at least thirty (30) days' prior written notice of the cancellation, expiration, termination or any change in the coverage afforded under any such policy.

4.6 Disposition of Collateral. Borrower shall not sell, assign, transfer or otherwise dispose of any Collateral to anyone other than Bank, provided that, notwithstanding the foregoing, so long as no Event of Default has occurred and is continuing:

(a) Inventory may be sold in the ordinary course of business; and

(b) Equipment may be sold or disposed of if:

(1) in the reasonable judgment of Borrower, it is obsolete or no longer useful in the conduct of Borrower's business; or

(2) in the ordinary course of business, the proceeds of said sale or disposition are used to acquire Equipment in substitution or replacement therefor.

4.7 Compromise of Accounts. Borrower shall not, except in the ordinary course of business and prior to an Event of Default, grant any extension of time for payment of any Account or compromise, compound or settle the same for less than the full amount thereof, or release wholly or partly any person liable for the payment thereof, or allow any credit or discount whatsoever thereon.

4.8 Liens. Borrower shall not pledge, grant any liens on, or grant security interests in the Collateral, other than the Security Interest and Permitted Encumbrances. The Collateral shall not at any time be subject to any lien that is prior to, on a parity with, or junior to the Security Interest, other than Permitted Encumbrances.

## **ARTICLE 5**

### **SECURED PARTY'S REMEDIES**

Upon the occurrence of an Event of Default:

5.1 UCC. Bank has all rights provided to a secured party following a default under the UCC.

5.2 Setoff. Bank may, without prior notice or demand, set off against any credit balance or other money held by or deposited with Bank, all or any part of the Borrower Obligations.

5.3 Possession of Collateral. Bank may, at any time and from time to time, with or without judicial process or the aid or assistance of others, enter upon any premises in which Collateral may be located and, without resistance or interference by Borrower, take physical possession of any items of Collateral and maintain such possession on Borrower's premises or move the Collateral or any part thereof to such other places as Bank chooses without being liable to Borrower on account of any losses, damage or depreciation that may occur as a result thereof, so long as Bank does not breach the peace. Bank may dispose of all or any part of the Collateral on any premises of Borrower, require Borrower to assemble and make available to Bank at the expense of Borrower all or any part of the Collateral at any place and time designated by Bank, or remove all or any part of the Collateral from any premises in which any part may be located for the purpose of effecting sale or other disposition thereof.

5.4 Notice to Account Debtors or Obligors.  
Bank may:

(a) Notify, or require Borrower to notify, in writing any account debtor or other obligor with respect to any one or more of the Accounts to make payment to Bank or any agent or designee of Bank, at such address as may be specified by Bank;

(b) Direct Borrower to hold all payments which it receives with respect to any one or more of the Accounts in trust for Bank and Borrower shall so hold such funds without commingling them with other funds of Borrower and shall, in accordance with the direction of Bank either (1) deliver the same to Bank, or any agent or designee of Bank, immediately upon receipt by Borrower in the identical form received, together with any necessary endorsements, or (2) immediately deposit them in a separate account maintained by Bank, or any agent or designee of Bank, in which only such payments and other proceeds of Collateral are deposited.

(c) When any notice to make payments directly to Bank, or any such agent or designee, shall have been given pursuant to Section 5.4(b)(1) above, Borrower shall no longer have any right to collect the affected Accounts. If, notwithstanding the giving of any notice, any account debtor or other obligor makes payment to Borrower, Borrower shall hold all such payments it receives in trust for Bank, without commingling the same with other funds of Borrower, and shall deliver the same to Bank, or any such agent or designee, immediately upon receipt by Borrower in the identical form received, together with any necessary endorsements. Bank may settle or adjust disputes and claims directly with account debtors and other obligors of Borrower for amounts and on terms which Bank considers advisable. Nothing herein contained will be construed as requiring or obligating Bank, or any such agent or designee, to make any demand, or to make an inquiry as to the nature or sufficiency of any payment received by it, or to present or file any claim or notice or take any action with respect to any Accounts or the monies due or to become due thereunder or to take any steps necessary to preserve any rights against prior parties. Bank does not have any liability to Borrower for actions taken in good faith pursuant to this Section 5.4. All amounts received or deposited with Bank pursuant to this Section 5.4 representing the proceeds of Accounts shall be applied to the payment of the Borrower Obligations, in such order as is set forth in Section 5.8 hereof. Bank may, but shall not be obligated to, deliver any amounts received or deposited pursuant to this Section 5.4 to Borrower for use by Borrower in the ordinary course of its business, but the Security Interest in any such proceeds delivered to Borrower shall continue and shall not be affected by such delivery and Borrower shall not commingle any proceeds so delivered with any of its other funds.

