

FOR (Rev) OMI



10-22-1999



COVER SHEET
TRADEMARK
ONLY

U.S. DEPARTMENT OF COMMERCE
Patent and Trademark Office

10-15-1999

101182881

U.S. Patent & TMO/TM Mail Rcpt Dt. #40

For Patents and Trademarks: Please record the attached original documents or copy thereof.

1. Name of conveying party(ies):

Cyborg Systems, Inc.

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

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

3. Nature of conveyance: MRD 10-18-99

- Assignment
- Security Agreement
- Other
- Merger
- Change of Name

Execution Date: August 6, 1999

2. Name and address of receiving party(ies)

Name: LaSalle Bank National Association

Internal Address:

Street Address: 5535 W. 95th Street
Oak Lawn, IL 60303

- Individual(s) citizenship
- Association
- General Partnership
- Limited Partnership
- Corporation-State -- National
- Other

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

(Designations must be a separate document from assignment)
Additional name(s) & address(es) attached? Yes No

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

ATTORNEY DOCKET NO.: 980-158

A. Trademark Application No.(s)

75/670,251
75/684,989

B. Trademark Registration No.(s)

1,282,199 1,680,742
1,285,189 1,728,546
1,454,972 1,904,208
1,617,620

Additional numbers attached? Yes No

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

LAFF. WHITESEL & SARET, LTD.

ATTORNEYS AT LAW

401 NORTH MICHIGAN AVENUE
CHICAGO, ILLINOIS 60611-4212

Direct Telephone Calls to: Judith L. Grubner
at telephone No. (312) 661-2100. Fax (312) 661-0029

CERTIFICATE OF MAILING

I hereby certify that this correspondence is being deposited with the United States Postal Service as first-class mail in an envelope addressed to: Commissioner of Patents and Trademarks, Box Assignments, Washington, D.C. 20231 on

Date: 10/12/99 Robert Holland
TYPED NAME: Robert Holland

6. Total number of applications and registrations involved: 9

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

Enclosed

Authorized to be charged to deposit account

8. Deposit account number: 12-0064

(Attach duplicate copy of this page if paying by deposit account)

10/21/1999 MTHA11 00000202 75670251

DO NOT USE THIS SPACE

1-FC-481 40.00 DP
2-FC-482 200.00 DP

9. Statement and signature.

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document.

Judith L. Grubner

Name of Person Signing

Judith L. Grubner

Signature

10/12/99

Date

Total number of pages including cover sheet, attachments, and document: 15

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

TRADEMARK
REEL: 001977 FRAME: 0266

Intellectual Property Security Agreement

THIS INTELLECTUAL PROPERTY SECURITY AGREEMENT (this "Agreement"), dated as of August 6, 1999, by and between LASALLE BANK NATIONAL ASSOCIATION ("Bank"), a national banking association with offices at 5535 West 95th Street, Oak Lawn, Illinois and CYBORG SYSTEMS, INC. ("Borrower"), an Illinois corporation whose principal place of business is located at 2 North Riverside Plaza, Chicago, Illinois 60606.

RECITALS

A. Borrower and Bank have on the date hereof entered into that certain Loan and Security Agreement (the "Loan Agreement") pursuant to which Bank has agreed to lend certain monies to Borrower upon the terms and conditions set forth therein.

B. As an inducement to Bank to loan monies to Borrower, Borrower has pledged certain assets as security for the Obligations (as defined in the Loan Agreement), including the Intellectual Property Collateral (as defined below).

AGREEMENTS

NOW THEREFORE, in consideration of any loan, advance, extension of credit and/or other financial accommodation at any time made by Bank to or for the benefit of Borrower, and of the promises set forth herein, the parties hereto agree as follows:

1. DEFINITIONS.

All terms defined in Articles 1 through 9 of the Uniform Commercial Code as enacted in Illinois shall have the meanings specified therein unless otherwise defined herein or unless the context requires otherwise. All accounting terms not specifically defined herein shall be construed in accordance with generally accepted accounting principles ("GAAP") consistently applied, except as otherwise stated herein. Capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Loan Agreement.

