

06-07-1999



101056659

TRADEMARK  
DIVISION

MD  
6-2-99

RECORDATION FORM COVER SHEET  
TRADEMARKS ONLY

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  
06 01 1999

Conveying Party

Mark if additional names of conveying parties attached

Name

Execution Date  
Month Day Year  
06 01 1999

Formerly

- Individual  General Partnership  Limited Partnership  Corporation  Association

Other

Citizenship/State of Incorporation/Organization

Receiving Party

Mark if additional names of receiving parties attached

Name

DBA/AKA/TA

Composed of

Address (line 1)

Address (line 2)

Address (line 3)

City

State/Country

Zip Code

- 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.)

06/04/1999 NTHAI1 00000219 041928 75579531

FOR OFFICE USE ONLY

01 FC:481 40.00 CH  
02 FC:482 175.00 CH

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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: 001906 FRAME: 0801

**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="75579531"/>	<input type="text" value="75579530"/>	<input type="text" value="75598110"/>	<input type="text" value="2235987"/>	<input type="text" value="1879182"/>	<input type="text" value="1879063"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text" value="1879062"/>	<input type="text" value="1881389"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<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.

Basil S. Krikelis - Attorney  
Name of Person Signing

  
Signature

6/1/99  
Date Signed

**SECURITY AGREEMENT**

**THIS SECURITY AGREEMENT** is effective this 1st day of May, 1998, between Sorbit Separation Technologies Inc, a Delaware corporation, its successors and assigns ("Sorbit"), Robert Lehrer Associates, Inc., a Delaware corporation ("RLA") (Sorbit and RLA are collectively referred to as the "Debtors") and DCV, Inc., a Delaware corporation, its successors and assigns ("DCV").

**WITNESSETH:**

**WHEREAS**, DCV and the Debtors have concurrently herewith executed a Commercialization Agreement and a Promissory Note (the "Note") whereby DCV extended certain advances to Debtors; and

**WHEREAS**, Debtors have secured payment of the Note pursuant to terms set forth herein.

**NOW THEREFORE**, the parties agree as follows:

**Article 1 - Definitions**

1.1 The following terms when used in this Agreement shall have the meanings as set forth below:

(a) "Collateral" means whether now existing or hereafter acquired (1) all inventories of product, raw materials, operating supplies, fuel, packaging supplies, maintenance, warehouse and office supplies, spare parts, tools, maintenance equipment and all similar property of Debtors, relating only and solely to the Products as defined in the aforesaid Commercialization Agreement, and all proceeds therefrom; (2) all machinery and equipment of Debtors relating only and solely to the Products as defined in the aforesaid Commercialization Agreement, and all proceeds therefrom; (3) all right, title, and interest in and to the trademarks, servicemarks, servicenames, patents, technology, knowhow, processes, brandnames, brandmarks, labels or registrations or licenses thereof or applications therefor which Debtors owns or utilizes, relating only and solely to the Products as defined in the aforesaid Commercialization Agreement, and all proceeds therefrom; (4) all approvals, authorizations, consents, licenses and other permits and similar items of all governmental agencies whether federal, state or local, owned, held or controlled by Debtors, relating only and solely to the Products as defined in the aforesaid Commercialization Agreement, and all proceeds therefrom.

(b) "Debt" means all payments and obligations owed by Debtors to DCV under the Note.

## Article 2 - Collateral

2.1 Security Interest. Debtors, for good and valuable consideration, agrees to and does hereby grant to DCV, a right of set off against and a first priority security interest in and attaching to Collateral, of which Debtors may now be in possession or may hereafter come into possession and located at the addresses listed in Exhibit A attached hereto or any other address, and/or as security for the payment to DCV of any existing or hereafter arising obligation to DCV including indebtedness evidenced by the Notes between Debtors and DCV. Debtors agrees that this Security Agreement shall not in any way affect or impair any other security given, or which may be given to DCV, for the payment of the aforementioned present and future indebtedness.

2.2 Perfection of Security Interest. Debtors shall execute and deliver financing statement(s) with respect to the Collateral and any and all such further instruments and documents and do such further acts as DCV may request in order to perfect its security interest granted hereby. Upon the failure of Debtors to execute and deliver any such financing statement or other instrument or document necessary to perfect DCV's security interest, DCV is authorized as Debtors' agent to execute any such financing statement or other instrument or document on Debtors' behalf. Debtors further agrees that a carbon, photographic, photostatic or other production of this Agreement or of the financing statement is sufficient as a financing statement.