5.5 Appointment to Act for Borrower. Borrower, effective immediately upon the occurrence of an Event of Default, and without the necessity of further action on the part of Bank, and until the Event of Default is waived in writing or cured to the sole satisfaction of Bank:

(a) Irrevocably authorizes Bank, or any agent or designee of Bank, to perform any and all the acts that Bank is permitted to perform under any provision of this Agreement;

(b) Constitutes and appoints Bank, or any agent or designee of Bank, as Borrower's true and lawful attorney and agent, with full power of substitution, in the place and stead of Borrower and either in Bank's own name or in the name of Borrower:

(1) to endorse Borrower's name on any checks, notes, acceptances, money orders, drafts or other forms of payment or security that may come into Bank's possession;

(2) to sign Borrower's name on any invoice or bill of lading relating to any Accounts, on drafts against customers, on schedules and assignments of Accounts, on notices of assignment, financing and continuation statements and other public records, on verifications of accounts, on notices to or from customers and on any and all documents necessary to effectuate drawings under letters of credit;

(3) to notify the post office authorities to change the address for delivery of Borrower's mail to an address designated by Bank;

(4) to receive, open and dispose of all mail addressed to Borrower; and

(5) to send requests for verification of Accounts to customers or account debtors.

(c) Ratifies and approves all actions taken pursuant to the foregoing power of attorney whether taken by Bank or by any other person or persons designated by Bank. Bank will not be liable for any acts or omissions or for any error of judgment or mistake of fact or law other than those occasioned by Bank's gross negligence or willful misconduct. This power shall be deemed coupled with an interest and shall be irrevocable until the Borrower Obligations have been fully satisfied. Bank may appoint such persons, firms or corporations as Bank, in Bank's sole discretion, may determine, for the purpose of exercising any powers and taking any action permitted to be exercised or taken by Bank under or pursuant to any of the provisions of this Agreement.

5.6 No Election of Remedies. In addition to the foregoing remedies, Bank has all of the rights and remedies provided to Bank by the Loan Agreement and the other Loan Documents. No remedy herein conferred upon Bank is intended to be exclusive of any other remedy and each and every such remedy is cumulative and is in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute or otherwise.

5.7 No Marshalling. Bank is not required to make any demand upon or pursue or exhaust any of its rights or remedies against Borrower or others, or to property other than the Collateral, with respect to the payment of the Borrower Obligations. Bank is not required to marshal the Collateral or to resort to the Collateral in any particular order. All rights of Bank hereunder are cumulative. To the extent that Borrower lawfully

may, Borrower hereby agrees to waive and does hereby absolutely and irrevocably waive and relinquish the benefit and advantage of, and does hereby covenant not to assert against Bank, any valuation, stay, appraisal, extension or redemption laws now existing or which may hereafter exist which, but for this provision, might be applicable to any sale made under the judgment, order or decree of any court, or privately under the power of sale conferred by this Agreement or in respect of the Collateral. To the extent it lawfully may, without limiting the generality of the foregoing, Borrower hereby agrees that Borrower will not invoke or utilize any law which might cause delay in, or impede, the enforcement of Bank's rights under this Security Agreement, and hereby waives the same.

5.8 Assembly of Collateral. Bank may, at its option, demand that Borrower forthwith assemble at places selected by Bank, whether at Borrower's premises or elsewhere, and Borrower hereby covenants forthwith so to assemble at Borrower's own expense, such items of the Collateral comprising part of the Collateral as are designated by Bank, and Bank has the right to enter upon the premises where such Collateral is located and take possession of all such Collateral or any part thereof and thereupon Borrower's right to possession thereof shall absolutely cease and terminate. Bank may proceed by appropriate court action or actions either at law or in equity to enforce performance by Borrower of the applicable covenants and provisions of this Agreement or to recover damages for the breach thereof.

5.9 Sale. Any item of the Collateral may be sold for cash or other value in any number of lots at public auction or private sale without demand or notice (excepting only that Bank shall give Borrower ten (10) days' prior written notice of the time and place of any public sale, or of the time after which a private sale may be made, which notice each Borrower and Bank hereby agrees to be reasonable). At any sale or sales of the Collateral (except at private sale) Bank may bid for and purchase the whole or any part of the property and rights so sold and, upon compliance with the terms of such sale, may hold, exploit and dispose of such property and rights without further accountability to Borrower except for the proceeds of such sale or sales. Borrower will execute and deliver, or cause to be executed and delivered, such instruments, documents, registration statements, assignments, waivers, certificates and affidavits, and supply or cause to be supplied such further information and take such further action as Bank requires in connection with such sale.

5.10 Application of Proceeds. The proceeds of all sales and collections hereunder, and any other moneys (including any cash contained in the Collateral), the application of which is not otherwise herein provided for, shall be applied as follows:

- (a) First, to the payment of the reasonable costs and expenses of such collection, sale or other realization, including, without limitation, all attorneys' fees, and all expenses, and advances made or incurred by Bank in connection therewith;
- (b) Second, to the payment in full of the Borrower Obligations; and

(c) Third, to the payment to Borrower, or its successors or assigns, or as a court of competent jurisdiction may direct, of any surplus then remaining from such proceeds which relate to the Collateral.