"Copyrights" means (i) all of Borrower's registered or unregistered copyrights in and to copyrightable works, including computer software, and all applications therefor, including without limitation those set forth on Exhibit A, (ii) the reissues, divisions, continuations and continuations-in-part thereof, (iii) all damages and payments for past, present and future infringements thereof, and (iv) all rights corresponding thereto throughout the world.

"Intellectual Property Collateral" means, collectively, (i) the Trademarks and the Goodwill associated therewith, (ii) the Copyrights, (iii) the Patents, (iv) all license agreements with third-parties relating to intellectual property rights and all income, royalties, damages and payments now and hereafter due or payable under and with respect thereto, (v) all other intellectual property rights now owned or hereafter acquired or developed by the Borrower, including, without limitation, trade secrets, know-how, confidential business information, computer software, data and documentation (including electronic media), registered or unregistered copyrights in and to copyrightable works and all applications therefor, (vi) all Related Documents, (vii) all damages and payments for past, present and future misappropriations or infringements thereof, and (viii) all rights corresponding thereto throughout the world.

"Default" means an event described in Section 6.1.

"Goodwill" means the goodwill of the business connected with the use of (or associated with) and symbolized by the Trademarks, but not any other goodwill.

"Patents" means, collectively, (i) each patent of the Borrower, including all patents and patent applications, now owned or hereafter acquired by Borrower, including, without limitation, the inventions and improvements described and claimed therein, including, without limitation, those listed on Exhibit B, attached hereto and made a part hereof, (ii) the reissues, divisions, continuations and continuations-in-part thereof, (iii) all damages and payments for past, present and future infringements thereof, and (iv) all rights corresponding thereto throughout the world.

"Related Documents" means, collectively, all documents and any things in the Borrower's possession, related to the development and sale by the Borrower, or any Affiliate, Subsidiary, licensee or subcontractor thereof, of intellectual property, products or services sold by or under the authority of the Borrower.

"Security Agreement" means this Intellectual Property Security Agreement, as it may be amended or modified and in effect from time to time.

"Trademarks" means, collectively, (i) all of Borrower's trademarks, service marks, logos, trade names, corporate names, company names, business names, fictitious business names, trademark registrations and applications for registration, now owned or hereafter acquired by Borrower, including, without limitation, those listed on Exhibit C, attached hereto and made a part hereof, together with the goodwill of the business associated therewith, (ii) all damages for past, present and future misappropriations and infringements thereof, and (iii) all rights corresponding thereto throughout the world.

"Unmatured Default" means an event which but for the lapse of time or the giving of notice, or both, would constitute a Default.

The foregoing definitions shall be equally applicable to both the singular and plural forms of the defined terms.

2. GRANT OF SECURITY INTEREST.

The Borrower hereby pledges and grants to Bank a continuing lien and security interest in and right of setoff against the Intellectual Property Collateral to secure the full and complete payment and performance of the Obligations; provided, however that the grant of a security interest shall not extend to any Customer's rights under any license or sub-license agreement between Borrower and such Customer entered into in the ordinary course of Borrower's business.

3. BORROWER REMAINS OBLIGATED.

The security interest created hereunder shall not relieve the Borrower from the performance of any term, covenant, condition or agreement on its part to be performed or observed (including exercise by Bank of any of its rights hereunder), or from any liability to any Person, under or in respect of any of the Intellectual Property Collateral or impose any liability on Bank for any act or omission on the part of the Borrower.

4. REPRESENTATIONS AND WARRANTIES.

The Borrower represents and warrants to Bank that:

4.1. Authorization, Validity and Enforceability.

4.1.1. The Intellectual Property Collateral is valid and enforceable and Borrower has notified Bank in writing of all prior licenses, conveyances, and transfers of which Borrower is aware, and of all suits pending, or litigation threatened, that relate in any way to the Intellectual Property Collateral.