## Article 3 - Representations, Warranties and Covenants

3.1 Location of Collateral. Debtors represent and warrant that the Collateral is kept at the place of businesses as listed in Exhibit A. Debtors covenant and agree, until all amounts due under the Note have been repaid in full or have been otherwise satisfied, not to open or establish other offices, manufacturing sites or warehouses or remove any of the Collateral from such locations, except as provided in Section 3.2 hereof, without the prior written consent of DCV, which consent shall not be unreasonably withheld. Debtors further covenants and agrees that the Collateral will not be misused or abused, wasted or allowed to deteriorate except for the ordinary wear and tear of its intended primary purpose.

3.2 Ordinary Course Sale. Until all amounts due under the Note have been repaid in full or have been otherwise satisfied, Debtors covenant and agree not to sell, transfer, assign, license, pledge, mortgage or otherwise encumber any Collateral and shall operate the Companies in the ordinary course; provided, however, that with respect to the sale of Inventory, DCV shall consider Inventory of the Products owned by Debtors as saleable Collateral, and Debtors may sell therefrom in the ordinary course of trade, but not otherwise; and, provided that the proceeds from such sales are used to purchase raw

materials for the production of new Inventory or to offset against any amounts loaned by DCV to Debtors in conformity with the provisions of the aforesaid Commercialization Agreement.

3.3. No Other Security Interests. Debtors represent and warrant that it has not made or created, and covenants and agrees not to make or create, without the prior written consent of DCV which consent shall not be unreasonably withheld, any security interest in or other lien upon Collateral other than the security interest in or other lien upon Collateral created by this Security Agreement; provided, however, that purchase money security interests may be made or created subject to prior written notice to DCV.

#### Article 4 - Covenants

4.1 Records. Debtors shall keep and maintain, at their own cost, satisfactory and complete records of the Collateral, including, without limitation, a record of all payments received and all credits granted with respect to the Collateral and all other dealings with the Collateral. A complete set of such records shall be maintained at one location identified by Debtors. In addition, Debtors shall deliver information therefrom to DCV or its representative at any reasonable time upon written demand made by DCV. DCV shall have the right at any reasonable time to enter upon the premises or place where the Collateral is known by DCV to be, and make an examination and inventory of the same. DCV may request an examination of the books and records of Debtors pertaining to the Collateral and to make notations therefrom, and Debtors shall not unreasonably withhold such books and records.

4.2 Insurance. Debtors covenant and agree to keep, at their own expense, the Collateral insured with coverage and in amounts not less than that usually carried by companies engaged in business similar to that of Debtors, but in any event, not less than the fair market value of each asset with loss payable to Debtors and DCV as their interests may appear. All policies of insurance shall provide for ten (10) days' written minimum cancellation notice to DCV. In the event of Debtors' failure to provide and maintain insurance as herein provided, DCV may, at its option, provide such insurance, and the amount of the premiums therefor shall be an addition to the Note.

#### Article 5 - Default

5.1 Event of Default. Each of the following events shall constitute an "Event of Default" under this Security Agreement: (1) failure to pay any amount due under the Note; (2) the making by Debtors of a general assignment for the benefit of creditors; (3) the filing of any petition or the commencement of any proceeding by Debtors for any relief under any bankruptcy or insolvency laws, or any similar laws relating to the relief of Debtors; (4) the filing of any petition or the commencement of any proceedings

against Debtors for any relief under any bankruptcy or insolvency laws, or any similar laws relating to the relief of Debtors, which proceeding is not stayed or dismissed within sixty (60) days; (5) being unable to, or admit in writing its inability to pay its debts as they become due; (6) make a conveyance fraudulent as to creditors under any state or federal law; or (7) any default by Debtors under the Note, the Security Agreement or the Commercialization Agreement each such agreement executed concurrently herewith.

Upon the occurrence of an Event of Default (other than those described in clause (3) or (4) above DCV may exercise its rights hereunder on thirty (30) days written notice to Debtors, unless such Event of Default is cured within such thirty (30) day period. Upon written notice of any Event of Default described in clause (3) or (4) DCV may exercise its rights hereunder.