As used in this Section 5.10, "proceeds" of Collateral means cash, securities and other property realized in respect of, and distributions in kind of, Collateral, including any thereof received under any reorganization, liquidation or adjustment of debt of Borrower or any issuer of or obligor on any of the Collateral.

5.11 Costs of Collection. Borrower shall pay all costs and expenses which may be incurred by Bank in connection with the protection, clarification, or enforcement of Bank's rights hereunder, including reasonable attorneys' fees, and all such sums shall be and become a part of the Borrower Obligations.

## **ARTICLE 6** **MISCELLANEOUS**

6.1 Other Remedies. In addition to and not in lieu of any other right or remedy Bank might have, Bank at any time and from time to time at Bank's election may (but is not required to) do or perform or comply with or cause to be done or performed or complied with anything which Borrower may be required to do or comply with and Borrower shall reimburse Bank upon demand for any cost or expense which Bank may incur in such respect, together with interest thereon at the rate equal to the rate payable on the Revolving Loans following an Event of Default from the date of such demand until paid.

6.2 Course of Dealing. No course of dealing between Borrower and Bank will operate as a waiver of any rights of Bank under this Agreement or in respect of the Collateral or the Borrower Obligations. No delay or omission on the part of Bank in exercising any right under this Agreement in respect of the Collateral or any Borrower Obligations will operate as a waiver of such right or any other right hereunder. A waiver on any one occasion will not be construed as a bar to or waiver of any right and/or remedy on any future occasion. No waiver, amendment to, or other modification of this Agreement will be effective unless it is in writing and signed by Bank.

6.3 Discharge. If Borrower absolutely and irrevocably pays in full and satisfies all of the Borrower Obligations, then this Security Agreement and the rights hereby granted shall cease and be void, and at the request of Borrower, and at Borrower's expense, Bank shall release and discharge all the Collateral without recourse against Bank and to that end shall execute and deliver to Borrower, at Borrower's own expense, such releases, reassignments, and other documents (or cause the same to be done) as Borrower shall reasonably request, and Bank shall pay over to Borrower any money and deliver to Borrower any other property then held by Bank as Collateral (or cause the same to be done). The receipt of Borrower for the Collateral so delivered shall be a complete and full acquittance therefor, and Bank shall thereafter be discharged from any liability or responsibility therefor.

6.4 Appointment as Attorney and Agent for Borrower with Respect to Security Interest.

(a) Borrower hereby irrevocably appoints Bank, or any agent or designee of Bank, as Borrower's lawful attorney and agent, with full power of substitution, to execute and deliver, on behalf of and in the name of Borrower, such financing statements, assignments, notices, and other documents and agreements as Bank may deem necessary for the purpose of the creation, perfection, maintenance, continuation, or enforcement of the Security Interest, under any applicable law.

(b) Bank is hereby authorized to file on behalf of and in the name of Borrower, at Borrower's expense, such financing statements, assignments, mortgages, notices, pledges and other documents and agreements in any appropriate governmental office. The right is expressly granted to Bank, in Bank's discretion, in those jurisdictions where the same is permitted, to file one or more financing statements under the UCC or the comparable uniform commercial code of any other jurisdiction signed only by Bank, naming Borrower as debtor and naming Bank, as secured party and indicating therein the types, or describing the items, of the Collateral.

6.5 Governing Law. This Security Agreement is made in the State of Wisconsin and is governed by and will be construed in accordance with the internal laws of the State of Wisconsin, without reference to principles of conflict of law.

6.6 Other Definitions. Except as otherwise specifically provided, each accounting term used herein has the meaning given to it under GAAP, and all other terms contained in this Agreement (and which are not otherwise specifically defined herein or in the Loan Agreement) have the meanings provided in the UCC to the extent the same are used or defined therein unless the context otherwise requires.

6.7 Headings. The headings in this Security Agreement are for convenience of reference only and do not limit or otherwise affect the meaning of any provision hereof.


6.8 Notices. All notices, demands and communications provided for herein or made hereunder shall be delivered or mailed in the manner, and to the addresses for Borrower and Bank set forth in the Loan Agreement.

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

6.10 Waiver of Jury Trial. Borrower and Bank hereby waive trial by jury in any judicial proceeding involving, directly or indirectly, any matter (whether sounding in tort, contract or otherwise) in any way arising out of, related to, or connected with this Agreement or the relationship established thereunder.

IN WITNESS WHEREOF, the parties hereto have executed this Security Agreement on the day and year first above written.

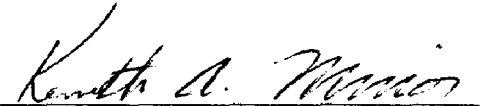
Associated Bank South Central

By: 

Name: DENNIS J. SAMPSON

Title: SENIOR VICE PRESIDENT

Sonic Foundry, Inc.

