

08-10-2001



Form PTO-1594
(Rev. 03/01)
OMB No. 0651-0027 (exp. 5/31/2002)
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REC-101805504
TRADEMARKS ONLY

J.S. DEPARTMENT OF COMMERCE
U.S. Patent and Trademark Office

To the Honorable Commissioner of Patents and Trademarks: Please record the attached original documents or copy thereof.

1. Name of conveying party(ies): MRD
8-10-01
Astata Corporation

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

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

3. Nature of conveyance: 27
 Assignment Merger
 Security Agreement Change of Name
 Other _____

Execution Date: June 1, 2001

2. Name and address of receiving party(ies)
Name: I-Hatch Ventures, L.P.
Internal Address: _____
Street Address: 599 Broadway, 11th Floor
City: New York State: NY Zip: 10012

- Individual(s) citizenship _____
- Association _____
- General Partnership _____
- Limited Partnership _____
- Corporation-State _____
- 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):

A. Trademark Application No.(s)

TM

B. Trademark Registration No.(s)

75/902846 75/928948 76/140640
75/928733 76/1406434

Additional number(s) attached Yes No

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

Name: Kenneth Alberstadt

Internal Address: _____

Street Address: Wöllmuth Maher & Deutsch LLP
500 Fifth Avenue, 12th Floor

City: New York State: NY Zip: 10110

6. Total number of applications and registrations involved: 5

7. Total fee (37 CFR 3.41).....\$ 260.00/100

- Enclosed
- Authorized to be charged to deposit account

8. Deposit account number:

260E
(Attach duplicate copy of this page if paying by deposit account)

DO NOT USE THIS SPACE

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.

Kenneth G. Alberstadt
Name of Person Signing

[Signature]
Signature

8/9/01
Date

Total number of pages including cover sheet, attachments, and document: 21

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

21 pgs

Additional Receiving Parties

I-Hatch Advisors, L.P.
599 Broadway, 11th Floor
New York, New York 10012

Hudson Venture Partners, L.P.
660 Madison Avenue, 14th Floor
New York, New York 10012

AMENDMENT TO SECURITY AGREEMENT

THIS AMENDMENT (the "Amendment") TO THE SECURITY AGREEMENT dated as of February 21, 2001 (the "Security Agreement") by and between ASTATA CORPORATION (the "Company") and I-HATCH MANAGEMENT LLC, in its role as the collateral agent (the "Collateral Agent") on behalf of and for the benefit of each of I-Hatch Ventures L.P., I-Hatch Advisors, L.P. and Hudson Venture Partners, L.P. (the "Secured Parties") is effective as of May 31, 2001.

WHEREAS, the Company, the Collateral Agent and the Secured Parties entered into the Security Agreement in order to secure the Company's obligations under the Note (as defined in the Security Agreement); and

WHEREAS, the Company has requested the Secured Parties, and the Secured Parties have agreed, to lend an additional \$99,000 to the Company pursuant to Convertible Secured Promissory Notes dated as of the date hereof (the "New Notes"); and

WHEREAS, in order to induce the Secured Parties to extend loans to the Company under the New Notes the parties hereto desire to amend the Security Agreement as set forth herein.

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

1. Amendment to Security Agreement. Pursuant to Section 10(f) of the Security Agreement, each of the parties hereto hereby agrees that the Security Agreement is hereby amended so that the term "Note" as used in the Security Agreement shall be deemed to include the New Notes, and any and all references to the principal amount of the Note in the Security Agreement shall be deemed increased by the principal amount of the New Notes. The Company hereby agrees to execute and deliver any and all agreements, instruments and documents, including without limitation UCC-1 financing statements, necessary or desirable to evidence and perfect the additional security interests granted hereby.

2. Reference to and Effect on the Security Agreement. (a) Upon the effectiveness of this Amendment, each reference in the Security Agreement to "this Agreement", "hereunder", "hereof", "herein" or words of like import shall mean and be a reference to the Security Agreement as amended hereby.

(b) Except as specifically amended above, the Security Agreement shall remain in full force and effect, and the Security Agreement is hereby ratified and confirmed in all respects.

