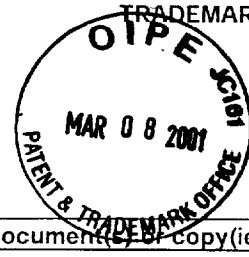


03-19-2001



101640571

TRADEMARK



RECORDATION FORM COVER SHEET  
TRADEMARKS ONLY

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

Submission Type **3-8-01**

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

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

Conveying Party

Mark if additional names of conveying parties attached

Execution Date  
Month Day Year

Name

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)

- 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.)

FOR OFFICE USE ONLY

03/16/2001 TDIAZ1 00000027 75709583

**265E**

01 FC:481 40.00 OP  
02 FC:482 225.00 OP

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

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

TRADEMARK  
REEL: 002252 FRAME: 0696

**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:

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.

James R. Kane, P.C.

3/2/01

Name of Person Signing

Signature

Date Signed

RECORDATION FORM COVER SHEET  
CONTINUATION  
TRADEMARKS ONLY

**Conveying Party**

Enter Additional Conveying Party

Mark if additional names of conveying parties attached

Execution Date  
Month Day Year

Name

01 02 2001

Formerly

Individual  General Partnership  Limited Partnership  Corporation  Association

Other

Citizenship State of Incorporation/Organization

**Receiving Party**

Enter Additional 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

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Trademark Application Number(s)

Registration Number(s)

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RECORDATION FORM COVER SHEET  
CONTINUATION  
TRADEMARKS ONLY

**Conveying Party**

Enter Additional Conveying Party

Mark if additional names of conveying parties attached

Execution Date  
Month Day Year

Name

01022001

Formerly

Individual  General Partnership  Limited Partnership  Corporation  Association

Other

Citizenship State of Incorporation/Organization

**Receiving Party**

Enter Additional Receiving Party

Mark if additional names of receiving parties attached

Name

Hook Partners III, L.P.

DBA/AKA/TA

Composed of

Address (line 1)

13670 Noel Road, Suite 805

Address (line 2)

Attention: David Hook

Address (line 3)

Dallas

TX

75240

City

State/Country

Zip Code

Individual  General Partnership  Limited Partnership

Corporation  Association

Other

Citizenship/State of Incorporation/Organization

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RECORDATION FORM COVER SHEET  
CONTINUATION  
TRADEMARKS ONLY

FORM PTO-1618C  
Expires 06/30/99  
OMB 0651-0027

U.S. Department of Commerce  
Patent and Trademark Office  
TRADEMARK

**Conveying Party**

Enter Additional Conveying Party

Mark if additional names of conveying parties attached

Execution Date  
Month Day Year

Name

Formerly

Individual  General Partnership  Limited Partnership  Corporation  Association

Other

Citizenship State of Incorporation/Organization

**Receiving Party**

Enter Additional 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

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TRADEMARK

**Conveying Party**

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Execution Date  
Month Day Year

Name

01022001

Formerly

Individual  General Partnership  Limited Partnership  Corporation  Association

Other

Citizenship State of Incorporation/Organization

**Receiving Party**

Enter Additional 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

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 the Assignment.)

Corporation  Association

Other

Citizenship/State of Incorporation/Organization

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

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RECORDATION FORM COVER SHEET  
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TRADEMARKS ONLY

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Execution Date  
Month Day Year

Name

01022001

Formerly

Individual  General Partnership  Limited Partnership  Corporation  Association

Other

Citizenship State of Incorporation/Organization

**Receiving Party**

Enter Additional Receiving Party

Mark if additional names of receiving parties attached

Name

Infrastructure and Environmental Private Equity Fund III, L.P.

DBA/AKA/TA

Composed of

Address (line 1)

233 South Wacker Drive, Suite 9500

Address (line 2)

Attention: Bret R. Maxwell

Address (line 3)

Chicago

IL

60606

City

State/Country

Zip Code

Individual  General Partnership  Limited Partnership

Corporation  Association

Other

Citizenship/State of Incorporation/Organization

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RECORDATION FORM COVER SHEET  
CONTINUATION  
TRADEMARKS ONLY

FORM PTO-1618C  
Expires 06/30/99  
OMB 0651-0027

U.S. Department of Commerce  
Patent and Trademark Office  
TRADEMARK

**Conveying Party**

Enter Additional Conveying Party

Mark if additional names of conveying parties attached

Execution Date  
Month Day Year

Name

Formerly

Individual  General Partnership  Limited Partnership  Corporation  Association

Other

Citizenship State of Incorporation/Organization

**Receiving Party**

Enter Additional 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

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Mark if additional names of conveying parties attached

Execution Date  
Month Day Year

Name

01022001

Formerly

Individual  General Partnership  Limited Partnership  Corporation  Association

Other

Citizenship State of Incorporation/Organization

**Receiving Party**

Enter Additional Receiving Party

Mark if additional names of receiving parties attached

Name

CMS Co-Investment Subpartnership

DBA/AKA/TA

Composed of

Address (line 1)

One Bala Plaza, Suite 412

Address (line 2)

Address (line 3)

Bala Cynwyd

City

PA

State/Country

19004

Zip Code

Individual  General Partnership  Limited Partnership

Corporation  Association

Other

Citizenship/State of Incorporation/Organization

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Patent and Trademark Office  
TRADEMARK

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Execution Date  
Month Day Year

Name

01022001

Formerly

Individual  General Partnership  Limited Partnership  Corporation  Association

Other

Citizenship State of Incorporation/Organization

**Receiving Party**

Enter Additional Receiving Party

Mark if additional names of receiving parties attached

Name

Bret R. Maxwell

DBA/AKA/TA

Composed of

Address (line 1)

233 South Wacker Drive, Suite 9500

Address (line 2)

Address (line 3)

Chicago

IL

60606

City

State/Country

Zip Code

Individual  General Partnership  Limited Partnership

Corporation  Association

Other

Citizenship/State of Incorporation/Organization

USA

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Registration Number(s)

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## SECURITY AGREEMENT

THIS AGREEMENT, dated the 2nd day of January 2, 2001, is by and among bTrade.com, Inc., a Texas corporation having a place of business and chief executive office at 2324 Gateway Drive, Irving, Texas 75063 (the "Debtor"), Shawmut Equity Partners, L.P. ("Shawmut"), The Productivity Fund IV, L.P., The Productivity Fund IV Advisors Fund, L.P., Infrastructure and Environmental Private Equity Fund III, L.P., Environmental & Information Technology Private Equity Fund III, a civil partnership with limitation of liability established under the laws of the Federal Republic of Germany, and Bret R. Maxwell (the five preceding Persons collectively, "First Analysis"), Hook Communications Partners, L.P., Hook Partners III, L.P., and CMS Co-Investment Subpartnership (collectively, the "Secured Parties"). Shawmut and First Analysis are the "Required Secured Parties".