By: 

Name: Kenneth A. Miller

Title: CFO

#51718, 03/03/99



**Exhibit A  
to  
Security Agreement  
between  
Associated Bank South Central and Sonic Foundry, Inc.**

---

**Legal Description**

Lot ten (10), Block one hundred twenty-nine (129), Original Plat of the City of Madison, in the City of Madison, Dane County, Wisconsin (Tax Parcel Number 60-0709-134-1708-0).

**Exhibit B  
to  
Security Agreement  
between**

**Associated Bank South Central and Sonic Foundry, Inc. .**

---

**Financing Statements  
Evidencing Permitted Encumbrances**

1. Name of Debtor or Last Name if An Individual: **Sonic Foundry, Inc.**

2. Mailing Address: **100 S. Baldwin Street, Suite 100**

3. City, State, Zip Code: **Madison, WI 53703**

4. Social Security or Federal Tax ID No.:

5. Additional Debtor or Assignee (Last Name if An Individual):

6. Mailing Address:

7. City, State, Zip Code:

8. Social Security or Federal Tax ID No.:

9. Additional Debtor or Assignee (Last Name if An Individual):

10. Mailing Address:

11. City, State, Zip Code:

12. Social Security or Federal Tax ID No.:

13. Secured Party Name: **Madison Development Corporation**

14. Mailing Address: **550 W. Washington Avenue**

15. City, State, Zip Code: **Madison, WI 53703**

16. File with:  Secretary of State  Reg. of Deeds

17. No. of Additional Sheets Presented:

97 FEB 10 AM 0 00

FILED A

1647272

WISCONSIN DEPT OF FINANCIAL INSTITUTIONS

18. Assignee of Secured Party (if any):

19. Mailing Address:

20. City:

21. State, Zip Code:

22. Debtor Account Number: **2842**

For use only with Secretary of State - must assign number if any.

7. This Financing Statement covers the following type(s) of collateral and (2A) if the collateral is crops, the land on which the crops are growing or to be grown:

7A. Proceeds of collateral are covered unless checked

7B. If checked here  the term "Debtor" refers to a "Lessee", the term "Secured Party" refers to a "Lessor" and this filing is read only for informational purposes to provide notice of a personal property lease of the following:

7C. Proceeds of collateral are covered unless checked

All debtor's equipment, fixtures, inventory (including all goods held for sale, lease or demurrage or to be furnished under contracts of service, goods leased to others, trade-ins and repossessions, raw materials, work in process and materials or supplies used or consumed in Debtor's Business), documents relating to inventory, general intangibles (including but not limited to all copyrights and trademarks), accounts, contract rights, chattle paper and instruments, whether now owned or hereafter acquired.

11. Continuing Business Relationship under S.409.404(1)(c) Wis. Stats. exists if checked

12. **Sonic Foundry, Inc.**

13. **CEO**

14. **President**

15. **CEO**

16. **Todd R. Geltmeyer**

SIGNATURE OF SECURED PARTY OR ASSIGNEE OR ITS AGENT - TITLE

Signature of Secured Party permitted in lieu of Debtor's signature where:

(1) Collateral is subject to a security interest in another jurisdiction, and

(2) Debtor's location was changed to this state.

(3) For other situations see S.409.402(2), Wis. Stats.

14. RETURN COPIES TO:

**Madison Development Corp.**

**550 N. Washington Ave.**

**Madison, WI 53703**

15. **Todd R. Geltmeyer**

**608-256-2799**

PHONE NUMBER

1. FILING OFFICER COPY

**Exhibit C  
to  
Security Agreement  
between  
Associated Bank South Central and Sonic Foundry, Inc. .**

---

**UCC-1 Financing Statement**



This UCC-1 FINANCING STATEMENT is presented for filing pursuant to the Wisconsin Uniform Commercial Code.

9. Filing office use only. (Filing Date, Time, Number)

1. Debtor (Legal Name Of Entity Or Last Name If An Individual) First Name Middle Initial

Sonic Foundry, Inc.

1A. Mailing Address

754 Williamson Street

1B. City, State, Zip Code 1C. Social Security or Federal Tax ID No.

Madison, WI 53703

2. Additional Debtor (If Any) (Legal Name Of Entity Or Last Name If An Individual) First Name Middle Initial

2A. Mailing Address

2B. City, State, Zip Code 2C. Social Security or Federal Tax ID No.

3. Additional Debtor (If Any) (Legal Name Of Entity Or Last Name If An Individual) First Name Middle Initial

3A. Mailing Address

3B. City, State, Zip Code 3C. Social Security or Federal Tax ID No.