4.1.2. Borrower is the sole and exclusive owner of the Intellectual Property Collateral, free and clear of any lien, assignment, mortgage, security interest, charge, or encumbrance, including without limitation licenses and covenants not to sue, other than licenses entered into by Borrower in the ordinary course of its business, including licenses granted to distributors and end users, licenses entered into in connection with the development of products and other license arrangements customary in Borrower's line of business.

4.1.3. The execution and delivery by Borrower of this Security Agreement and all financing statements and other filings contemplated by this Security Agreement create a security interest which is enforceable against Borrower in all now owned and hereafter acquired Intellectual Property Collateral, except as enforceability may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally.

4.2. Principal Location. Borrower's mailing address for notices hereunder, the location of its chief executive office and principal place of business and of its books and records relating to the Intellectual Property Collateral are all disclosed in Schedule I to the Loan Agreement.

4.3. No other Names. Borrower has not conducted business under any name except the name in which it has executed this Security Agreement and the trade names listed on Schedule II to the Loan Agreement.

4.4. No Default. No Default or Unmatured Default exists.

4.5. No Financing Statements. Borrower is and shall continue to be, the lawful owner of the entire right, title and interest in and to the Intellectual Property Collateral. No financing statement or filing describing all or any portion of the Intellectual Property Collateral which has not lapsed or been terminated naming Borrower as debtor has been filed in any jurisdiction except financing statements and filings naming Bank as secured party. The Intellectual Property Collateral is free and clear of all Liens other than the Liens created this Security Agreement. Borrower has no right, title or interest in any Patent, Copyright or Trademark other than those listed on the Exhibits hereto.

4.6. Security Interest. This Security Agreement creates a valid security interest in or collateral assignment of the Intellectual Property Collateral, enforceable against Borrower and all third parties, securing payment of the Obligations, which security interest will be a perfected first priority security interest upon (i) the filing of Uniform Commercial Code financing statements with the Secretary of State of Illinois, (ii) the recording of this Security Agreement in the Office of the Commissioner of Patents and Trademarks and the United States Copyright Office and (iii) the recording of this Security Agreement in the United States Copyright Office.

4.7. Registrations. Exhibits A, B, and C hereto set forth all of Borrower's Copyrights, Patents and Trademarks, respectively. Borrower has duly and properly applied for registration of such Patents, Trademarks and Copyrights and will take all necessary steps, including, without limitation, in any proceeding before the United States Patent and Trademark Office and the United States Copyright Office or any similar office or agency in any other country or any political subdivision thereof, to pursue each application (and to obtain the relevant registration) and to maintain each registration, including without limitation, filing of applications for renewal, affidavits of use, affidavits incontestability and opposition, interference and cancellation proceedings.

5. COVENANTS.

So long as any Obligations remain outstanding, Borrower covenants as follows:

5.1. Delivery of Certificates. Borrower shall deliver to Bank copies of all existing official Certificates of Registration for the Patents, Trademarks and Copyrights, and shall deliver to Bank copies of the official Certificates of Registration for Trademarks, Copyrights and Patents for which applications are now or hereafter pending, promptly upon receipt by Borrower of such certificates.

5.2. Notice of Proceedings. Borrower shall promptly notify Bank of the institution of, and any adverse determination in, any proceeding in the United States Patent and Trademark Office, the United States Copyright Office or any agency of any state or any court regarding Borrower's right, title and interest in any Patent, Copyright or Trademark or Borrower's right to register any Patent, Copyright or Trademark.

5.3. Security Interest and Lien. Except as otherwise permitted by the terms of the Loan Agreement, Borrower shall protect, preserve, renew and maintain, all rights of Borrower in all Intellectual Property Collateral, including the duty to prosecute and/or defend against any and all suits concerning infringement or dilution of such Intellectual Property Collateral, any suits against Borrower asserting the invalidity of such Intellectual Property Collateral and any suits claiming injury to the Goodwill associated with such Intellectual Property Collateral. Borrower will preserve, warrant, and defend the security interest created hereby in the Intellectual Property Collateral against the claims of all Persons whomsoever; will not at any time assign, transfer, or otherwise dispose of its right, title and interest in and to any of the Intellectual Property Collateral; will not at any time, directly or indirectly, create, assume, or suffer to exist any security interest, or other rights of third Persons and restrictions, other than (i) the security interest created by this Security Agreement, in and to the Intellectual Property Collateral or any part thereof and (ii) licenses entered into by Borrower in the ordinary course of its business, including licenses granted to distributors and end users, licenses entered into in connection with the development of products and other license arrangements customary in Borrower's line of business.