### Background

The Debtor has entered into a note and warrant purchase agreement dated the date hereof with the Secured Parties. Pursuant to the Securities Purchase Agreement, the Debtor has agreed to issue and the Secured Parties have agreed to purchase (i) the Debtor's floating rate subordinated convertible note due April 30, 2001 in aggregate principal amount of \$1,700,000 (collectively, the "Notes") and (ii) warrants to purchase shares of Series B Preferred Stock of the Debtor dated January 2, 2001 (collectively, the "Warrants") subject to the terms, covenants and conditions in the Securities Purchase Agreement. The obligation of the Secured Parties to purchase any such securities is subject to the condition, among others, that the Debtor execute and deliver this Agreement and that the liens of the security interests granted herein be perfected.

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, it is hereby agreed as follows:

1. Security Interest. As security for the Secured Obligations described in section 2 hereof, the Debtor hereby mortgages, pledges and grants and assigns as collateral to the Secured Parties, and creates for the benefit of the Secured Parties a continuing security interest in and lien on, all of the tangible and intangible personal property and fixtures of the Debtor (but none of its obligations with respect thereto), including, without limitation, the property described below, whether now owned or existing, or hereafter acquired or arising, wherever located, together with any and all additions, accessions and attachments thereto and substitutions, replacements, proceeds (including, without limitation, insurance proceeds) and products thereof (hereinafter referred to collectively as the "Collateral"):

(a) all inventory, goods, merchandise, raw materials, parts, components, assemblies, supplies, goods or work in process, finished goods and other tangible personal property held by the Debtor for processing, sale or lease or furnished or to be furnished by the Debtor under contracts of service or to be used or consumed in the Debtor's business, including, without limitation, any which is used in connection with the business of designing, engineering and manufacturing ground support equipment

for the business, commuter and commercial markets (the foregoing items in this clause (a) being sometimes herein referred to collectively as "Inventory");

(b) all accounts, accounts receivable, notes, drafts and acceptances of the Debtor, all rights to receive the payment of money under contracts, franchises, licenses, permits and other agreements, documents or instruments (whether or not earned by performance) or otherwise of the Debtor, and all rights of the Debtor to receive payments from any other source (the foregoing items in this clause (b) being sometimes herein referred to collectively as "Accounts Receivable"), together with all rights of the Debtor in the goods and services which have given rise thereto, including, without limitation, returned or repossessed goods and unpaid sellers' rights of rescission, replevin, reclamation and rights to stoppage in transit;

(c) all of the Debtor's equipment, machinery, fixtures, furniture, furnishings, computers and related equipment, office equipment and supplies, tools, jigs, dies, manufacturing implements, forklifts, trucks, trailers, railcars, barges and other vehicles (the foregoing items in this clause (c) being sometimes herein referred to collectively as "Equipment");

(d) all of the Debtor's general intangibles (including goodwill) and other intangible property and all rights thereunder, including, without limitation, all of the following:

(i) all trademarks, trademark applications and registrations and trade names, together with the goodwill appurtenant thereto, owned, held (whether pursuant to a license or otherwise), used or to be used, in whole or in part, in conducting the Debtor's business (the "Trademarks");

(ii) all patents and patent applications of the Debtor, including, without limitation, the inventions and improvements described and claimed therein (the "Patents");

(iii) all copyrights and applications for registration of copyrights of the Debtor and all rights in literary property (the "Copyrights");

(iv) all reissues, divisions, continuations, renewals, extensions and continuations-in-part of any Trademarks, Patents and/or Copyrights; all income, royalties, damages and payments now or hereafter due and/or payable with respect to any Trademarks, Patents and/or Copyrights, including, without limitation, damages and payments for past or future infringements thereof; all rights (but without any obligation) to sue for past, present and future infringements of any Trademarks, Patents and/or Copyrights or bring interference proceedings with respect thereto; and all rights corresponding to any Trademarks, Patents and/or Copyrights throughout the world;

(v) all rights and interests of the Debtor pertaining to common law and statutory trademark, service marks, trade names, slogans, labels, trade

secrets, patents, copyrights, corporate names, company names, business names, fictitious business names, trademark or service mark registrations, designs, logos, trade styles, applications for trademark registration and any other indicia of origin;

(vi) all operating methods, formulas, processes, know-how and the like of the Debtor;

(vii) all domain names used by the Debtor including, without limitation, "bTrade.com" and any fictitious or trade names used by the Debtor;

(the foregoing items in clauses (i) through (vii), inclusive, being sometimes herein referred to collectively as the "Intellectual Property Collateral")

(e) all shares of capital stock and other ownership interests in any Subsidiary of the Debtor or in any other Person, including, without limitation, all interests in any general or limited partnership or any joint venture or any limited liability company; all certificated or uncertificated securities, security entitlement, security account and any other investment property now owned or hereafter acquired by or held for the benefit of the Debtor; and all options, warrants and similar rights to acquire any capital stock or such interests (the foregoing items in this clause (e) being sometimes herein referred to as the "Pledged Stock");

(f) all rights to receive profits or surplus or other dividends or distributions (including, without limitation, income, return of capital or liquidating distributions) from any Subsidiary of the Debtor or from any other Person, including, without limitation, any distributions by any such Person to stockholders, partners or joint venturers (the foregoing items in this clause (f) being sometimes herein referred to collectively as the "Pledged Rights");

(g) all Indebtedness from time to time owing to the Debtor by any Subsidiary of the Debtor or by any other Person, together with all security held by the Debtor with respect to such Indebtedness (the foregoing items in this clause (g) being sometimes herein referred to collectively as the "Pledged Indebtedness") (the Pledged Stock, the Pledged Rights and the Pledged Indebtedness are sometimes hereinafter referred to collectively as the "Pledged Securities");

(h) all contracts, contract rights, leases (including leases of personal property, whether the Debtor is the lessor or the lessee thereunder), franchises, licenses, permits and other agreements and all rights thereunder of the Debtor and any other agreement, document or instrument related to the foregoing, in each case except to the extent that the grant of a security interest therein pursuant to the terms hereof would constitute a default thereunder;

(i) all rights granted by others which permit the Debtor to manufacture, distribute, sell or market items of property, in each case except to the extent that the

grant of a security interest therein pursuant to the terms hereof would constitute a default thereunder;

(j) all chattel paper, documents, documents of title, records, negotiable and non-negotiable instruments, hedge contracts and forward purchase contracts of the Debtor;

(k) all property or collateral granted by third party obligors to, or held by, the Debtor with respect to any Accounts Receivable, Pledged Securities, documents, chattel paper, instruments, leases and other items of Collateral and all liens, rights, remedies, privileges, guarantees and other security for any of the foregoing;

(l) all books and records, including, without limitation, books of account and ledgers of every kind and nature, all electronically recorded data (including all computer programs, discs, tapes, electronic data processing media and software used in maintaining the Debtor's books and records), all files and correspondence and all receptacles and containers for the foregoing; all computer software, designs, models, know-how, trade secrets, rights in proprietary information, formulas, customer lists, backlogs, orders, royalties, sales material, documents, goodwill, inventions and processes of the Debtor;

(m) all judgments, causes of action and claims, whether or not inchoate, of the Debtor;

(n) all cash, funds and investments, including that maintained in any account (including any collateral account or deposit account) at any bank or financial institution, and all rights with respect thereto;

(o) all tax refunds and abatement of every kind and nature, and all rights and claims related thereto;

(p) all insurance policies (and all rights thereunder) which insure against any loss or damage to any other Collateral;

(q) all other property, assets and items of value of every kind and nature, tangible or intangible, absolute or contingent, legal or equitable; and

(r) all proceeds, including, without limitation, insurance proceeds, and products of the items of Collateral heretofore described.