(c) The execution, deliver and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of the Collateral Agent or any Secured Party under the Security Agreement.

3. Execution in Counterparts. This Amendment may be executed in one or more counterparts and by the parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute but one and the same instrument.

4. Governing Law. This Amendment shall be governed by the laws of the State of New York applicable to agreements entered into and wholly performed within such state.

5. Capitalized Terms. All capitalized terms unless otherwise defined herein shall have the meaning as set forth in the Security Agreement.

6. Headings. Section headings in this Amendment are included herein for convenience of reference only and shall not constitute a part of this Amendment for any other purpose.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to the Security Agreement to be made, executed and delivered by their duly authorized officers as of the day and year first above written.

ASTATA CORPORATION

By *A. Hill*
Name: STEVEN K. HILL
Title: CEO

I-HATCH MANAGEMENT, LLC

By _____
Title:

I-HATCH VENTURES, L.P.

By _____
Name:
Title:

I-HATCH ADVISORS, L.P.

By _____
Name:
Title:

HUDSON VENTURE PARTNERS, L.P.

By _____
Name:
Title:

6. Headings. Section headings in this Amendment are included herein for convenience of reference only and shall not constitute a part of this Amendment for any other purpose.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to the Security Agreement to be made, executed and delivered by their duly authorized officers as of the day and year first above written.

ASIATA CORPORATION

By _____
Name:
Title:

I-HATCH MANAGEMENT, LLC

By Andrew Sitten
Title: Andrew Sitten, CEO

I-HATCH VENTURES, L.P.

By Andrew Sitten
Name:
Title: CEO of general partner

I-HATCH ADVISORS, L.P.

By Andrew Sitten
Name:
Title: CEO of general partner

HUDSON VENTURE PARTNERS, L.P.

By _____
Name:
Title:

6. Headings. Section headings in this Amendment are included herein for convenience of reference only and shall not constitute a part of this Amendment for any other purpose.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to the Security Agreement to be made, executed and delivered by their duly authorized officers as of the day and year first above written.

ASTATA CORPORATION

By [Signature]
Name: STEVEN KAMIN
Title: CEO

LHATCH MANAGEMENT, LLC

By _____
Title:

LHATCH VENTURES, L.P.

By _____
Name:
Title:

LHATCH ADVISORS, L.P.

By _____
Name:
Title:

HUDSON VENTURE PARTNERS, L.P.

By HUDSON VENTURES, L.P.
By [Signature]
Name: Lawrence Howard
Title: Partner

SECURITY AGREEMENT

SECURITY AGREEMENT (this "Agreement"), dated as of February 21, 2001, by and among Astata Corporation (the "Company") and I-Hatch Management, LLC. in its role as the collateral agent (the "Collateral Agent") on behalf of and for the benefit of each of I-Hatch Ventures, L.P., I-Hatch Advisors, L.P. and Hudson Venture Partners, L.P. (collectively, the "Secured Parties").

WHEREAS, the Company has issued to each of the Secured Parties secured Convertible Promissory Notes dated as of the date hereof in the original principal amount not to exceed \$1,213,078.84 in the aggregate (such notes, as they may hereafter be amended, supplemented, extended or otherwise modified from time to time in accordance with their terms, shall collectively be referred to as the "Note"); and

WHEREAS, in order to induce the Secured Parties to extend such loans to the Company, the Company has agreed to grant a security interest in the Collateral (as defined below) to the Secured Parties.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

Section 1. Grant of Security Interest. As security for the payment and performance when due of the Obligations (as defined below), the Company hereby grants to the Secured Parties and each of their successors and assigns, a security interest in all of the Company's right, title and interest in and to its General Intangibles (as such term is defined in the Uniform Commercial Code (the "UCC")) including without limitation, all intellectual property of the Company as defined in Schedule 1 hereto (the "Intellectual Property"), and in all proceeds and products thereof (collectively, the "Collateral"). The Collateral shall also include, without limitation, the property described on Schedule I.