5.4. Further Assurances. Borrower, at its expense, shall from time to time execute and deliver to Bank all such other assignments, certificates, supplemental documents, and financing statements, and shall do all other acts or things as Bank may reasonably request in order to more fully create, evidence, perfect, continue, and preserve the priority of the security interest herein created and to exercise and enforce its rights and remedies hereunder, with respect to any Intellectual Property Collateral. Without limiting the generality of the foregoing, Borrower will execute and file such financing or continuation statements, or amendments thereto, and such other instruments or notices, as may be necessary or desirable, or as Bank may request, in order to perfect and preserve the assignments and security interest granted or purported to be granted hereby. Borrower hereby authorizes Bank to file one or more financing or continuation statements, and amendments thereto, relative to all or any part of the Intellectual Property Collateral without the signature of Borrower where permitted by law.

5.5. Change of Name, Identity, etc. Borrower shall not change its name, jurisdiction of incorporation, identity or corporate structure without giving Bank at least thirty days' prior written notice.

6. DEFAULT.

6.1. The occurrence of any one or more of the following events shall constitute a Default:

6.1.1. Any representation or warranty made by or on behalf of Borrower to Bank under or in connection with this Security Agreement shall be materially false as of the date on which made.

6.1.2. The breach by Borrower of any of the terms or provisions of Section 5 of this Agreement.

6.1.3. The breach by Borrower of any of the terms or provisions of this Security Agreement (other than Section 5) that is not remedied within five days after written notice from Bank.

6.1.4. Any material portion of the Intellectual Property Collateral shall be transferred or otherwise disposed of, either voluntarily or involuntarily, in any manner not permitted by Section 5.3.

6.1.5. Any Event of Default under and as defined in the Loan Agreement.

6.2. Acceleration and Remedies. If any Default occurs and is continuing, then Bank may, exercise any or all of the rights and remedies provided (i) in the Loan Agreement and this Security Agreement, (ii) to a secured party when a debtor is in default under a security agreement by the Uniform Commercial Code as enacted in the State of Illinois or other applicable jurisdiction, as amended, and (iii) afforded by law, in equity or otherwise, including, without limitation, any law governing the exercise of a bank's right of setoff or bankers lien.

6.3. Right of Sale. Upon the occurrence and during the continuance of a Default, subject to compliance with applicable law, Bank (i) may appoint a receiver of the Intellectual Property Collateral, (ii) may sell the Intellectual Property Collateral at public or private sale, at any of its offices or elsewhere, for cash or credit or for future delivery, and at such price or prices and upon such other terms as it may deem commercially reasonable, (iii) shall not be obligated to make any sale of Intellectual Property Collateral regardless of notice of sale having been given, and (iv) may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice be made at the time and place to which it was so adjourned; provided, however, that if any item of the Intellectual Property Collateral constituting a Trademark is assigned or sold, rather than licensed, it shall be assigned or sold only as an entirety and, in conjunction with its associated Goodwill. Bank may be the purchaser at any sale of the Intellectual Property Collateral and may pay all or any part of the purchase price thereof by canceling part or all of the Obligations. To the greatest extent provided by applicable law, Borrower hereby waives the right to object to the manner or sufficiency of advertising, preparation of the Intellectual Property Collateral for sale, or solicitation of bids in connection with any sales or other dispositions of the Intellectual Property Collateral. Borrower hereby expressly waives and releases, to the fullest extent permitted by applicable law, any right of redemption on the part of Borrower.