2. Secured Obligations. The liens hereby granted shall secure the following liabilities and obligations of the Debtor (collectively, the "Secured Obligations"):

(a) the due and punctual payment of the principal of and premium, if any, and interest on (including any interest accruing after the commencement of any action or proceeding under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable domestic or foreign federal or state bankruptcy, insolvency or other

similar law, and any other interest that would have accrued but for the commencement of such proceeding, whether or not any such interest is allowed as an enforceable claim in any such proceeding) and fees and other amounts payable with respect to the Notes and the Warrants; and

(b) the due and punctual payment and performance of any and all other indebtedness and obligations of the Debtor arising under or referred to in the Securities Purchase Agreement, or this Agreement each as amended, modified or supplemented from time to time.

3. Special Warranties and Covenants of the Debtor. The Debtor hereby represents and warrants to and covenants and agrees with the Secured Parties that:

(a) The Debtor is the owner of and has good and marketable title to the Collateral free from any liens, other than (i) the liens arising hereunder and (ii) liens listed on Exhibit 3(a) hereto, and the Debtor will defend the Collateral against all claims and demands of all Persons at any time claiming the same or any interest therein.

(b) The address shown at the beginning of this Agreement is the chief executive office and principal place of business of the Debtor and the location of all records concerning that portion of Collateral consisting of Accounts Receivable and other general intangibles. The Debtor's only additional places of business and the only additional locations of any Collateral (including Collateral located or stored at warehouses) are listed in Exhibit 3(b) attached hereto (which list includes legal descriptions of all real property sufficient for fixture filings). Except as set forth on Exhibit 3(b) attached hereto, during the five years ended on the date hereof, neither the Debtor nor any of its predecessors-in-interest has conducted any business or sold any goods under any name (including any fictitious business or trade name) other than its legal name which is correctly set forth at the beginning of this Agreement. The Debtor will not change its chief executive office or principal place of business or any other place of business, or the location of any Collateral (including, without limitation, the records relating thereto), or make any change in its legal name or conduct business operations under any fictitious business or trade name (other than any names specified on Exhibit 3(b) attached hereto), without, in each such case (i) giving at least 30 days' prior written notice thereof to the Secured Parties and (ii) executing, delivering, filing and recording all necessary financing statements (or amendments thereto) or other instruments and documents in order to maintain the validity, enforceability, priority and perfection of the liens arising hereunder. The Debtor's federal taxpayer identification number is correctly specified on Exhibit 3(b) attached hereto.

(c) Except as explicitly permitted by the Securities Purchase Agreement, (i) the Debtor will not sell or otherwise dispose of any of the Collateral or any interest therein (other than sales of Inventory in the ordinary course of business consistent with prudent business practice ) and other than sales or dispositions of obsolete Equipment which is replaced, in an aggregate amount not to exceed \$100,000 in any calendar year) and (ii) the Debtor will not create, assume, incur or suffer to exist any lien of any kind

(whether senior, pari passu or subordinate) on the Collateral (including any restrictions on transfer of any Pledged Securities), other than (x) those arising hereunder and under the Securities Purchase Agreement, (y) those listed on Exhibit 3(a) hereto, and (z) restrictions on transfer of the Pledged Securities imposed by applicable securities laws.

(d) The Debtor will keep the Collateral, including, without limitation, all Inventory and Equipment, in good repair, working order and condition (subject to wear and tear in the ordinary course of business) and adequately insured at all times in accordance with the provisions of this Agreement and the Securities Purchase Agreement. Each insurance policy pertaining to any of the Collateral shall be in form and substance, and shall have such limits and deductibles, as shall be reasonably satisfactory to the Required Secured Parties and, without limiting the generality of the foregoing, shall:

(i) name the Secured Parties as loss payees (in the case of property insurance) and additional insureds (in the case of liability insurance) pursuant to a so-called standard mortgagee clause and shall contain the so-called agreed upon replacement cost endorsement and waiver of subrogation, provided that policies insuring the collectibility of accounts receivable need not comply with the requirements of this clause (i) unless requested by the Secured Parties in writing to the Debtor;

(ii) provide that no action of the Debtor or any of its Subsidiaries or any tenant or subtenant shall void such policy as to the Secured Parties;

(iii) provide that the Secured Parties shall be notified (and the Debtor shall notify the Secured Parties) of any expiration, cancellation or material amendment of such policy at least 30 days in advance of the effective date thereof and, if applicable, provide that the Secured Parties shall have the right to cure any deficiency resulting in the same;

(iv) provide that the Secured Parties shall receive (and the Debtor shall cause the Secured Parties to receive) annually certificates of insurance (or other appropriate documentation) demonstrating compliance by the Debtor with all provisions of this Agreement and the Securities Purchase Agreement relating to insurance matters; and

(v) be issued by an insurance company or insurance companies licensed to do business in the jurisdiction in which the Collateral is located and having the highest or second highest rating available from A.M. Best Company or an equivalent Person.

Certified copies of all such insurance policies relating to the Collateral shall be delivered to the Secured Parties upon request by the Required Secured Parties. In the event of any damage or destruction to the Collateral with an aggregate value in excess of \$50,000, the Debtor shall give prompt written notice to the Secured Parties and shall



promptly commence and diligently continue to completion the repair and restoration of the Collateral so damaged or destroyed so as to reconstruct the Collateral in a good and workmanlike manner and in full compliance with all legal requirements and the provisions of this Agreement, free and clear from all liens, other than (x) the liens arising hereunder and (y) the liens listed on Exhibit 3(a) hereto. The Debtor shall not adjust, compromise or settle any claim for insurance proceeds in excess of \$50,000 without the prior written consent of the Required Secured Parties, which consent shall not be unreasonably withheld. Subject to the terms of the Securities Purchase Agreement and so long as no Event of Default shall have occurred and be continuing, the Debtor may apply the proceeds of any insurance to the repair and restoration of any of the Collateral which was the subject of the loss, provided that (i) the cost of repair and restoration shall not exceed \$100,000, (ii) the Debtor continues to be the sole owner of the Collateral subject to the liens arising hereunder, (iii) the contemplated repair and restoration shall reconstruct the Collateral to substantially its previous condition within 12 months from the date of the damage or destruction to the Collateral, (iv) all sums necessary to effect the repair and restoration over and above any available insurance proceeds shall be at the sole cost and expense of the Debtor, (v) in the case of proceeds in excess of \$100,000, at the request of the Required Secured Parties, but subject to the provisions of any loan documents of the Senior Indebtedness referred to in the Notes, the Debtor shall deposit all available proceeds (including insurance proceeds) together with the additional sums referred to in clause (iv) in an escrow account upon terms and conditions reasonably satisfactory to the Required Secured Parties and (vi) at all times during any repair and restoration the Debtor shall, at its sole cost and expense, maintain workers' compensation and public liability insurance in amounts reasonably satisfactory to the Required Secured Parties and in accordance with the provisions of this section 3(d). If at any time the Required Secured Parties reasonably determine that the foregoing conditions have not been or cannot be satisfied or following any Event of Default, then the Required Secured Parties may apply the proceeds of insurance to the prepayment of the obligations to the secured party senior to the Secured Parties and if any proceeds remain to the Secured Obligations or the Secured Parties so direct. If the Debtor fails to provide insurance as required by this Agreement or any of the other Operative Documents, the Required Secured Parties may, at their option, provide such insurance, and the Debtor will on demand pay to the Secured Parties the amount of any disbursement made by the Secured Parties for such purpose (and any unreimbursed amounts shall constitute Secured Obligations for all purposes hereof).