Section 2. Security for Obligations. This Agreement and the Collateral secure the payment of all principal from time to time outstanding under the Note and all interest thereon, and the performance and discharge of all other obligations of the Company now or hereafter existing thereunder and under this Agreement (collectively, the "Obligations").

Section 3. Remedies Upon Event of Default Under the Note. (a) In the event of and during the continuance of an Event of Default (as defined in the Note), the Collateral Agent on behalf of the Secured Parties may declare the unpaid principal amount of the Note, all accrued interest thereunder and all other amounts payable to the Secured Parties thereunder to be immediately due and payable.

(b) Upon the occurrence of an Event of Default, the Collateral Agent on behalf of the Secured Parties in addition to any other rights they may have, shall have the right at any time and from time to time to sell, resell, assign and deliver, in its discretion, all or any of the Collateral in one or more parcels at the same or different times, and all right, title and interest, claim and demand therein and right of redemption thereof, at public or private sale, for cash, upon credit or for future

delivery. The Collateral Agent on behalf of the Secured Parties may purchase all or any of the Collateral being sold. The Company agrees that all actions by the Collateral Agent in respect of the Collateral may be effected without demand, advertisement or notice (except as otherwise required by applicable law), all of which are hereby expressly waived to the extent permitted by applicable law). The Collateral Agent may, without notice or publication, adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for sale, and such sale may, without further notice, be made at the time and place to which the same was so adjourned. The Company shall pay all reasonable costs and expenses of every kind for sale or delivery, including brokers' and attorneys' fees, and after deducting such costs and expenses from the proceeds of sale, the Collateral Agent shall apply any residue to the payment of the indebtedness or obligations of the Company under the Note, and the Company shall continue to be liable for any deficiency. The balance, if any, remaining after payment in full of all of such indebtedness payable to the Collateral Agent on behalf of the Secured Parties shall be paid to the Company, subject to any duty of the Secured Parties imposed by law to the holder of any subordinate security interest in the Collateral known to the Secured Parties. The Secured Parties, in addition to all other rights or remedies which they may have, shall have all of the rights and remedies of a secured party upon default under the UCC and under any other applicable law. The Secured Parties may exercise any or all of the rights which they may have in the premises in any order, from time to time, and shall not be obligated to exercise any of such rights. No failure to exercise any right shall operate as a waiver and no waiver, consent or agreement given in any instance shall adversely effect the rights of the Secured Parties in any other instance.

(c) The Company, in dealing with or disposing of the Collateral or any part thereof, hereby waives all rights, legal and equitable, they may now or hereafter have to require marshaling of assets or to require, upon foreclosure, sales of assets in a particular order. Each successor and assign of the Company, including a holder of a lien subordinate to the lien created hereby, by acceptance of its interest or lien agrees that it shall be bound by the above waiver, to the same extent as if such holder gave the waiver itself. The Company also hereby waives, to the full extent it may lawfully do so, the benefit of all laws providing for rights of appraisal, valuation, stay or extension or of redemption after foreclosure now or hereafter in force.

(d) Upon the occurrence and during the continuation of an Event of Default, the Collateral Agent may notify or may require the Company to notify any person or entity obligated to the Company under any account forming all or any part of the Collateral, whether now existing or hereafter acquired, that the same has been assigned to the Secured Parties and that such obligor should make payment or performance of its obligations under such account directly to the Collateral Agent on behalf of the Secured Parties, and Collateral Agent on behalf of the Secured Parties may take possession of and exercise control over all proceeds of any such account in the Company's possession or otherwise, and may take any other action which the Collateral Agent deems necessary or desirable to collect any such account or the proceeds thereof. To evidence the Secured Parties' rights hereunder, the Company shall, at the Company's expense, execute such assignments or endorsements of any such account, or of the proceeds thereof, as the Secured Parties may request.