6.4. Sale Restrictions. Borrower agrees that, in any sale of any of the Intellectual Property Collateral, Bank is authorized to comply with any limitation or restriction in connection with such sale as counsel may advise Bank (which counsel may be employees of Bank) is necessary in order to avoid any violation of any applicable law (including compliance with such procedures as may restrict the number of prospective bidders or purchasers, require that such prospective bidders and purchasers have certain qualifications, and restrict such prospective bidders and purchasers to Persons who will represent and agree that they are purchasing for their own account or investment and not with a view to the distribution or resale of such Intellectual Property Collateral), or in order to obtain any required approval of the sale or of the purchaser by any governmental or regulatory authority or official, and Borrower further agrees that such compliance shall not result in such sale being considered or deemed not to have been made in a commercially reasonable manner, nor shall Bank be liable or accountable to Borrower for any discount allowed by reason of the fact that the Intellectual Property Collateral was sold in compliance with any such limitation or restriction.

6.5. Borrower's Obligations Upon Default. Upon the request of Bank after the occurrence and during the continuance of a Default, Borrower will:

6.5.1. Assembly of Intellectual Property Collateral. Assemble and make available to Bank the Intellectual Property Collateral and all records relating thereto at any place or places reasonably specified by Bank.

6.5.2. Lender Access. Permit Bank, by Bank's representatives and agents, to enter any premises where all or any part of the Intellectual Property Collateral, or the book and records relating thereto, or both, are located, to take possession of all or any part of such Intellectual Property Collateral and to remove all or any part of such Intellectual Property Collateral.

6.6. Protection of Intellectual Property Collateral. To the maximum extent permitted by applicable law, after the occurrence and during the continuance of a Default, Bank shall have the right, without taking title to any Intellectual Property Collateral, to bring suit to enforce any or all Intellectual Property Collateral or the security interest granted hereunder, in which event Borrower shall, at the request of Bank, do and all lawful acts and execute any and all proper documents required by Bank in aid of such enforcement. All costs, expenses and other money advanced by Bank in connection with the foregoing shall be Obligations payable on demand.

7. APPLICATION OF PROCEEDS.

Bank shall apply the proceeds of the Intellectual Property Collateral, including the proceeds of any sales or other disposition of the Intellectual Property Collateral, or any part thereof, under this Section 7, in the following order unless a court of competent jurisdiction shall otherwise direct:

(i) FIRST, to payment of all reasonable costs and expenses of Bank incurred in connection with the collection and enforcement of the Obligations or of the security interest granted to Bank pursuant to this Agreement;

(ii) SECOND, to payment of that portion of the Obligations constituting accrued and unpaid interest and fees;

(iii) THIRD, to payment of the principal of the Obligations constituting Loans;

(iv) FOURTH, to payment of all other Obligations owing to Bank; and

(v) FIFTH, the balance, if any, after all of the Obligations have been satisfied, shall be remitted to Borrower or whomsoever shall be legally entitled thereto.

8. GENERAL PROVISIONS.

8.1. Notice of Disposition of Intellectual Property Collateral. Borrower hereby waives notice of the time and place of any public sale or the time after which any private sale or other disposition of all or any part of the Intellectual Property Collateral may be made. To the extent such notice may not be waived under applicable law, any notice made shall be deemed reasonable if sent to Borrower, addressed as set forth in Section 15 of the Loan Agreement, at least five days prior to any such public sale or the time after which any such private sale or other disposition may be made.

8.2. Lender's Performance of Obligations. Without having any obligation to do so, Bank may perform or pay any obligation in this Security Agreement which Borrower has agreed to perform or pay but which it has failed to so perform or pay in a timely manner after a request therefor from Bank and Borrower shall reimburse Bank for any amounts paid by Bank pursuant to this Section 8.2. Borrower's obligation to reimburse Bank pursuant to the preceding sentence shall be an Obligation payable on demand. Borrower hereby appoints Bank, and any other Person that Bank may designate, as Borrower's attorney-in-fact to do, or cause to be done, in the name, place and stead of Borrower in any way in which Borrower itself could do, or cause to be done and has failed to do at the request of Bank.