(e) To the extent required by the Securities Purchase Agreement, the Debtor will pay and discharge promptly as they become due and payable all taxes, assessments and other governmental charges or levies imposed upon it or its income or upon any of its properties, real, personal or mixed, or upon any part thereof, including, without limitation, the Collateral or any part of the Collateral, as well as all claims of any kind (including claims for labor, materials and supplies) which if unpaid might by law become a Lien or charge upon its property.

(f) The Debtor will, without the necessity of any request by the Secured Parties, promptly make, execute, acknowledge and deliver and file and record in all

proper offices and places, including, without limitation, the U.S. Patent and Trademark Office and the U.S. Copyright Office, such financing statements, continuation statements, certificates, collateral agreements and other agreements, documents or instruments as may be necessary to perfect or from time to time renew the Liens arising hereunder including, without limitation, those that may be necessary to perfect such liens in any additional Collateral hereafter acquired by the Debtor or in any replacements or proceeds thereof, and the Debtor will take all such action as may reasonably be deemed necessary or advisable by the Required Secured Parties to carry out the intent and purposes of this Agreement or for assuring and confirming to the Secured Parties the grant and perfection of the liens in the Collateral, including, without limitation, the Intellectual Property Collateral. To the extent permitted by law, the Debtor authorizes and appoints (such appointment being coupled with an interest and irrevocable) the Required Secured Parties to execute (but only if an Event of Default shall have occurred and be continuing) such financing statements, continuation statements, certificates, collateral agreements and other agreements, documents and instruments in its stead, with full power of substitution, as the Debtor's attorneys-in-fact. To the extent permitted by law, the Debtor further agrees that a carbon, photographic or other reproduction of a security agreement, financing statement or continuation statement is sufficient as a financing statement or continuation statement.

(g) Except in the ordinary course of business or as otherwise explicitly permitted by the Securities Purchase Agreements, without the prior written consent of the Required Secured Parties, the Debtor shall not amend or modify, or waive any of its rights under or with respect to, any of the Accounts Receivable in an amount in excess of \$50,000 for any single Account Receivable and \$100,000 in the aggregate for any account debtor, if the effect thereof would be to reduce the amount payable to the Debtor thereunder, to extend the time of payment thereof, to waive any default by any account debtor or other obligor thereunder, or to waive or impair any remedies of the Debtor or the Secured Parties under or with respect thereto. Upon the occurrence and during the continuance of any Event of Default, the Required Secured Parties may notify or may require the Debtor to notify (and after any such notification the Debtor shall cause) all Persons obligated on the Accounts Receivable to make payment directly to (or in accordance with the instructions of) the Required Secured Parties. From and after the occurrence and during the continuance of any Event of Default, but subject to the loan documents of the Senior Indebtedness as defined in the Notes (i) all sums collected or received and all property recovered or possessed by the Debtor in respect of any of the Collateral, including, without limitation, all sums received in respect of any of the Accounts Receivable, shall be received and held by the Debtor in trust for the Secured Parties and shall be segregated from other assets and funds of the Debtor and upon the request of the Required Secured Parties shall be immediately delivered to the Secured Parties (or otherwise in accordance with the instructions of the Required Secured Parties) for application to the payment of the Secured Obligations in such order of priority as the Required Secured Parties shall determine and (ii) the Debtor, upon the request of the Required Secured Parties, shall institute depositary, lockbox and other similar credit procedures providing for the direct receipt of such sums.

(h) The Debtor will specifically assign to the Secured Parties all federal government contracts and will cooperate with the Secured Parties in giving notice of such assignment pursuant to the Federal Assignment of Claims Act. The Debtor will cooperate with the Required Secured Parties in providing such further information with respect to contracts with any governmental authority as the Required Secured Parties may reasonably request and will provide such instruments of further assurance with respect to such contracts as the Required Secured Parties may reasonably request. As of the date hereof, no contract of the Debtor with any such governmental authority is material to the Debtor. The Debtor will notify the Secured Parties at such time as any such contract shall become material to the Debtor.

(i) The Debtor hereby constitutes and appoints the Required Secured Parties its true and lawful attorneys, with full power, upon the occurrence and during the continuance of any Event of Default, in the name of the Debtor or otherwise, at the expense of the Debtor and without notice to or demand upon the Debtor, to act, require, demand, receive, compound and give acquittance for any and all monies and claims for monies due or to become due to the Debtor, to endorse any checks or other instruments or orders in connection therewith and to file any claims or take any action or institute any proceedings which the Required Secured Parties may reasonably deem to be necessary or advisable to protect the interests of the Secured Parties, which appointment is coupled with an interest and is irrevocable. Without limiting the generality of the foregoing, upon the occurrence and during the continuance of any Event of Default, the Required Secured Parties shall have full power subject to the loan documents of the Senior Indebtedness as defined in the Notes: (i) to demand, collect, receive payment of, receipt for, settle, compromise or adjust, and give discharges and releases in respect of any of the Collateral, including, without limitation, any Pledged Securities and/or any Accounts Receivable; (ii) to commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect and/or to enforce any other rights in respect of any of the Collateral, including, without limitation, any Pledged Securities and/or any Accounts Receivable; (iii) to defend any suit, action or proceeding brought against the Debtor with respect to any of the Collateral, including, without limitation, any Pledged Securities and/or any Account Receivable; (iv) to settle, compromise or adjust any suit, action or proceeding described in clause (ii) or (iii) above, and, in connection therewith, to give such discharges or releases as the Required Secured Parties may deem appropriate; (v) to endorse checks, notes, drafts, acceptances, money orders, bills of lading, warehouse receipts or other instruments or documents, including, without limitation, those relating to any of the Pledged Securities and/or those evidencing or securing the Accounts Receivable or any of them; (vi) to receive, open and dispose of all mail addressed to the Debtor and to notify the post office authorities to change the address of delivery of mail addressed to the Debtor to such address as the Required Secured Parties may designate; (vii) to act as attorney for the Debtor in obtaining, adjusting, settling and (except for any directors and officers liability insurance which the directors and officers pay the premiums therefor) canceling any insurance and endorsing any drafts and retaining any amounts collected or received under any policies of insurance; (viii) to discharge any taxes, assessments or other governmental charges or levies or any other Liens to which any Collateral is at

any time subject and (ix) generally to sell, assign, transfer, pledge, make any agreement in respect of or otherwise deal with the Collateral as fully and completely as though the Secured Parties were the absolute owners thereof for all purposes. The Debtor agrees to reimburse each Secured Party on demand for any reasonable payments made or reasonable expenses incurred by such Secured Party pursuant to the foregoing authorization and any unreimbursed amounts shall constitute Secured Obligations for all purposes hereof.