(e) Upon the Secured Parties' taking possession (either directly or through the Collateral Agent or the appointment of a receiver, which appointment the Company consent to as a matter of right in favor of the Secured Parties) of all or any part of the Collateral, pursuant to any right granted the Secured Parties by this Agreement or otherwise, the Collateral Agent on behalf of the Secured Parties shall have the right to hold, store, and/or use, operate, manage, and control the same. Upon any such taking of possession, the Collateral Agent may (but shall not be obligated to), from time to time, at the expense of the Company, make all such replacements, alterations, additions, and improvements to and of all or any of the Collateral as the Collateral Agent may deem proper. In any such case the Collateral Agent shall have the right to exercise all rights and powers of the Company in respect of the Collateral or any part thereof as the Collateral Agent shall deem proper, including the right to enter into any and all such agreements with respect to the operation of the Collateral or any part thereof as the Collateral Agent may see fit; and the Collateral Agent shall be entitled to collect and receive all rents, issues, profits, fees, revenues, and other income of the same and every part thereof.

(f) The Collateral Agent is hereby irrevocably appointed the true and lawful attorney-in-fact of the Company in its name and stead, to make all necessary deeds, bills of sale and instruments of assignment and transfer of any collateral sold pursuant to this Section and for such other purposes as are necessary or desirable to effectuate the provisions of this Agreement, and, for that purpose, the Collateral Agent may execute and deliver all necessary deeds, bills of sale and instruments of assignment and transfer, and may substitute one or more persons with like power, the Company hereby ratifying and confirming all that their said attorney, or such substitute or substitutes, shall lawfully do by virtue hereof; but if so requested by the Collateral Agent or by any purchaser of the Collateral, the Company shall ratify and confirm any such sale or transfer by executing and delivering to the Collateral Agent on behalf of the Secured Parties or to such purchaser all property, deeds, bills of sale, instruments or assignment and transfer and releases as may be designated in any such request.

(g) The powers conferred on the Collateral Agent on behalf of the Secured Parties hereunder are solely to protect its interest in the Collateral and shall not impose any duty on it to exercise any such powers. Except for those imposed on the Collateral Agent and the Secured Parties as a matter of law, the Collateral Agent and the Secured Parties shall have no duty as to any Collateral or as to the taking of any necessary steps to preserve rights against prior parties or any other rights pertaining to any Collateral.

Section 4. Representations and Warranties. The Company hereby represents and warrants to the Collateral Agent and the Secured Parties, which representations and warranties shall survive the execution and delivery, of this Agreement, that:

(i) it is, and as to Collateral acquired from time to time after the date hereof it will be, the legal and beneficial owner of the Collateral free and clear of any liens, security interests, claims, options, adverse interests, or other encumbrances, except for the security interest created by this Agreement, and the Company shall defend the Collateral against all claims and demands of all persons at any time claiming the same or any interest therein adverse to the Secured Parties;

(ii) it is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and it has full legal right, power and authority to execute and deliver, and to perform all of its obligations under, this Agreement and the Note and the transactions contemplated hereby and thereby;

(iii) this Agreement and the Note have been duly authorized, executed and delivered by the Company and constitute the legal, valid and binding obligations of the Company enforceable against the Company in accordance with their respective terms except as such enforcement may be limited by any applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws of general applicability affecting the enforcement of creditors' rights or by general principles of equity;

(iv) the execution and delivery by the Company of this Agreement and the Note, and the performance of its Obligations hereunder and thereunder, are not in violation of its charter documents or of any indenture, mortgage, contract or other agreement to which the Company is a party or by which it is bound or of any order, judgment or ruling applicable to the Company or any law, government rule or regulation of the United States or any state thereof applicable to its business generally and do not and will not require the consent or approval of, or the giving of notice to, the registration with, or the taking of any other action in respect of, any governmental authority; and

(v) there are no pending or threatened actions or proceedings against the Company before any court, administrative agency or tribunal which, if adversely determined against the Company, would materially adversely affect the ability of the Company to perform its Obligations under this Agreement or the Note or under the transactions contemplated hereby and thereby.