4. Secured Party

Name Associated Bank South Central

Address 1720 Monroe Street

City, State, Zip Code Madison, WI 53711

5. File With  Department of Financial Institutions  Reg. of Deeds of \_\_\_\_\_ County

6. Number of Additional Sheets Presented: 3 (Attaching additional pages requires non-standard fee.)

10. Insert Submitter Account Number

344  
SUBMITTER ACCOUNT NUMBER

11. Assignee Of Secured Party (If any)

Name  
Address  
City  
State  
Zip Code

7. This Financing Statement covers the following types (or items) of collateral and/or leased goods.

See attached Exhibit A

7A. Proceeds of collateral are covered unless checked  7B. Products of collateral are covered unless checked

8. If checked here  the term "Debtor" refers to a "Lessee," the term "Secured Party" refers to a "Lessor" and this filing is made for informational purposes to provide notice of a personal property lease of the personal property described in number 7.

12. If checked , a "Continuing Business Relationship" under s.409.404(1)(c), Wis. Stats., exists.

14. SIGNATURE OF SECURED PARTY OR ASSIGNEE OR ITS AGENT - TITLE (Signature of Secured Party if required)

13. Sonic Foundry, Inc.  
NAME OF DEBTOR (IF ENTITY)

BY: SIGNATURE TITLE

SIGNATURE OF INDIVIDUAL DEBTOR

SIGNATURE OF INDIVIDUAL DEBTOR

SIGNATURE OF INDIVIDUAL DEBTOR

15. RETURN COPIES TO:

Dennis Sampson  
Associated Bank South Central  
1720 Monroe Street  
Madison, WI 53711

Signature of Secured Party permitted in lieu of Debtor's signature when (If applicable, you must check one of the following boxes.)  
A. Collateral is subject to a security interest in another jurisdiction, a  
 Collateral is brought into this state; or  
 Debtor's location was changed to this state; or  
B. Other situations when Debtor's signature is not required  
 Proceeds, see s.409.402(2), Wis. Stats.; or  
 Collateral to which filing lapsed; or  
 Collateral acquired after change of name, identity or corporate structure of Debtor.

NOTE: PLEASE COMPLETE #15 AND #16

Name  
Address  
City, State  
Zip Code

**Exhibit A**  
**to**  
**UCC-1 Financing Statement**

**Debtor: Sonic Foundry, Inc.**

**Secured Party: Associated Bank South Central**

**Description of Collateral**

Collateral means and includes all of Debtor's right, title, and interest in and to the following, whether now owned or hereafter acquired and wherever located:

- (a) Accounts;
- (b) Equipment;
- (c) Fixtures;
- (d) Inventory;
- (e) Intellectual Property;
- (f) Investment Property;
- (g) General Intangibles;

(h) All Debtor's right, title and interest in and to all goods and other property, whether or not delivered (1) the sale or lease of which gives or purports to give rise to Accounts including, but not limited to, all merchandise returned or rejected by or repossessed from customers or (2) securing any Account, including all Debtor's rights as an unpaid vendor or lienor, including stoppage in transit, replevin and reclamation with respect to such goods and other properties;

(i) All guaranties, mortgages on, or security interests in real or personal property, leases or other agreements or property securing or relating to Accounts or other Collateral, or acquired for the purpose of securing and enforcing any item thereof;

(j) All documents of title, policies and certificates of insurance, securities, or other documents or instruments;

(k) All files, correspondence, computer programs, discs and related data processing software (owned by Debtor or in which Debtor has an interest) which contain information identifying or pertaining to any of the Collateral or any account debtor, or

showing the amounts thereof or payments thereon or otherwise necessary or helpful in the realization or collection thereof; and

(l) Any and all products and proceeds of any item of the foregoing (including, but not limited to, any claims to any items referred to in this definition, and any claims of Debtor against third parties for loss of, damage to, destruction of, or infringement of any or all the Collateral or for proceeds payable under or unearned premiums with respect to policies of insurance) in whatever form, including cash, negotiable instruments and other instruments for the payment of money, chattel paper, security agreements or other documents.

For purposes of this Financing Statement, the following terms have the meanings indicated:

“Accounts” means “accounts” as defined in Section 409.106 of the UCC and, without limiting the generality of the foregoing, includes: (a) any and all rights to the payment of money or other forms of consideration of any kind now or hereafter owing or to be owing to Borrower (whether classified under the UCC as accounts, chattel paper, general intangibles, or otherwise) including, but not limited to, accounts receivable, letters of credit and the right to receive payment thereunder, chattel paper, tax refunds, insurance proceeds, contract rights, notes, drafts, instruments, documents, acceptances, and all other debts, obligations and liabilities in whatever form now or hereafter owing to Borrower, all guarantees, security interests and liens which secure payment of any of the foregoing, all of Borrower’s rights to goods, now owned or hereafter acquired by Borrower, sold (delivered, undelivered, in transit or returned) which may be represented thereby; and (b) all proceeds of any of the foregoing.