5.2 Rights and Remedies. Upon the occurrence of an Event of Default, DCV shall have, in addition to any other rights and remedies contained in this Agreement, all of the rights and remedies of a creditor under the Uniform Commercial Code or other applicable laws (which do not conflict with the provisions of this Agreement, the Note and/or the Commercialization Agreement, which provisions shall govern in case of conflict) all of which rights and remedies shall be cumulative, and non-exclusive, to the extent permitted by law. In addition to all such rights and remedies, the sale, lease or other disposition of the Collateral, or any part thereof, by DCV after the occurrence and continuance of an Event of a Default may be for cash, credit or any combination thereof, and DCV may purchase all or any part of the Collateral at public or, if permitted by law, private sale, and in lieu of actual payment of such purchase price, may setoff the amount of such purchase price against the obligations then owing. DCV may in its sole discretion, cause the Collateral to remain on the Debtors' premises, at the Debtors' expense, pending sale or other disposition of the Collateral. DCV shall have the right to conduct such sales on the Debtors' premises, at the Debtors' expense, or elsewhere, on such occasion or occasions as DCV may see fit. Notwithstanding all of the above, DCV shall have no rights and remedies whatsoever and may not enforce any provisions of this Paragraph unless such rights, remedies and provisions relate only and solely to the Products as defined in the aforesaid Commercialization Agreement. It is further agreed that should an Event of Default result in the transfer to DCV of all the Collateral in any way whatsoever, then such transfer shall constitute full and complete payment of the Note, and that the Debtors shall have no further obligation to DCV in these matters. It is further agreed that if, and as soon as, the transfer to DCV of the Collateral results in full payment in lawful money of the Debt under the Note, all Collateral then remaining in the care or possession of and/or under the control of DCV shall forthwith be returned to Debtor, and DCV shall have no further claim, legal, financial or otherwise, against Debtor or on the Collateral in these matters.

5.3 Entry Upon Premises and Access to Information. Upon the occurrence of an Event of Default, DCV shall have the right to enter upon the premises of the Debtors where the Collateral is located without any obligation to pay rent to the Debtors, and remove the Collateral therefrom to the premises of DCV or any agent of DCV, for such time as DCV may desire, in order effectively to collect or liquidate the Collateral; and/or DCV may require the Debtors to assemble the Collateral. Upon the occurrence of an Event of Default, DCV shall have the right to obtain access to the Debtors' fixed assets relating only and solely to the Collateral (including data processing equipment, computer hardware and software relating to the Collateral) and to use all of the foregoing and the information contained therein only and solely for the purpose of confirming the location of and monetary value of the Collateral.

5.4 Sale or Other Disposition of Collateral by DCV. The net proceeds realized by DCV upon any such sale or disposition, after deduction for the expense of retaking, holding, preparing for sale, selling or the like and the reasonable attorneys' fees and legal expenses incurred by DCV in connection therewith, shall be applied toward satisfaction of the Debt. DCV shall account to the Debtors for any surplus realized upon such sale or other disposition and the Debtors shall not remain liable for any deficiency. DCV shall not commence any action, legal or equitable, or seek the rendering of any judgment or decree for any deficiency following the transfer to DCV of all the Collateral. The Debtors agrees that DCV has no obligation to preserve rights to the Collateral against any other person. DCV is hereby granted a license or other right to use, without charge, the Debtors' labels, patents, copyrights, rights of use of any name, trade secrets, trade names, trade styles, trademarks, service marks and advertising matter, or any property of a similar nature, as it pertains to the Collateral, in completing production of, advertising for sale and selling any Collateral and the Debtors' rights under all licenses and all franchise agreements, to the extent permissible thereunder, shall inure to DCV's benefit until the amount of the Debt is paid. Thereafter, if the Collateral or any part of the Collateral remains in the care or possession of or under the control and/or ownership of DCV, all such Collateral shall be returned to Debtors forthwith, and DCV shall have no further claim against Debtors or against the Collateral in these matters.