(j) The powers conferred on the Secured Parties by this Agreement are solely to protect the interests of the Secured Parties and shall not impose any duty upon the Secured Parties (or any of them) to exercise any such power, and if the Secured Parties (or any of them) shall exercise any such power, such exercise shall not relieve the Debtor of any Default or Event of Default, and the Secured Parties shall be accountable only for amounts actually received as a result thereof. The Secured Parties shall be under no obligation to take steps necessary to preserve the rights in or value of or to collect any sums due in respect of any Collateral against any other Person but may do so at their option. Without limiting the generality of the foregoing, the Secured Parties shall have no duty or liability with respect to any claim or claims regarding the Debtor's ownership or purported ownership, or rights or purported rights arising from, the Pledged Securities or the Intellectual Property Collateral (or any portion thereof) or any use, license, or sublicense thereof, whether arising out of any past, current or future event, circumstance, act or omission or otherwise. All of such duties and liabilities shall be exclusively the obligation of the Debtor. All expenses incurred in connection with the application, protection, maintenance, renewal or preservation of any of the Collateral, including, without limitation, the Intellectual Property Collateral, shall be borne by the Debtor. Notwithstanding the foregoing, the Secured Parties shall be subject to the first sentence of section 9-207(a) of the Uniform Commercial Code

(k) The Debtor shall defend, indemnify and hold harmless each Secured Party for any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses, or disbursements (including reasonable attorneys' fees) of any kind whatsoever which may be imposed on, incurred by or asserted against such Secured Party in connection with or in any way arising out of or relating to the Collateral or this Agreement, provided, however, no Secured Party shall be indemnified for its own gross negligence or willful misconduct.

(l) It is the intention of the parties hereto that none of the Collateral shall become fixtures and the Debtor shall take all reasonable action or actions as may be necessary to prevent any of the Collateral from becoming fixtures. The Debtor will, if requested by the Required Secured Parties, use its commercially reasonable efforts to obtain waivers of lien, in form and substance satisfactory to the Required Secured Parties, from each Person (including lessors) having any interest in the real property on which any of the Collateral is or is to be located.

(m) All of the Debtor's Inventory has been (and from and after the date hereof will be) produced in compliance in all material respects with all applicable laws, including, without limitation, the Fair Labor Standards Act, as amended.

(n) The Debtor will promptly notify the Secured Parties of any material loss or damage to any Collateral or any request by any other Person for any material credit or adjustment with respect to any Accounts Receivable other than in the ordinary course of business.

4. Events of Default. The Debtor shall be in default under this Agreement if any one or more of the following events (each an "Event of Default") shall occur (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body), that is to say:

(a) if default shall be made in the performance or observance of any covenant, agreement or condition contained in this Agreement;

(b) if any representation or warranty made by or on behalf of the Debtor in this Agreement or in any agreement, document or instrument delivered under or pursuant to any provision hereof shall prove to have been false or incorrect in any material respect on the date as of which made; or

(c) if any Event of Default as defined in the Securities Purchase Agreement shall occur.

5. Rights and Remedies; Required Secured Parties.

(a) Upon the occurrence and during the continuance of any Event of Default, the Secured Parties shall have the following rights and remedies:

(i) all rights and remedies provided by law, including, without limitation, those provided by the Uniform Commercial Code;

(ii) all rights and remedies provided in this Agreement; and

(iii) all rights and remedies provided in the Securities Purchase Agreements, the other Operative Documents or in any other agreement, document or instrument pertaining to any of the Secured Obligations.

(b) Notwithstanding anything to the contrary set forth herein, only the Required Secured Parties shall have the right to exercise (whether before or after the occurrence of any Event of Default) on behalf of and for the benefit of all of the Secured Parties, all of the rights and remedies of the Secured Parties relating to the Collateral which arise under or are referred to in this Agreement (including the exercise of any power of attorney granted herein and the right to enforce this Agreement, by judicial proceedings or otherwise, to foreclose the Liens created hereby, to take

possession of and to sell the Collateral (or any part thereof), and/or to direct the time, method and place of conducting any proceeding for any such remedy or exercising any such right) and all such rights and remedies may only be exercised by the Required Secured Parties or by a duly authorized representative (or representatives) appointed by the Required Secured Parties.

6. Right to Dispose of Collateral, etc.

(a) Without limiting the scope of section 5 hereof, upon the occurrence and during the continuance of any Event of Default, the Required Secured Parties shall have the right and power to take possession of all or any part of the Collateral and, in addition thereto, the right to enter upon any premises on which all or any part of the Collateral may be situated and remove the same therefrom and the Required Secured Parties may sell, resell, assign and deliver, or otherwise dispose of any or all of the Collateral, for cash and/or credit, in one or more parcels, at any exchange or broker's board, or at public or private sale and upon such terms and at such place or places and at such time or times and to such Persons (including, without limitation, the Secured Parties (or any of them)), to the extent permitted by law, as the Required Secured Parties deem expedient, all without demand for performance by the Debtor or any notice or advertisement whatsoever except as may be explicitly required by this Agreement or by law. The Required Secured Parties may require the Debtor to make all or any part of the Collateral (to the extent the same is moveable) available to the Required Secured Parties at a place to be designated by the Required Secured Parties which is reasonably convenient to the Required Secured Parties and the Debtor. Unless the Collateral threatens to decline speedily in value or is of a type customarily sold on a recognized market, the Required Secured Parties will give the Debtor at least ten (10) days' prior written notice of the time and place of any public sale thereof or of the time after which any private sale or any other intended disposition thereof is to be made. Any such notice shall be deemed to meet any requirement hereunder or under any applicable law (including the Uniform Commercial Code) that reasonable notification be given of the time and place of such sale or other disposition. After deducting all costs and expenses of collection, storage, custody, preparation for sale, sale or other disposition and delivery (including legal costs and reasonable attorneys' fees) and all other charges against the Collateral, the residue of the proceeds of any such sale or disposition shall be applied to the payment of the Secured Obligations in such order of priority as the Required Secured Parties shall determine and, unless otherwise provided by law or by a court of competent jurisdiction, any surplus shall be returned to the Debtor or to any Person lawfully entitled thereto (including, if applicable, any subordinated creditors of the Debtor). In the event the proceeds of any sale, lease or other disposition of the Collateral hereunder are insufficient to pay all of the Secured Obligations in full in cash or cash equivalents, the Debtor will be liable for the deficiency, including interest thereon at a rate per annum equal to 2.00% above the highest rate borne by any of the Secured Obligations until paid, and the cost and expenses of collection of such deficiency, including, without limitation, reasonable attorneys' fees, expenses and disbursements. Without limiting the generality of the foregoing or the scope of section 5 hereof, upon the occurrence and during the

continuance of any Event of Default, any amount owing by the Secured Parties (or any of them) to the Debtor may, without regard to the value of the Collateral, be offset and applied toward the payment of the Secured Obligations as aforesaid, whether or not the Secured Obligations, or any part thereof, shall be then due.