“Copyrights” means means all of the following now or hereafter owned by Debtor: (a) all copyright rights in any work subject to the copyright laws of the United States or any other country, whether as author, assignee, transferee or otherwise, including without limitation all of Debtor’s proprietary source code, and (b) all registrations and applications for registration of any such copyright in the United States or any other country, including registrations, recordings, supplemental registrations and pending applications for registrations in the United States Copyright Office.

“Equipment” means “equipment” as defined in Section 409.109(2) of the UCC and, without limiting the generality of the foregoing, includes: (a) all motor vehicles; (b) all accessions, attachments, substitutions and replacements (including spare parts) for any item described herein; (c) any other goods now owned or hereafter acquired by Debtor that do not constitute Inventory and which are used or bought for use primarily in business; and (d) all proceeds of any of the foregoing.

“Fixtures” means “fixtures”, as defined in Section 409.313 of the UCC, installed on, or affixed to, the following described real property or to the buildings or improvements situated thereon, and all proceeds of the foregoing: Lot ten (10), Block one hundred

twenty-nine (129), Original Plat of the City of Madison, in the City of Madison, Dane County, Wisconsin (Tax Parcel Number 60-0709-134-1708-0).

“General Intangibles” means “general intangibles” as defined in Section 409.106 of the UCC, and includes, without limiting the generality of the foregoing, all goodwill, inventions, designs, customer lists, trade secrets, Trademarks, Copyrights, Licenses, applications for any of the foregoing, government approvals, permits or authorizations for any of the foregoing and all derivative works and enhancements relating to any of the foregoing.

“Intellectual Property” means collectively all Trademarks, Copyrights, and Licenses.

“Investment Property” means “investment property” as defined in Section 409.115 of the UCC.

“Inventory” means “inventory” as defined in Section 409.109(4) of the UCC and, without limiting the generality of the foregoing, includes:

- (a) all goods held or intended for sale or lease by Debtor;
- (b) all documents evidencing and general intangibles relating to such goods; and
- (c) all proceeds of any of the foregoing.

“Licenses” means any written agreement, now or hereafter in effect, granting to any third party any right to use any Copyright or Trademark now or hereafter owned by Borrower or which Borrower has the right to license, or any written agreement, now or hereafter in effect granting to Borrower any right to use any patent, Copyright or Trademark owned by a third party.

“Trademarks” means all of the following now or hereafter owned by Debtor: (a) all trademarks, service marks, trade names, corporate names, company names, business names, fictitious business names, trade styles, trade dress, logos, other source or business identifiers, designs, and general intangibles of like nature, now existing or hereafter adopted or acquired, all registrations and recordings thereof, and all registration and recording applications filed in connection therewith, including registrations and registration applications in the United States Patent and Trademark Office, any state of the United States or any similar offices in any other country or any political subdivision thereof, and all extensions or renewals thereof, including the trade names Sonic Foundry and design, Sound Forge, Select Stream, Selectstream, Soft Stream, Softstream and Acid, and (b) all goodwill associated therewith or symbolized thereby, and (c) all other assets, rights and interests that uniquely reflect or embody such goodwill.

“UCC” means the Uniform Commercial Code as adopted by and as in effect in, the State of Wisconsin, as the same may be amended from time to time.

#52149



**Exhibit D  
to  
Security Agreement  
between  
Associated Bank South Central and Sonic Foundry, Inc.**

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**UCC-3 Financing Statement**

Stock No. 11505

UCC-3 (6/1/98)

(May be used after 6-1-98)

STATE OF WISCONSIN - STANDARD FORM
UNIFORM COMMERCIAL CODE - FINANCING STATEMENT - FORM UCC-3
FOR USE WITH REGISTER OF DEEDS - REAL ESTATE RECORDS (REPLACES PRIOR UCC-3)
IMPORTANT - Read instructions on back before filling out form

UCC-3

31375

This UCC-3 FINANCING STATEMENT is presented for filing pursuant to the Wisconsin Uniform Commercial Code.

8. Filing office use on y. (Filing Date, Time, Number)

1. Debtor (Legal Name Of Entity Or Last Name If An Individual) First Name Middle Initial

Sonic Foundry, Inc.

1A. Mailing Address

754 Williamson Street

1B. City, State, Zip Code

Madison, WI 53703

1C. Social Security or Federal Tax ID No.

2. Additional Debtor (If Any) (Legal Name Of Entity Or Last Name If An Individual) First Name Middle Initial

2A. Mailing Address

2B. City, State, Zip Code

2C. Social Security or Federal Tax ID No.

3. Additional Debtor (If Any) (Legal Name Of Entity Or Last Name If An Individual) First Name Middle Initial

3A. Mailing Address

3B. City, State, Zip Code

3C. Social Security or Federal Tax ID No.