5.5 Appointment of DCV as Debtors' Attorney-in-Fact. Debtors hereby irrevocably designates, makes, constitutes and appoints DCV (and all persons designated by DCV) as Debtors' true and lawful attorney-in-fact and authorizes DCV upon the occurrence of an Event of Default in the Debtors' or DCV's name to do all acts and things which are necessary, in DCV's sole discretion but in conformity with all Agreements pertaining to these matters, to fulfill the Debtors' obligation under this Agreement. The power conferred on the Agent by this subsection are solely to protect the interests of DCV and shall not impose duties on DCV to exercise any such power.

5.6 Waiver of Demand. Except as provided herein, demand, presentment, protest and notice of nonpayment are hereby waived by the Debtors. The Debtors also waive the benefit of all valuation appraisal and exemption laws.

5.7 Waiver of Notice. UPON THE OCCURRENCE OF ANY EVENT OF DEFAULT, THE DEBTORS (PURSUANT TO AUTHORITY GRANTED BY ITS BOARD OF DIRECTORS) HEREBY WAIVES ALL RIGHTS TO NOTICE (EXCEPT AS EXPRESSLY SET FORTH HEREIN) AND HEARING OF ANY KIND PRIOR TO THE EXERCISE OF ITS RIGHTS TO REPOSSESS THE COLLATERAL WITHOUT JUDICIAL PROCESS OR TO REPLEVY, ATTACH OR LEVY UPON THE COLLATERAL WITHOUT PRIOR NOTICE OR HEARING. THE DEBTORS ACKNOWLEDGES THAT IT HAS BEEN ADVISED BY COUNSEL OF ITS CHOICE WITH RESPECT TO THIS TRANSACTION AND THIS AGREEMENT.

5.8 Other Rights and Remedies. The exercise of any right or remedy by DCV under this Security Agreement or the Uniform Commercial Code, except in the instance of a transfer to DCV, in any manner whatsoever, of all the Collateral, in no way releases Debtors from any liability for any deficiency due on the indebtedness of Debtors to DCV, including indebtedness for any reasonable expenses incurred in connection with DCV's exercise of any of such rights or remedies, and any interest, if any, due from maturity, and Debtors covenants and agrees to pay such deficiency and interest, if any.

NOTWITHSTANDING THE ABOVE AND ANYTHING HEREIN OR IN THE PROMISSORY NOTE OR IN THE COMMERCIALIZATION AGREEMENT TO THE CONTRARY, DCV AGREES THAT ANY TRANSFER OF ALL THE COLLATERAL BY DEBTORS TO DCV UNDER ANY CIRCUMSTANCES WHATSOEVER CONSTITUTES FULL AND COMPLETE PAYMENT OF ANY AND ALL DEBT OWED TO DCV BY DEBTORS UNDER THE COMMERCIALIZATION AGREEMENT, THE PROMISSORY NOTE, AND THIS SECURITY AGREEMENT, AND THAT DCV SHALL HAVE NO FURTHER FINANCIAL OR LEGAL RIGHTS OR RECOURSE WHATSOEVER IN THESE MATTERS.

Article 6 - Miscellaneous.

6.1 Set Off. Following the occurrence of an Event of Default, regardless of the adequacy of the Collateral, any deposits or other sums, RELATING ONLY AND SOLELY TO THE PRODUCTS AS DEFINED IN THE COMMERCIALIZATION AGREEMENT AND TO THE COLLATERAL, which at any time may be credited to the Debtors by or due to it from DCV, may to the fullest extent permitted by law at any time be applied to or setoff by DCV against any Debt then due and owing by the Debtors to such Lender Party or DCV.

6.2 Waiver. DCV's failure, at any time or times hereafter, to require strict performance by the Debtors of any provision of this Agreement shall not waive, affect or diminish any right of DCV thereafter to demand strict compliance and performance



therewith. Any suspension or waiver by DCV of an Event of Default by the Debtors under this Agreement shall not suspend, waive or affect any other Event of Default by

the Debtors under this Agreement whether the same is prior or subsequent thereto and whether of the same or of a different kind or character. None of the undertakings, agreements, warranties covenants and representations of the Debtors contained in this Agreement and no Event of Default by the Debtors under this Agreement shall be deemed to have been suspended or waived unless such suspension or waiver is in writing and signed by an officer of DCV and directed to the Debtors specifying such suspension or waiver.