(b) The Debtor recognizes that the Secured Parties may be unable to effect a public sale of all or a part of any Pledged Securities by reason of certain prohibitions contained in the Securities Act of 1933, as amended, but may be compelled to resort to one or more private sales to a restricted group of purchasers, each of whom will be obligated to agree, among other things, to acquire any such Pledged Securities for its own account, for investment and not with a view to the distribution or resale thereof. The Debtor acknowledges that private sales so made may be at prices and upon other terms less favorable to the seller than if any such Pledged Securities were sold at public sales, and that the Secured Parties have no obligation to delay sale of any such Pledged Securities for the period of time necessary to permit such Pledged Securities to be registered for public sale under the Securities Act of 1933, as amended.

7. Right to Use the Collateral, etc. Without limiting the scope of section 5 hereof, upon the occurrence and during the continuance of any Event of Default, but subject to the provisions of the Uniform Commercial Code or other mandatory provisions of applicable law, the Required Secured Parties shall have the right and power to take possession of all or any part of the Collateral, and to exclude the Debtor and all Persons claiming under the Debtor wholly or partly therefrom, and thereafter to hold, store, and/or use, operate, manage and control the same. Upon any such taking of possession, the Required Secured Parties, from time to time, at the Debtor's expense, may (but shall not be obligated to) make all such repairs, replacements, alterations and improvements to any of the Collateral and may manage and control the Collateral and carry on the business and exercise all rights and powers of the Debtor in respect thereto as the Required Secured Parties shall reasonably deem best, including, without limitation, the right to enter into any and all such agreements with respect to the use of the Collateral or any part thereof as the Required Secured Parties may see fit (including, without limitation, licensing agreements related to the Intellectual Property Collateral); and the Required Secured Parties shall be entitled to collect and receive all rents, issues, profits, fees, revenues and other income of the same and every part thereof. Such rents, issues, profits, fees, revenues and other income shall be applied to pay the expenses of so holding, storing, using, operating, managing and controlling the Collateral, and of conducting any business related thereto, and of all maintenance, repairs, replacements, alterations, additions and improvements, and to make all payments which the Secured Parties (or any of them) may be required or may elect to make, if any, for taxes, assessments, insurance and other charges upon the Collateral or any part thereof, and all other payments which the Secured Parties (or any of them) may be required or authorized to make under any provision of this Agreement or the Securities Purchase Agreement (including legal costs and reasonable attorneys' fees). The remainder of such rents, issues, profits, fees, revenues and other income shall be applied to the payment of the Secured Obligations in such order of priority as the Required Secured Parties shall determine and, unless otherwise provided by law or by a court of competent jurisdiction, any surplus shall be returned to the Debtor or to any Person lawfully entitled thereto (including, if applicable, any subordinated creditors of the Debtor). Without limiting the generality of the

foregoing (and without derogating from any other provision in this Agreement or the Securities Purchase Agreement), the Required Secured Parties shall have the right to have (and the Debtor hereby consents to the same) a trustee, liquidator, receiver or similar official appointed to enforce the rights and remedies of the Secured Parties hereunder or under the Securities Purchase Agreement, including, without limitation, (a) to take possession of and to manage, protect and preserve the Collateral and all other properties of the Debtor, (b) to continue the operation of the business of the Debtor, (c) to sell, transfer, assign or otherwise dispose of the Collateral (or any portion thereof) and (d) to collect all rents, issues, profits, fees, revenues and other income and proceeds thereof and apply the same to the payment of all expenses and other charges of such receivership, including the compensation of any such official, and to the payment of the Secured Obligations as aforesaid. If the Required Secured Parties shall request, or shall apply or petition for, the appointment of or taking possession by any such trustee, liquidator, receiver or other similar official, the Debtor will promptly evidence its consent thereto and will fully cooperate with any such official.

8. Waivers, Remedies Cumulative, etc.

(a) The Debtor hereby waives presentment, demand, notice, protest and, except as is otherwise explicitly provided herein, all other demands and notices in connection with this Agreement or the enforcement of any of the rights and remedies of the Secured Parties hereunder or in connection with any Secured Obligations or any Collateral; consents to and waives notice of the granting of renewals, extensions of time for payment or other indulgences to the Debtor or any other Person (including any account debtor in respect of any Account Receivable), or the substitution, release or surrender of any Collateral, the addition or release of Persons primarily or secondarily liable on any Secured Obligation (or any Account Receivable or other Collateral), the acceptance of partial payments on any Secured Obligation (or any Account Receivable or other Collateral) and/or the settlement or compromise thereof. To the extent permitted by law, the Debtor also hereby waives any rights and/or defenses the Debtor may have under any anti-deficiency laws or other laws limiting, qualifying or discharging the Secured Obligations and/or any of the remedies of the Secured Parties against the Debtor. The Debtor further waives, to the extent permitted by law: (i) any right it may have under any applicable law (including the constitution of any jurisdiction in which any of the Collateral may be located and the Constitution of the United States of America) to notice (other than any requirement of notice explicitly provided herein) or to a judicial hearing prior to the exercise of any right or remedy provided by this Agreement or any of the other Operative Documents and any right to set aside or invalidate any sale duly consummated in accordance with the foregoing provisions hereof on the grounds (if such be the case) that the sale was consummated without a prior judicial hearing; (ii) any right to damages occasioned by any exercise by the Secured Parties (or any of them) of any right or remedy hereunder or referred to herein, including any damages arising as a result of any taking of possession of the Collateral; (iii) all other requirements as to the time, place and terms of sale or other requirements with respect to the enforcement of the Secured Parties' rights hereunder; and (iv) all rights of redemption, appraisalment, valuation, stay, extension or moratorium now or hereafter in force under any applicable law. The Secured Parties



shall not be required to marshal any Collateral (or any part thereof) or to resort to the Collateral (or any part thereof) in any particular order. To the extent permitted by law, the Debtor hereby agrees it will not invoke any right it may have under any law to require the marshaling of Collateral or any other right under any law which might cause delay in or impede the enforcement of the rights of the Secured Parties under this Agreement or the Securities Purchase Agreement, and the Debtor hereby irrevocably waives the benefits of all such laws. Any sale of, or the grant of options to purchase, or any other realization upon, any Collateral shall operate to divest all right, title, interest, claim and demand, either at law or in equity, of the Debtor therein and thereto, and shall be a perpetual bar both at law and in equity against the Debtor and against any and all Persons claiming or attempting to claim the Collateral so sold, optioned or realized upon, or any part thereof, from, through and under the Debtor.

(b) The Debtor hereby covenants and agrees with the Secured Parties that there will not be any restriction imposed by the charter or by-laws of any issuer of any of the Pledged Securities or by any other agreement, document or instrument which will in any way affect or impair any pledge of Pledged Securities hereunder or the exercise by the Secured Parties of any right granted hereunder, including, without limitation, the right of the Secured Parties to dispose of the Pledged Securities in accordance with the terms hereof. The Debtor further covenants and agrees that it will, and will cause each issuer of any Pledged Securities to, take all necessary action to prevent any such restriction from arising at any time in the future. The Debtor hereby agrees that it will take any further action which the Required Secured Parties may reasonably request in order that the Secured Parties may obtain and enjoy the full rights and benefits granted to the Secured Parties by this Agreement free of any such restrictions.