4. Secured Party

Name Associated Bank South Central

Address 1720 Monroe Street

City, State, Zip Code Madison, WI 53711

9. Assignee Of Secured Party (If Any)

Name
Address
City
State
Zip Code

10. Number of Additional Sheets Presented: 3
(Attaching additional pages requires non-standard fee.)

5. This Financing Statement covers the following types (or items) of collateral or leased goods:

See attached Exhibit A

5A. Proceeds of collateral are covered unless checked [ ] 5B. Products of collateral are covered unless checked [ ]

6. If checked here [ ] the term "Debtor" refers to a "Lessee," the "Secured Party" refers to a "Lessor" and this filing is made as a fixture filing for leased goods that are or are to become fixtures.

7. This Financing Statement is to be filed in the Real Estate records. It covers [X] the above goods (Property) which are or are to become fixtures, [ ] timber to be cut, [ ] minerals or the (including oil and gas) or [ ] accounts subject to s.409.103(5), Wis. Stats. A Legal Description of the Real Estate is:

See attached Exhibit A

11. If checked [X], a "Continuing Business Relationship" under s.409.404(1)(c), Wis. Stats., exists.

12. Sonic Foundry, Inc.
NAME OF DEBTOR (IF ENTITY)

BY: SIGNATURE TITLE

SIGNATURE OF INDIVIDUAL DEBTOR

SIGNATURE OF INDIVIDUAL DEBTOR

SIGNATURE OF INDIVIDUAL DEBTOR

13. SIGNATURE OF SECURED PARTY OR ASSIGNEE OR ITS REPRESENTATIVE - TIT
(Signature of Secured Party if required)

Signature of Secured Party permitted in lieu of Debtor's signature when:
(If applicable, you must check one of the following boxes.)

A. Collateral is subject to a security interest in another jurisdiction, and

[ ] Collateral is brought into this state; or

[ ] Debtor's location was changed to this state; or

B. Other situations when Debtor's signature is not required:

[ ] Proceeds, see s.409.402(2) Wis. Stats.; or

[ ] Collateral to which filing lapsed; or

[ ] Collateral acquired after change of name, identity or corporate structure of Debtor.

14. RETURN COPIES TO:

Dennis Sampson
Associated Bank South Central
1720 Monroe Street
Madison, WI 53711

15. Dennis Sampson
CONTACT PERSON

NOTE: PLEASE COMPLETE
#14 AND #15

Name
Address
City, State
Zip Code

TRADEMARK

REEL: 1866 FRAME: 0423

**Exhibit A  
to  
UCC-3 Financing Statement**

**Debtor: Sonic Foundry, Inc.**

**Secured Party: Associated Bank South Central**

**Real Estate Description**

Lot ten (10), Block one hundred twenty-nine (129), Original Plat of the City of Madison, in the City of Madison, Dane County, Wisconsin (Tax Parcel Number 60-0709-134-1708-0).

**Description of Collateral**

Collateral means and includes all of Debtor's right, title, and interest in and to the following, whether now owned or hereafter acquired and wherever located:

- (a) Accounts;
- (b) Equipment;
- (c) Fixtures;
- (d) Inventory;
- (e) Intellectual Property;
- (f) Investment Property;
- (g) General Intangibles;
- (h) All Debtor's right, title and interest in and to all goods and other property, whether or not delivered (1) the sale or lease of which gives or purports to give rise to Accounts including, but not limited to, all merchandise returned or rejected by or repossessed from customers or (2) securing any Account, including all Debtor's rights as an unpaid vendor or lienor, including stoppage in transit, replevin and reclamation with respect to such goods and other properties;
- (i) All guaranties, mortgages on, or security interests in real or personal property, leases or other agreements or property securing or relating to Accounts or other Collateral, or acquired for the purpose of securing and enforcing any item thereof;
- (j) All documents of title, policies and certificates of insurance, securities, or other documents or instruments;

(k) All files, correspondence, computer programs, discs and related data processing software (owned by Debtor or in which Debtor has an interest) which contain information identifying or pertaining to any of the Collateral or any account debtor, or showing the amounts thereof or payments thereon or otherwise necessary or helpful in the realization or collection thereof; and

(l) Any and all products and proceeds of any item of the foregoing (including, but not limited to, any claims to any items referred to in this definition, and any claims of Debtor against third parties for loss of, damage to, destruction of, or infringement of any or all the Collateral or for proceeds payable under or unearned premiums with respect to policies of insurance) in whatever form, including cash, negotiable instruments and other instruments for the payment of money, chattel paper, security agreements or other documents.