Section 5. Covenants of the Company. The Company hereby covenants to the Collateral Agent and the Secured Parties, which representations and warranties shall survive the execution and delivery, as follows:

(i) the Company will not use the Collateral in violation of any statute or ordinance and will promptly pay all taxes and assessments levied against the Collateral;

(ii) the Company will not sell, transfer, change the registration, if any, dispose of, attempt to dispose of, or abandon the Collateral or any part thereof or take any action which lowers the value of the Collateral, including without limitation, the inappropriate disclosure of proprietary information of the Company;

(iii) the Company will not assert against the Collateral Agent and the Secured Parties any claim or defense which the Debtor may have against any seller of the Collateral or any part thereof or against any other person with respect to the Collateral or any part thereof;

(iv) the Company will indemnify and hold the Collateral Agent and the Secured Parties harmless from and against any loss, liability, damage, costs and expenses whatsoever arising from the Company's use, operation, ownership or possession of the Collateral or any part thereof;

(v) the Company will not enter into any agreement that is inconsistent with the Company's obligations under this Agreement, without the prior written consent of the Collateral Agent;

(vi) There is no financing statement (or similar statement or instrument of registration under the law of any jurisdiction) or any assignment of patent, trademark or copyright now on file or registered in any public office covering any interest of any kind in the Collateral, or intended to cover any such interest, which has not been terminated or released by the secured parties named therein and so long as the Note remains outstanding, and the Collateral Agent remains unpaid, the Company will not execute and there will not be on file in any public office any financing statement (or similar statement or instrument of registration under the law of any jurisdiction) or statements relating to the Collateral, except financing statements filed or to be filed in respect of and covering the security interest of the Company hereby granted and provided for;

(viii) The chief executive office and principal place of business of the Company is 65 Broadway, 21st Floor, New York, NY 10006, and the Company will not move its chief executive office and chief place of business except to such new location as the Company may establish in accordance with the last sentence of this paragraph. With respect to the Collateral, the originals of all documents (as well as all duplicates thereof) and all other contract rights or accounts and other property of the Debtor and the only original books of account and records of the Debtor relating thereto are, and will continue to be, kept at such chief executive office. The Company shall establish no such new location until (i) it shall have given to the Collateral Agent not less than 10 days' prior written notice of its intention to do so, clearly describing such new location and providing such other information in connection therewith as the Collateral Agent may reasonably request, and (ii) with respect to such new location, it shall have taken such action, satisfactory to the Collateral Agent to maintain the security interest of the Secured Parties in the Collateral intended to be granted at all times fully perfected and in full force and effect;

(ix) The Company has no Collateral located outside of the State of New York; and

(x) The name of the Company is as set forth on the signature page hereto and the Company shall not change such name, conduct its business in any other name or take title to the Collateral in any other name while the Note remains in effect, unless it shall have given to the Collateral Agent not less than 30 days' prior written notice. The Company has never had any name, or conducted any business under any name in any

jurisdiction, other than its name as set forth on the signature page hereto, during the past six years.

SECTION 6. Collateral Agent.

(a) Each Secured Party hereby authorizes and appoints the Collateral Agent to act on behalf of such Secured Party as collateral agent for and representative of such Secured Party under this Agreement, to enforce the rights provided under this Agreement and the obligations of the Company thereunder and, to exercise such powers hereunder and thereunder as are specifically delegated to or required of the Collateral Agent by the terms hereof and thereof, together with such powers as may be reasonably incidental thereto. Each Secured Party agrees (which agreement shall survive any termination of this Agreement) to indemnify the Collateral Agent, pro rata according to such Secured Party's proportional interest in the Collateral, from and against any and all liabilities, obligations, losses, damages, claims, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may at any time be imposed on, incurred by, or asserted against the Collateral Agent in any way relating to or arising out of this Agreement, and any other agreement relating thereto, including the reimbursement of the Collateral Agent for all reasonable out-of-pocket expenses (including attorneys' fees and expenses) incurred by the Collateral Agent hereunder or in connection herewith or in enforcing the obligations of the Company under this Agreement, in all cases as to which the Collateral Agent is not reimbursed by the Company; provided, that no Secured Party shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements determined by a court of competent jurisdiction in a final proceeding to have resulted solely from the Collateral Agent's gross negligence or willful misconduct. The Collateral Agent shall not be required to take or omit to take any action hereunder, or to prosecute or defend any suit in respect of any this Agreement, or any other agreement relating thereto, unless indemnified to its satisfaction by the Secured Parties against loss, costs, liability, and expense. If any indemnity in favor of the Collateral Agent shall become, in the Collateral Agent's determination, inadequate or impaired, it may call for additional indemnity and cease to do the acts indemnified against until such additional indemnity is given. The Collateral Agent may delegate its duties hereunder to affiliates, agents, attorneys-in-fact and receivers (which term includes receivers as managers) selected in good faith by the Collateral Agent.