**6.3 Custody and Preservation of Collateral.** DCV shall be deemed to have exercised reasonable care in the custody and preservation of any of the Collateral in its possession if it takes such action for that purpose as described herein and/or as the Debtors shall request in writing, but failure by DCV to comply with any such request shall not of itself be deemed a failure to exercise reasonable care, and no failure by DCV to preserve or protect any right with respect to such Collateral against prior parties, or to do any act with respect to the preservation of such Collateral not so requested by the Debtors, shall of itself be deemed a failure to exercise reasonable care in the custody or preservation of such Collateral. Notwithstanding the above, the Parties understand and agree that as part of its effort to preserve the Collateral while in its custody, DCV will not knowingly sell or purchase or otherwise dispose of any of the Collateral at prices which are less than Fair Market Value, or purposefully and/or knowingly do any other act or thing to devalue any of the Collateral prior to any disposition thereof. For purposes of this Agreement, the term "Fair Market Value" shall mean "the amount at which property would change hands between a willing seller and a willing buyer when neither is acting under compulsion and when both have reasonable knowledge of the relevant facts", a definition which comports to that found in the U.S. Tax Code and in Revenue Ruling 59-60.

**6.4 Successors and Assigns.** This Agreement shall be binding upon and inure to the benefit of DCV and the Debtors and their respective successors and assigns, except that until the Debt is paid or otherwise satisfied, the Debtors may not assign or transfer any of its rights hereunder without the prior written consent of DCV. Whenever in this Agreement there is reference made to any of the parties hereto, such reference shall be deemed to include, wherever applicable, a reference to the successors and assigns of such parties.

**6.5 Applicable Law; Severability.** This Agreement shall be construed in all respects in accordance with, and governed by the laws and decisions of the State of Delaware. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under applicable Law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provisions or the remaining provisions of this Agreement.

6.6 Waiver of Bond. AT THE OPTION OF DCV, DEBTORS WAIVE ANY BOND OR SURETY OR SECURITY UPON SUCH BOND WHICH MIGHT, BUT FOR THIS WAIVER, BE REQUIRED OF DCV.

6.7 Payments Set Aside. To the extent that the Debtors makes a payment or payments to DCV or DCV enforces its security interest or DCV exercises its right of setoff, and such payment or payments or the proceeds of such enforcement or setoff or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside and/or required to be repaid to a trustee, receiver or any other party under any bankruptcy law, state or federal law, common law or equitable cause, then to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such enforcement or setoff had not occurred. Notwithstanding the above, any transfer of all the Collateral to DCV by Debtors shall be deemed to have satisfied totally and irrevocably and for all time any and all obligations of Debtors to DCV under this and associated Agreements.

6.8 Section Titles. The section and subsection titles contained in this Agreement shall be without substantive meaning or content of any kind whatsoever and are not part of the agreement between the Parties.

6.9 Continuing Effect. This Agreement and DCV's security interest in the Collateral shall continue in full force and effect so long as any Debt shall be owed to Lender.

6.10 Notices. Except as otherwise expressly provided herein, any notice required or desired to be served, given or delivered hereunder shall be sent by certified mail, return receipt requested, by overnight courier of national reputation or by facsimile confirmed by certified mail, return receipt requested and addressed as follows:

If to Debtors:

Robert Lehrer, President  
Sorbit Separation Technologies Inc.  
P.O. Box 9244  
Wilmington, DE

If to DCV:

President  
DCV, Inc.  
3521 Silverside Road  
Wilmington, DE 19810

6.11 Equitable Relief. The Debtors recognize that, in the event Debtors fail to perform, observe or discharge any of its obligations or liabilities under this Agreement, any remedy at law may prove to be inadequate relief to DCV. Notwithstanding the above, the parties agree that any transfer of all the Collateral to DCV by Debtors constitutes full payment of all obligations under these Agreements, and that DCV will not seek further relief in any manner whatsoever.

6.12 Term of this Agreement. This Agreement shall be effective until all of the Debt has been paid in lawful money or has been otherwise satisfied.

6.13 No Limitation of Rights, Conflicts. Rights granted to DCV hereunder are in addition to and not in limitation of rights under any other agreements between the Parties.