(c) To the extent permitted by law, the obligations of the Debtor under this Agreement shall remain in full force and effect without regard to, and shall not be impaired by (i) any bankruptcy, insolvency, reorganization, arrangement, readjustment, composition, liquidation or the like of the Debtor, or of any other Person; (ii) any exercise or nonexercise, or any waiver, by the Secured Parties (or any of them), of any right, remedy, power or privilege under or in respect of any of the Secured Obligations or any of the Collateral or any other security therefor; (iii) any amendment to or modification of this Agreement or the Securities Purchase Agreement, the Notes or the Warrants; or (iv) the taking of additional security for or any guarantee of any of the Secured Obligations or the release or discharge or termination of any security or guarantee for any of the Secured Obligations; and whether or not the Debtor shall have notice or knowledge of any of the foregoing.

(d) No remedy conferred herein or in any of the other Operative Documents upon the Secured Parties is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or under any of the other Operative Documents or now or hereafter existing at law or in equity or by statute or otherwise. No course of dealing between the Debtor or any Affiliate of the Debtor and the Secured Parties and no delay in exercising any rights hereunder or under any of the other Operative Documents shall operate as a

waiver of any right of the Secured Parties. No waiver by the Secured Parties of any default shall be effective unless made in writing and otherwise in accordance with the terms of the Securities Purchase Agreements and no such waiver shall extend to or affect any obligation not expressly waived or impair any right consequent thereon.

(e) The Debtor's waivers set forth in this Agreement (including, without limitation, those set forth in this section 8) have been made voluntarily, intelligently and knowingly and after the Debtor has been apprised and counseled by its attorneys as to the nature thereof and its possible alternative rights.

9. Termination. This Agreement and the liens on the Collateral created hereby shall terminate when all of the Secured Obligations have been paid and finally discharged in full in cash (and all commitments of the Secured Parties (or any of them) to disburse any additional amounts to the Debtor or any of its Affiliates shall have been terminated).

10. Reinstatement. Notwithstanding the provisions of section 9 to the contrary and notwithstanding anything else to the contrary contained herein, this Agreement shall continue to be effective or be reinstated, as the case may be, if at any time any amount received by any Secured Party in respect of the Collateral or in respect of the Secured Obligations is rescinded, annulled or must otherwise be restored or returned by any Secured Party upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of the Debtor or any of its Affiliates or any guarantor of all or any part of the Secured Obligations, or upon the appointment of an intervenor, receiver or conservator of, or trustee or similar official for, the Debtor or any such Affiliate or guarantor, or any substantial part of their respective properties or assets, or otherwise, all as though such payment had not been made.

11. Consents, Approvals, etc. Upon the exercise by the Required Secured Parties of any power, right, privilege or remedy pursuant to this Agreement or any of the other Operative Documents which requires any consent, approval, registration, qualification or authorization of, or declaration or filing with, or other action by, any other Person, including, without limitation, any governmental authority or instrumentality, the Debtor will execute and deliver, or will cause the execution and delivery of, all such agreements, documents, applications, certificates, instruments and other documents and papers and will take, or will cause to be taken, such other reasonable action that may be required to obtain such consent, approval, registration, qualification or authorization of or other action by such other Person and/or that may be reasonably requested by the Required Secured Parties in connection therewith.

12. Certain Definitions. In addition to the descriptions contained in section 1 hereof, the items of Collateral referred to therein shall have all of the meanings ascribed to them in the Uniform Commercial Code of The Commonwealth of Massachusetts (or of any other applicable jurisdiction) as in effect from time to time.

13. Amendments. All amendments of this Agreement and all waivers of compliance herewith shall be in writing and shall be effected in compliance with the provisions of the Securities Purchase Agreements.

14. **Communications.** All communications provided for herein shall be mailed by certified mail (return receipt requested) at the addresses referred to and shall be effective at the time specified in the Securities Purchase Agreements.

15. **Successors and Assigns.** This Agreement shall bind and inure to the benefit of and be enforceable by the Secured Parties and the Debtor, successors to the Debtor and the successors and permitted assigns of the Secured Parties, and, in addition, shall inure to the benefit of and be enforceable by each holder from time to time of any of the Notes who, upon acceptance of any such Notes, shall, without further action, be entitled to enforce the provisions and enjoy the benefits hereof and thereof, whether or not an express assignment to such holder of rights hereunder and thereunder has been made.

16. **Governing Law; Jurisdiction; Waiver of Jury Trial.** This Agreement, including the validity hereof and the rights and obligations of the parties hereunder, and all amendments and supplements hereof and all waivers and consents hereunder, shall be construed in accordance with and governed by the domestic substantive laws of The Commonwealth of Massachusetts without giving effect to any choice of law or conflicts of law provision or rule that would cause the application of the domestic substantive laws of any other jurisdiction. The Debtor, to the extent that it may lawfully do so, hereby consents to service of process, and to be sued, in The Commonwealth of Massachusetts and consents to the jurisdiction of the courts of The Commonwealth of Massachusetts and the United States District Court for the District of Massachusetts, as well as to the jurisdiction of all courts to which an appeal may be taken from such courts, for the purpose of any suit, action or other proceeding arising out of any of its obligations hereunder and under the other Operative Documents or with respect to the transactions contemplated hereby or thereby, and expressly waives any and all objections it may have as to venue in any such courts. The Debtor further agrees that a summons and complaint commencing an action or proceeding in any of such courts shall be properly served and shall confer personal jurisdiction if served personally or by certified mail to it in accordance with section 14 or as otherwise provided under the laws of The Commonwealth of Massachusetts. Notwithstanding the foregoing, the Debtor agrees that nothing contained in this section 16 shall preclude the institution of any such suit, action or other proceeding in any jurisdiction other than The Commonwealth of Massachusetts. **THE DEBTOR IRREVOCABLY WAIVES ALL RIGHT TO A TRIAL BY JURY IN ANY SUIT, ACTION OR OTHER PROCEEDING INSTITUTED BY OR AGAINST IT IN RESPECT OF ITS OBLIGATIONS HEREUNDER AND UNDER ANY OF THE OTHER OPERATIVE DOCUMENTS AND THE TRANSACTIONS CONTEMPLATED HEREBY AND BY THE OTHER OPERATIVE DOCUMENTS.**

17. **Miscellaneous.** The headings in this Agreement are for purposes of reference only and shall not limit or otherwise affect the meaning hereof. This Agreement, the Securities Purchase Agreement, the Notes or the Warrants embodies the entire agreement and understanding between the Secured Parties and the Debtor and supersedes all prior agreements and understandings relating to the subject matter hereof. Each covenant contained herein, in the Notes, Securities Purchase Agreement or the Warrants shall be construed (absent an express provision to the contrary) as being independent of each other covenant contained herein and therein, so that compliance with any one covenant shall not (absent such an express contrary

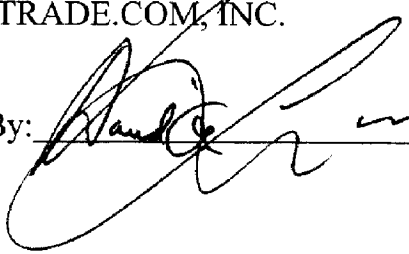
provision) be deemed to excuse compliance with any other covenant. If any provision in this Agreement, the Securities Purchase Agreement, the Notes or the Warrants refers to any action taken or to be taken by any Person, or which such Person is prohibited from taking, such provision shall be applicable, whether such action is taken directly or indirectly by such Person, whether or not expressly specified in such provision. In case any provision in this Agreement, the Securities Purchase Agreement, the Notes or the Warrants shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions hereof and thereof shall not in any way be affected or impaired thereby. This Agreement may be executed in any number of counterparts and by the parties hereto on separate counterparts but all such counterparts shall together constitute but one and the same instrument.