(b) The Collateral Agent shall have no duties or responsibilities except those expressly set forth in this Agreement, and the Collateral Agent shall not by reason of this Agreement (or otherwise) be a trustee for any Secured Party or have any fiduciary obligation to any Secured Party. Neither the Collateral Agent nor any of its directors, officers, employees or agents (collectively, the "Related Parties") shall be liable to any Secured Party for any action taken or omitted to be taken by it under this Agreement, or in any agreements delivered in connection therewith, or in connection herewith or therewith, except for its own willful misconduct or gross negligence, nor shall the

Collateral Agent or any Related Parties be responsible for any recitals or representations or warranties herein or therein or in any other agreement delivered in connection therewith, or for the effectiveness, enforceability, validity or due execution of any of this Agreement, or in any other agreement delivered in connection therewith, nor for the creation, perfection or priority of any Security Interests purported to be created under any of this Agreement or the Note or the validity, genuineness, enforceability, existence, value or sufficiency of any Collateral, nor shall the Collateral Agent or any Related Parties be obligated to make any inquiry respecting the performance by the Company of its obligations hereunder or thereunder or in any other agreement delivered in connection therewith. Any such inquiry by the Collateral Agent shall not obligate it to make any further inquiry or to take any action. The Collateral Agent shall be entitled to rely upon advice of counsel concerning legal matters and upon any notice, consent, certificate, statement, or writing which they believe to be genuine and to have been presented by a proper Person. The Collateral Agent may employ agents and attorneys-in-fact and shall not be responsible for the negligence or misconduct of any such agents or attorneys-in-fact selected by it with reasonable care.

(c) The Collateral Agent shall be entitled to rely upon any certification, notice or other communication (including any thereof by telex, telecopy, telegram or cable) reasonably believed by it to be genuine and correct and to have been signed or sent by or on behalf of the proper Person or Persons, and upon advice and statements of legal counsel (including counsel to the Company), independent accountants and other experts selected by the Collateral Agent with reasonable care. As to any matters not expressly provided for by this Agreement, the Collateral Agent shall in all cases be fully protected in acting, or in refraining from acting, hereunder in accordance with instructions signed by the Secured Parties, and any action taken or failure to act pursuant thereto, shall be binding on all of the Secured Parties.

(d) The Collateral Agent shall not be required to take any action that is in its opinion contrary to law or to the terms of this Agreement, or which would in its opinion subject it or any of its Related Party to liability. The Collateral Agent shall, in all cases, be fully justified in failing or refusing to act hereunder unless it shall be fully indemnified to its satisfaction against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action.

(e) The Collateral Agent may deem and treat the payee of any promissory note or other evidence of indebtedness relating to the Obligations as the owner thereof for all purposes hereof unless and until a written notice of the assignment or transfer thereof, signed by such payee and in form reasonably satisfactory to the Collateral Agent, shall have been filed with the Collateral Agent. Any request, authority or consent of any Person who at the time of making such request or giving such authority or consent is the holder of any such note or other evidence of indebtedness shall be conclusive and binding on any subsequent holder, transferee or assignee of such note or other evidence of indebtedness and of any note or notes or other evidences of indebtedness issued in exchange therefor.