6.14 Arbitration. The provisions of Paragraph 6.10 of the Commercialization Agreement shall apply to this Security Agreement.

**IN WITNESS WHEREOF**, the parties hereto have executed this Security Agreement as of the day and year indicated above.

**Sorbit Separation Technologies, Inc**

By: [Signature]  
Title: President

**DCV, Inc.**

By: [Signature]  
Title: President

**Robert Lehrer Associates, Inc.**

By: [Signature]  
Title: President

**Exhibit A**  
**Location of Collateral**

INTELLECTUAL PROPERTY at 2 Pembrey Pl., Wilmington, DE 19803

SORBIT Separation Technologies Inc FILES at DCV offices

PRODUCTS INVENTORY at Vomela Specialty Company, St. Paul, MN

PRODUCTS INVENTORY at Rockline Industries, Sheboygan, WI

PRODUCTS INVENTORY at Opportunity Center Inc., Wilmington, DE

EQUIPMENT & INVENTORY at Creative Technology Systems,  
Glasgow, DE



3521 Silverside Road  
Suite 2K - Quillen Building  
Wilmington, Delaware 19810  
Phone:(302) 695-5502  
Fax:(302) 695-5350

**FIRST AMENDMENT TO  
THE SECURITY AGREEMENT**

*2/1/99* *5/1/99*  
**THIS FIRST AMENDMENT TO THE SECURITY AGREEMENT** is entered into this 31st day of May, 1999, between Sorbit Separation Technologies Inc., a Delaware corporation, its successors and assigns ("Sorbit"), Robert Lehrer Associates, Inc., a Delaware corporation ("RLA") (Sorbit and RLA are collectively referred to as the "Debtors") and DCV, Inc., a Delaware corporation, its successors and assigns ("DCV").

**WITNESSETH:**

**WHEREAS**, DCV and the Debtors have previously entered into a security agreement dated May 1, 1998 (the "Security Agreement"); and

**WHEREAS**, DCV and the Debtors wish to amend certain terms of the Security Agreement.

**NOW, THEREFORE**, the parties agree as follows:

1.1 The parties agree that section 2.1 of the Security Agreement shall be deleted and replaced with the following:

2.1 Security Interest. Debtors, for good and valuable consideration, agrees to and does hereby grant to DCV, a right of set off against and a first priority security interest in and attaching to Collateral, of which Debtors may now be in possession or may hereafter come into possession and located at the address listed in Exhibit A attached hereto or any other address, and/or as security for the payment to DCV of the Debt evidenced by the Notes between Debtors and DCV. Debtors agrees that this Security Agreement shall not in any way affect or impair any other security given, or which may be given to DCV, for the payment of the aforementioned present and future indebtedness.

1.2 The parties agree that section 3.2 of the Security Agreement shall be deleted and replaced with the following:

3.2 Ordinary Course of Sale. Until all amounts due under the Note have been repaid in full or have been otherwise satisfied, Debtors covenant and agree not to sell, transfer, assign, license, pledge, mortgage or otherwise

encumber any Collateral and shall operate the Companies in the ordinary course; provided, however, that with respect to the sale of Inventory, DCV shall consider Inventory of the Products owned by Debtors as saleable Collateral, and Debtors may sell therefrom in the ordinary course of trade, but not otherwise; and, provided that the proceeds from such sales are used to purchase raw materials for the production of new Inventory, to conduct Debtors' business in the ordinary course consistent with past expenditures, or to offset against any amounts loaned by DCV to Debtors in conformity with the provisions of the aforesaid Commercialization Agreement.

1.3 All other sections of the Security Agreement remain the same.

**IN WITNESS WHEREOF**, the parties hereto have executed this Amendment to the Security Agreement as of the date indicated below.

**Sorbit Separation Technologies, Inc.**

By: 

Title: President

Date: 6/1/99

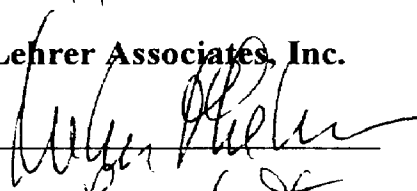
**DCV, Inc.**

By: 

Title: President

Date: 6/1/99

**Robert Lehrer Associates, Inc.**

By: 

Title: President

Date: 6/1/99

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