8.3. Authorization for Lender to Take Certain Action. Borrower irrevocably authorizes Bank at any time and from time to time and appoints Bank as its attorney in fact to act, in the sole discretion of Bank, on behalf of Borrower (i) at any time (if Borrower has failed to do so promptly upon a request therefor) (a) to execute on behalf of Borrower as debtor and to file financing statements or other filings with the United States Patent and Trademark Office or the United States Copyright Office necessary or desirable in Bank's sole discretion to perfect and to maintain the perfection and priority of Bank's security interest in the Intellectual Property Collateral, and (b) to file a carbon, photographic or other reproduction of this Security Agreement or any financing statement with respect to the Intellectual Property Collateral as a financing statement in such offices as Bank in its sole discretion deems necessary or desirable to perfect and to maintain the perfection and priority of Bank's security interest in such Intellectual Property Collateral and (ii) after the occurrence and during the continuance of a Default, to receive, endorse and collect all instruments made payable to Borrower representing any interest payment or other distribution in respect of the

Intellectual Property Collateral or any part thereof and to give full discharge for the same, and to apply the proceeds of any Intellectual Property Collateral received by Bank to the Obligations when and to the extent permitted by this Security Agreement.

8.4. Specific Performance of Certain Covenants. Borrower acknowledges and agrees that a breach of any of the covenants contained in Section 5, will cause irreparable injury to Bank, that Bank has no adequate remedy at law in respect of such breaches and therefore agrees, without limiting the right of Bank to seek and obtain specific performance of other obligations of Borrower contained in this Security Agreement, that the covenants of Borrower contained in Section 5 shall be specifically enforceable against Borrower.

8.5. Dispositions Not Authorized. Except as set forth in Section 5.3, Borrower is not authorized to sell or otherwise dispose of the Intellectual Property Collateral or grant any license with respect to the Intellectual Property Collateral and notwithstanding any course of dealing between Borrower and Bank or other conduct of Bank, no authorization to sell or otherwise dispose of the Intellectual Property Collateral or to grant any license with respect to the Intellectual Property Collateral shall be binding upon Bank unless such authorization is in writing signed by Bank.

8.6. Amendments; Waivers. No waiver, amendment or other variation of the terms, conditions or provisions of this Security Agreement shall be valid unless in writing and signed by Bank, and then only to the extent as specifically set forth in such writing.

8.7. Benefit of Agreement. The terms and provisions of this Security Agreement shall be binding upon and inure to the benefit of Borrower, Bank and their respective successors and assigns, except that Borrower shall not have the right to assign its rights under this Security Agreement or any interest herein, without the prior written consent of Bank.

8.8. Survival of Representation. All representations and warranties of Borrower contained in this Security Agreement shall survive the execution and delivery of this Security Agreement.

8.9. Headings. The title of and section headings in this Security Agreement are for convenience of reference only, and shall not govern the interpretation of any of the terms and provisions of this Security Agreement.

8.10. Termination. This Security Agreement shall continue in effect (notwithstanding the fact that from time to time there may be no Obligations or commitments therefor outstanding) until no Obligations or commitments of Bank which would give rise to any Obligation shall be outstanding.

8.11. Entire Agreement. This Security Agreement embodies the entire agreement and understanding between Borrower and Bank relating to the Intellectual Property Collateral and supersedes all prior agreements and understandings between Borrower and Bank relating to the Intellectual Property Collateral.

8.12. Releases; Partial Release. Upon termination of this Security Agreement in accordance with the provisions of Section 8.10 hereof, Bank shall, at Borrower's request and expense and subject to the foregoing sentence, execute such release as Borrower may reasonably request, in form and upon terms acceptable to Bank in all respects, and shall deliver all Intellectual Property Collateral which is in Banks' possession.