(f) The Collateral Agent may resign as such at any time upon at least 30 days' notice to the Company. If the Collateral Agent at any time shall resign, the Secured Parties may appoint another Secured Party as a successor Collateral Agent. If the Secured Parties do not make such appointment within ten Business Days prior to the scheduled resignation date of the Collateral Agent, the retiring Collateral Agent shall appoint a new Collateral Agent from among the Secured Parties or, if no Secured Party accepts such appointment, from among commercial banking institutions or trust institutions generally. In furtherance of the foregoing, upon the announcement that the Collateral Agent will resign in its capacity as the Collateral Agent, each of the Secured Parties agree to use their best efforts to promptly appoint another Collateral Agent. Upon the acceptance of any appointment as the Collateral Agent hereunder, such successor Collateral Agent shall be entitled to receive from the retiring Collateral Agent such documents of transfer and assignment as such successor Collateral Agent may reasonably request, and shall thereupon succeed to and become vested with all rights, powers, privileges and duties of the retiring Collateral Agent, and the retiring Collateral Agent shall be discharged from its duties and obligations under this Agreement. After the retiring Collateral Agent's resignation hereunder as the Collateral Agent, the provisions of this Section 6 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was the Collateral Agent under this Agreement, and any other agreement relating thereto, and paragraphs (a) through (e) shall continue to inure to its benefit.

(g) Each Secured Party hereby authorizes the Collateral Agent to enter into amendments, modifications and consents to this Agreement, and any other agreement relating thereto, on behalf of and for the benefit of such Secured Party, as may be necessary or appropriate, in the determination of the Collateral Agent, to better protect, perfect or continue the pledge to, or security interest of, the Collateral Agent and the Secured Parties respecting the Collateral subject thereto or to cure any defect or ambiguity in this Agreement.

(h) Each Collateral Agent and its respective Affiliates may accept deposits from, lend money to, and generally engage in any kind of business with the Company or any subsidiary or affiliate of the Company as if such Collateral Agent were not the Collateral Agent hereunder.

Section 7. Further Assurances. The Company agrees that at any time and from time to time, at the expense of the Company, it will promptly execute and deliver all further instruments and documents (including, without limitation, UCC-1 financing statements in the appropriate jurisdictions), and take all further action as may be reasonably requested by the Collateral Agent in order to perfect and protect any security interest granted hereby or to enable the Collateral Agent on behalf of the Secured Parties to exercise and enforce its rights and remedies hereunder with respect to the Collateral, including without limitation giving access to the Collateral Agent and the Secured Parties to all premises and equipment (including without limitation computers) at or on which the Collateral is located.

Section 8. Transfers and Other Liens. Except as set forth herein, the Company agrees that it will not (a) sell or otherwise dispose of, or grant any option with respect to, any of the Collateral or (b) create or permit to exist any lien, security interest or other charge or encumbrance upon or with respect to any of the Collateral, except for the security interest created by this Agreement.

Section 9. Continuing Security Agreement. This Agreement shall create a continuing security interest in the Collateral and shall (a) remain in full force and effect until payment in full of the Obligations and (b) be binding upon the Company, and its successors and assigns.

Section 10. Miscellaneous. (a) This Agreement, together with the covenants and warranties contained in it, shall inure to the benefit of the Secured Parties and his successors, assigns, heirs and personal representatives, and shall be binding upon the Company and its successors and assigns.

(b) Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be mailed by certified mail, return receipt requested, or by Federal Express, Express Mail or similar overnight delivery or courier service or delivered against receipt to the party to whom it is to be given (i) if to the Company, at its addresses set forth in Schedule II hereto to the attention of its President or (ii) if to the Collateral Agent, at the address set forth in Schedule II hereto. Any notice or other communication given by certified mail shall be deemed given at the time of certification thereof. Any notice given by other means permitted by this section shall be deemed given at the time of receipt thereof.

(c) If any provision of this Agreement is invalid, illegal, or unenforceable, the balance of this Agreement shall remain in effect, and if any provision is inapplicable to any person or circumstance, it shall nevertheless remain applicable to all other persons and circumstances.

(d) This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

(e) No course of dealing and no delay or omission on the part of the Collateral Agent or the Secured Parties in exercising any right or remedy shall operate as a waiver thereof or otherwise prejudice the Secured Parties' rights, powers or remedies. No right, power or remedy conferred by this Agreement upon the Collateral Agent or the Secured Parties shall be exclusive of any other right, power or remedy referred to herein or now or hereafter available at law, in equity, by statute or otherwise, and all such remedies may be exercised singly or concurrently.