For purposes of this Financing Statement, the following terms have the meanings indicated:

“Accounts” means “accounts” as defined in Section 409.106 of the UCC and, without limiting the generality of the foregoing, includes: (a) any and all rights to the payment of money or other forms of consideration of any kind now or hereafter owing or to be owing to Borrower (whether classified under the UCC as accounts, chattel paper, general intangibles, or otherwise) including, but not limited to, accounts receivable, letters of credit and the right to receive payment thereunder, chattel paper, tax refunds, insurance proceeds, contract rights, notes, drafts, instruments, documents, acceptances, and all other debts, obligations and liabilities in whatever form now or hereafter owing to Borrower, all guarantees, security interests and liens which secure payment of any of the foregoing, all of Borrower’s rights to goods, now owned or hereafter acquired by Borrower, sold (delivered, undelivered, in transit or returned) which may be represented thereby; and (b) all proceeds of any of the foregoing.

“Copyrights” means means all of the following now or hereafter owned by Debtor: (a) all copyright rights in any work subject to the copyright laws of the United States or any other country, whether as author, assignee, transferee or otherwise, including without limitation all of Debtor’s proprietary source code, and (b) all registrations and applications for registration of any such copyright in the United States or any other country, including registrations, recordings, supplemental registrations and pending applications for registrations in the United States Copyright Office.

“Equipment” means “equipment” as defined in Section 409.109(2) of the UCC and, without limiting the generality of the foregoing, includes: (a) all motor vehicles; (b) all accessions, attachments, substitutions and replacements (including spare parts) for any item described herein; (c) any other goods now owned or hereafter acquired by Debtor that do not constitute Inventory and which are used or bought for use primarily in business; and (d) all proceeds of any of the foregoing.

“Fixtures” means “fixtures”, as defined in Section 409.313 of the UCC, installed on, or affixed to, the following described real property or to the buildings or improvements

situated thereon, and all proceeds of the foregoing: Lot ten (10), Block one hundred twenty-nine (129), Original Plat of the City of Madison, in the City of Madison, Dane County, Wisconsin (Tax Parcel Number 60-0709-134-1708-0).

“General Intangibles” means “general intangibles” as defined in Section 409.106 of the UCC, and includes, without limiting the generality of the foregoing, all goodwill, inventions, designs, customer lists, trade secrets, Trademarks, Copyrights, Licenses, applications for any of the foregoing, government approvals, permits or authorizations for any of the foregoing and all derivative works and enhancements relating to any of the foregoing.

“Intellectual Property” means collectively all Trademarks, Copyrights, and Licenses.

“Investment Property” means “investment property” as defined in Section 409.115 of the UCC.

“Inventory” means “inventory” as defined in Section 409.109(4) of the UCC and, without limiting the generality of the foregoing, includes:

- (a) all goods held or intended for sale or lease by Debtor;
- (b) all documents evidencing and general intangibles relating to such goods; and
- (c) all proceeds of any of the foregoing.

“Licenses” means any written agreement, now or hereafter in effect, granting to any third party any right to use any Copyright or Trademark now or hereafter owned by Borrower or which Borrower has the right to license, or any written agreement, now or hereafter in effect granting to Borrower any right to use any patent, Copyright or Trademark owned by a third party.

“Trademarks” means all of the following now or hereafter owned by Debtor: (a) all trademarks, service marks, trade names, corporate names, company names, business names, fictitious business names, trade styles, trade dress, logos, other source or business identifiers, designs, and general intangibles of like nature, now existing or hereafter adopted or acquired, all registrations and recordings thereof, and all registration and recording applications filed in connection therewith, including registrations and registration applications in the United States Patent and Trademark Office, any state of the United States or any similar offices in any other country or any political subdivision thereof, and all extensions or renewals thereof, including the trade names Sonic Foundry and design, Sound Forge, Select Stream, Selectstream, Soft Stream, Softstream and Acid, and (b) all goodwill associated therewith or symbolized thereby, and (c) all other assets, rights and interests that uniquely reflect or embody such goodwill.

“UCC” means the Uniform Commercial Code as adopted by and as in effect in, the State of Wisconsin, as the same may be amended from time to time.

#52171

March 8, 1999

**VIA EXPRESS MAIL NO.: EE679606232US**

USPTO  
Office of Public Records  
Crystal Gateway 4, Room 335  
Washington, D.C. 20231

Security Interest in Sonic Foundry, Inc. marks

Dear Sir or Madam:

Enclosed for submission is a Security Agreement between Sonic Foundry, Inc. and Associated Bank South Central, along with a Recordation Form Cover Sheet for the following marks:

1. SONIC FOUNDRY and design (Reg. No. 1,999,219);
2. SOUND FORGE (Reg. No. 1,999,218);
3. SELECTSTREAM (Serial No. 75-595-016);
4. SELECT STREAM (Serial No. 75-595-017); and
5. SOFT STREAM (Serial No. 75-595-018).

A check in the amount of \$140.00, a certificate of mailing by Express Mail and a postcard are also enclosed. Please return the postcard to our office to indicate receipt of the enclosed documents.

Sincerely,

LA FOLLETTE & SINYKIN



Eugenia G. Carter

EGC/sml

Enclosures

cc: Dennis Sampson (w/enclosures)

#52547v1