8.13. Waivers. Beyond the exercise of reasonable care to assure the safe custody of the Intellectual Property Collateral while held hereunder, Banks and their respective nominees shall have no duty or liability to collect any sums due in respect thereof or to protect or preserve rights pertaining thereto, and shall be relieved of all responsibility for the Intellectual Property Collateral upon surrendering them to Borrowers. No course of dealing between Borrower, Bank, nor any failure to exercise nor any delay in exercising, on the part of Bank, any right, power or privilege hereunder or with respect to any or all of the Obligations shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder or thereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided and provided in all other agreements, instruments and documents delivered, or to be delivered, pursuant to or in connection with or to evidence any of the Obligations are cumulative and are in addition to, and not exclusive of, any rights and remedies of a secured party under the Illinois Uniform Commercial Code. The provisions of this Security Agreement are severable and if any clause or provision thereof shall be held invalid or unenforceable in whole or in part, then such invalidity or unenforceability shall attach only to such clause or provision, or part thereof, and shall not in any manner affect such clause or provision in any other jurisdiction or any other clause or provision in this Security Agreement or any jurisdiction.

9. NOTICES; COUNTERPARTS.

9.1. Sending Notices. All notices and other communications under this Security Agreement shall be made at the addresses, in the manner and with the effect provided in Section 15 of the Loan Agreement.

9.2. Change of Address for Notices. Borrower and Bank may change the address for service notice upon it by a notice in writing to the other parties hereto.

9.3. Counterparts. This Security Agreement may be executed in any number of counterparts, all of which taken together shall constitute one agreement, and any of the parties hereto may execute this Security Agreement by signing any such counterpart. This Security Agreement shall be effective when it has been executed by Borrower and Bank.


10. LAW AND JUDICIAL FORUM. THIS AGREEMENT IS DELIVERED IN THE STATE OF ILLINOIS AND GOVERNED BY ILLINOIS LAW, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAWS

11. WAIVER OF JURY. BORROWER EXPRESSLY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS UNDER THIS AGREEMENT, OR UNDER ANY AMENDMENT, INSTRUMENT, DOCUMENT OR AGREEMENT DELIVERED OR WHICH MAY IN THE FUTURE BE DELIVERED IN CONNECTION HEREWITH OR ARISING FROM ANY RELATIONSHIP EXISTING IN CONNECTION WITH THIS AGREEMENT AND AGREES THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE JURY.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of August 6, 1999.

Borrower:

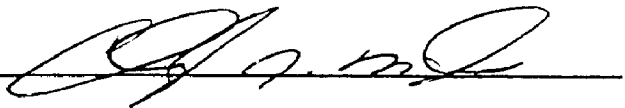
CYBORG SYSTEMS, INC.

By: 

Title: Chairman and CEO

BANK:

LASALLE BANK NATIONAL ASSOCIATION

By: 

Title: Vice President

Copyrights

Reg. No.	Title of Work
TX1636273	Payroll/Human Resource Software To Make Or To Buy? : A Guide To Your Decision
TXU517976	Batch Payroll
TXU518369	Solution Series
TXU715062	Employee Transfer Procedure For Solution Series Software
TXU715063	Tax Set-Up Procedure (Ver. 8.3) For Solution Series Software
TXU715064	New Flag Procedure For Solution Series Software
TXU715065	Tax Set-Up Procedure (Ver. St 2.0) For Solution Series Software
TXU715066	Auto-Enroll Procedure For Solution Series Software

Patents

Reg. No.	Mark
D 301,311	Housing for Time Keeping Device
4,812,627	Time Clock System

Trademarks Registrations and Tradenames

U.S. Registrations

Reg. No.	Mark
1,282,199	CYBORG SYSTEMS
1,285,189	CYBORG SYSTEMS
1,454,972	THE SOLUTION SERIES
1,617,620	CUA & Design
1,680,742	CYBORG USERS ASSOCIATION
1,728,546	SOLUTION VIEW
1,904,208	THE SOLUTION SERIES/ST

U.S. Applications

Serial No.	Mark
75/670,251	DELIVERING REAL HR SOLUTIONS
75/684,989	THE REPORTING SOLUTION

Canadian Registrations

Reg. No.	Mark
TMA 349,018	THE SOLUTION SERIES
TMA 367,990	CYBORG SYSTEMS
TMA 395,875	CYBORG USERS ASSOCIATION
TMA 395,876	CUA & Design