(f) This Agreement sets forth the entire understanding of the parties with respect to the subject matter hereof, supersedes all existing agreements among them concerning such subject matter, and may be modified only by a written instrument duly executed by each party.

(g) The parties irrevocably consent to the jurisdiction of the courts of the State of New York and of any federal court located in such State in connection with any action or

proceeding arising out of or relating to this Agreement, any document or instrument delivered pursuant to, in connection with or simultaneously with this Agreement, or a breach of this Agreement or any such document or instrument.

(h) Governing Law; Terms. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO SUCH STATE'S PRINCIPLES OF CONFLICT OF LAWS.

IN WITNESS WHEREOF, this Agreement is executed as of the date first set forth

above.

ASTATA CORPORATION

By: Stev Kalc
Name: STEVEN EDWIN
Title: CEO

I-HATCH MANAGEMENT, LLC

By: _____
Name:
Title:

I-HATCH VENTURES, L.P.

By: _____
Name:
Title:

I-HATCH ADVISORS, L.P.

By: _____
Name:
Title:

HUDSON VENTURE PARTNERS, L.P.

By: _____
Name:
Title:

above. IN WITNESS WHEREOF, this Agreement is executed as of the date first set forth

ASTATA CORPORATION

By: _____
Name:
Title:

I-HATCH MANAGEMENT, LLC

By: *Andrew Sutton*
Name: Andrew Sutton
Title: Chief Financial Officer

I-HATCH VENTURES, L.P.

By: *Andrew Sutton*
Name: Andrew Sutton
Title: Chief Financial Officer of its general partner
I-Hatch Ventures, LLC

I-HATCH ADVISORS, L.P.

By: *Andrew Sutton*
Name: Chief Financial Officer of its general partner
Title: I-Hatch Ventures, LLC

Andrew Sutton

HUDSON VENTURE PARTNERS, L.P.

By: _____
Name:
Title:

Aug 10 2001 15:25 P. 20

WOLLMUTH MAHER DEUTSCH

Aug 10 2001 15:25 P. 21

WOLLMUTH MAHER DEUTSCH

Aug 10 2001 15:26 P. 23

WOLLMUTH MAHER DEUTSCH

above. IN WITNESS WHEREOF, this Agreement is executed as of the date first set forth

ASTATA CORPORATION

By: _____
Name:
Title:

I-HATCH MANAGEMENT, LLC

By: _____
Name:
Title:

I-HATCH VENTURES, L.P.

By: _____
Name:
Title:

I-HATCH ADVISORS, L.P.

By: _____
Name:
Title:

HUDSON VENTURE PARTNERS, L.P.

By: Hudson Ventures, L.P.
By: Lawrence Hovest
Name: Lawrence Hovest
Title: Partner

SCHEDULE I

For purposes of this Agreement, "Collateral" shall include the following types of personal property now owned or at any time hereafter acquired by the Company or in which the Company now has or at any time in the future may acquire any right, title or interest, and which is located in the United States of America, including, without limitation:

- (i) all General Intangibles;
- (ii) all Intellectual Property;
- (iii) all books, records, and any other documentation pertaining to any and all of the foregoing; and
- (iv) to the extent not otherwise included in the foregoing, all Proceeds and products of any and all of the foregoing.

The following terms which are defined in the Uniform Commercial Code in effect in the State of New York on the date hereof are used herein as so defined: General Intangibles.

"Intellectual Property": means all patents, trademarks, tradenames, copyrights, domain names, computer source code, technology, know-how and processes necessary for the conduct of the Debtors' business as currently conducted.

SCHEDULE II

I-Hatch Ventures, L.P.
I-Hatch Advisors, L.P.
599 Broadway, 11th Floor
New York, NY 10012

Hudson Venture Partners, L.P.
660 Madison Avenue, 14th Floor
New York, New York 10021

Aug 10 2001 15:26 P.23

RECORDED: 08/10/2001

WORLDWIDE TRADEMARK

REEL: 002309 FRAME: 0079