**[Remainder of this page left blank intentionally.]**

IN WITNESS WHEREOF, the Debtor and the Secured Parties have executed this Agreement as a sealed instrument as of the date first above written.

DEBTOR:

BTRADE.COM, INC.

By:  \_\_\_\_\_ CEO  
(Title)

PURCHASERS:

HOOK COMMUNICATIONS PARTNERS, L.P.  
a Delaware limited partnership

By: \_\_\_\_\_  
(Title)

HOOK PARTNERS III, L.P., a Texas limited partnership

By: Hook Management III, L.P.  
a Texas limited partnership

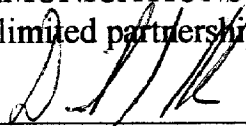
By: \_\_\_\_\_  
(Title)

IN WITNESS WHEREOF, the Debtor and the Secured Parties have executed this Agreement as a sealed instrument as of the date first above written.

DEBTOR: BTRADE.COM, INC.

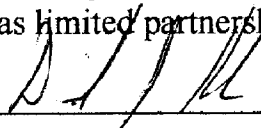
By: \_\_\_\_\_  
(Title)

PURCHASERS: HOOK COMMUNICATIONS PARTNERS, L.P.  
a Delaware limited partnership

By:  \_\_\_\_\_  
(Title)

HOOK PARTNERS III, L.P., a Texas limited partnership

By: Hook Management III, L.P.  
a Texas limited partnership

By:  \_\_\_\_\_  
(Title)

THE PRODUCTIVITY FUND IV, L.P., a Delaware limited partnership

By: First Analysis Management Company IV, L.L.C., its General Partner

By: Brett Maxwell (Title)

BRETT R. MAXWELL

By: Brett Maxwell

THE PRODUCTIVITY FUND IV ADVISORS FUND, L.P., a Delaware limited partnership

By: First Analysis Management Company IV, L.L.C., its General Partner

By: First Analysis Venture Operations and Research, L.L.C., its Managing Member

By: Brett Maxwell, Managing Member

INFRASTRUCTURE AND ENVIRONMENTAL PRIVATE EQUITY FUND III, L.P., a Delaware limited partnership

By: Infrastructure and Environmental Private Equity Management III, L.L.C., its General Partner

By: First Analysis IEPEF Management Company III, L.L.C., its Member

By: Brett Maxwell (Title)

ENVIRONMENTAL & INFORMATION TECHNOLOGY PRIVATE EQUITY FUND III, a civil partnership with limitation of liability established under the laws of the Federal Republic of Germany

By: Infrastructure and Environmental Private Equity Management III, L.L.C., its General Partner

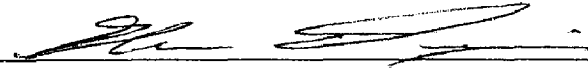
By: First Analysis IEPEF Management Company III, L.L.C., its Member

By: First Analysis Corporation, its Member

By: Brett Maxwell (Title)

**SHAWMUT EQUITY PARTNERS, L.P.**

**By: Shawmut Capital Partners, L.L.C., its General  
Partner**

**By:**   
its: *Managing Director*



CMS CO-INVESTMENT SUBPARTNERSHIP, a  
Delaware general partnership

By: CMS Co-Investment Partners, L.P., a Delaware  
limited Partnership

By: CMS/Co-Investment Associates, L.P., a  
Delaware limited partnership

By: MSPS/Co-Investment, Inc., a Delaware  
corporation

By: Richard A. Whitman  
its: v.p.

By: CMS 1997 Investment Partners,  
L.P., a Delaware limited  
partnership

By: CMS 1997, Inc., a  
Delaware corporation

By: Richard A. Whitman  
its: v.p.

By: CMS Co-Investment Partners I-Q, L.P.,  
a Delaware limited partnership

By: CMS/Co-Investment Associates, L.P., a  
Delaware limited partnership

By: MSPS/Co-Investments, Inc., a  
Delaware corporation

By: Richard A. Whitman  
its: v.p.

By: CMS 1997 Investment Partners,  
L.P., a Delaware limited  
partnership

By: CMS 1997, Inc.,  
a Delaware corporation

By: Richard A. Whitman  
its: v.p.

Exhibit 3(a)

Liens

Exhibit 3(a)

bTrade.com, Inc.  
Liens

Comerica Bank

IBM Credit Corp.

Sun Microsystems Finance (3)

Technifax Office Solutions

Exhibit 3(b)

Places of Business  
Location of Collateral; Names

1. Additional Places of Business and Locations of Collateral
  
2. Names (including all fictitious business and trade names)
  
3. Federal Taxpayer I.D. No.

Exhibit 3(b)

bTrade.com, Inc.  
Business Names

bTrade.com, Inc.

bTrade, Inc.

Comm-Press, Inc.

Comm-Press Technologies, Inc.

bTrade.com, Inc.  
Domain Names

bTrade.com  
bTrade.net  
comm-press.com  
edionthenet.com  
edionthenet.net  
businesstradingnetwork.com  
businesstradingnetwork.net  
qrselink.net

btradecorp.com

yourb2bsolution.net  
yourbtobsolution.net  
yourbtobsolution.com

bTrade.com, Inc.  
Federal Taxpayer ID No.

75-2336470

**bTrade.com, Inc. Active Trademarks**  
**as of December 27, 2000**

Mark	Country	Status	U.S. Serial No., U.S. Registration No. or Foreign Application No.
bTrade**	U.S.	Pending	75/709,583
bTrade	Australia	Pending	849700
BTrade	Canada	Pending	1,074,330
bTrade	European Union	Pending	Not yet assigned
bTrade	Japan	Pending	2000-106290
bTrade	Mexico	Pending	452857 in Class 9; 452858 in Class 38
COMM-PRESS	U.S.	Registered	2,395,184
EASYACCESS2000	U.S.	Pending	75/692,588
KEYMANAGER	U.S.	Registered	2,399,410
SECUREACCESS2000	U.S.	Pending	75/692,590
SECUREMANAGER2000	U.S.	Pending	76/053,352
SECUREPORTAL2000	U.S.	Pending	76/053,303
SECURESERVE2000	U.S.	Pending	76/053,351
THE POWER TO B	U.S.	Pending	76/034,702
THE POWER TO B	Australia	Pending	849934
THE POWER TO B	Canada	Pending	1,074,329
THE POWER TO B	European Union	Pending	1,827,351
THE POWER TO B	Japan	Pending	2000-106291
THE POWER TO B	Mexico	Pending	452856 in Class 9; 452859 in Class 38
WEBACCESS2000	U.S.	Pending	76/053,359

\*\*Note: Bloomberg, L.P. and B4Utrade.com, Inc. have requested extensions of time to oppose this application.