

06-27-2001

JUN 15

Form PTO-1594 (Rev. 03/01) R OMB No. 0651-0027 (exp. 5/31/2002) Tab settings



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

101762696

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

1. Name of conveying party(ies):

Fortress Technologies, Inc.

6-15-01

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

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

2. Name and address of receiving party(ies)

Name: Broadband Capital Corporation Internal Address: c/o C-COR.net Corp.

Street Address: 60 Decibel Road

City: State College State: PA Zip: 16801

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

3. Nature of conveyance:

- Assignment Merger Security Agreement Change of Name Other

Execution Date: May 29, 2001

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

A. Trademark Application No.(s) 75372643 75372638

B. Trademark Registration No.(s) 2141359

Additional number(s) attached Yes No

40E

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

Name: Jamie B. Bischoff

Internal Address: Ballard Spahr Andrews & Ingersoll, LLP

Street Address: 1735 Market Street, 51st Floor

City: Philadelphia State: PA Zip: 19103-7599

6. Total number of applications and registrations involved:

3

7. Total fee (37 CFR 3.41).....\$90.00

- Enclosed Authorized to be charged to deposit account

8. Deposit account number:

020755

(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.

Jamie B. Bischoff

Name of Person Signing

Signature

6/15/01 Date

25

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

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

06/26/2001 DE:RGE 00000131 020755 75372643

01 00:481 40.00 CH 02 00:482 50.00 CH

## SECURITY AGREEMENT

This Security Agreement is made and entered into as of May \_\_, 2001, between FORTRESS TECHNOLOGIES, INC. (the "Grantor"), and BROADBAND CAPITAL CORPORATION (the "Secured Party").

### W I T N E S S E T H :

WHEREAS, pursuant to the provisions of the Securities Purchase Agreement, dated as of the date hereof (as amended, supplemented or otherwise modified from time to time, the "Purchase Agreement") between the Grantor and the Secured Party and upon the terms and subject to the conditions set forth therein, the Secured Party has agreed to purchase from the Grantor, the Securities (as defined in the Purchase Agreement) in the allocations and for the amounts specified in the Purchase Agreement; and

WHEREAS, it is a condition precedent to the obligation of the Secured Party for its purchase of the Securities from the Grantor under the Purchase Agreement that the Grantor shall have executed and delivered this Security Agreement to the Secured Party.

NOW, THEREFORE, in consideration of the premises and to induce the Secured Party to enter into the Purchase Agreement and to purchase the Securities from the Grantor under the Purchase Agreement, the Grantor hereby agrees with the Secured Party as follows:

1. Defined Terms. Unless otherwise defined herein, terms which are defined in the Purchase Agreement and used herein are so used as so defined; the following terms which are defined in the UCC on the date hereof are used herein as so defined: Accounts, Chattel Paper, Documents, Equipment, Farm Products, Financial Assets, General Intangibles, Instruments, Inventory, Investment Property, Payment Intangibles and Proceeds; and the following terms shall have the following meanings:

"Collateral" shall have the meaning assigned to it in Section 2 of this Security Agreement.

"Computer Hardware and Software Collateral" shall mean:

(a) all computer and other electronic data processing hardware, integrated computer systems, central processing units, memory units, display terminals, printers, features, computer elements, card readers, tape drives, hard and soft disk drives, cables, electrical supply hardware, generators, power equalizers, accessories and all peripheral devices and other related computer hardware;

(b) all software programs (including both source code, object code and all related applications and data files), whether now owned, licensed or leased or hereafter acquired by the Grantor, designed for use on the computers and electronic data processing hardware described in clause (a), above;

(c) all firmware associated therewith;

(d) all documentation (including flow charts, logic diagrams, manuals, guides and specifications) with respect to such hardware, software and firmware described in the preceding clauses (a) through (c) and

(e) all rights with respect to all of the foregoing, including, without limitation, any and all copyrights, licenses, options, warranties, service contracts, program services, test rights, maintenance rights, support rights, improvement rights, renewal rights and indemnifications and substitutions, replacements, additions, or model conversions of any of the foregoing.

"Contracts" shall mean all contracts, management services agreements, license agreements and other agreements between the Grantor and any other Person, as the same may from time to time be amended, supplemented or otherwise modified, including, without limitation, (a) all rights of the Grantor to receive moneys due and to become due to them thereunder or in connection therewith, (b) all rights of the Grantor to damages arising out of, or for, breach or default in respect thereof and (c) all rights of the Grantor to perform and to exercise all remedies thereunder.

"Copyrights" shall mean (a) all copyrights, registrations and applications for registration, issued or filed, including any reissues, extensions or renewals thereof, by or with the United States Copyright Office or any similar office or agency of the United States, any state thereof, or any other country or political subdivision thereof, or otherwise, including, all rights in and to the material constituting the subject matter thereof, including, without limitation, any referred to in Schedule I hereto, and (b) any rights in any material which is copyrightable or which is protected by common law, United States copyright laws or similar laws or any law of any State, including, without limitation, any thereof referred to in Schedule I hereof.

"Copyright License" shall mean any agreement, written or oral, providing for a grant by the Grantor of any right in any Copyright, including, without limitation, any thereof referred to in Schedule I hereof.

"Intellectual Property" shall mean, collectively, the Computer Hardware and Software Collateral, Copyrights, Copyright Licenses, Patents, Patent Licenses, Trademarks, Trademark Licenses and Trade Secrets.

"Patents" shall mean (a) all letters patent of the United States or any other country or any political subdivision thereof, and all reissues and extensions thereof, including, without limitation, any thereof referred to in Schedule I hereto, and (b) all applications for letters patent of the United States and all divisions, continuations and continuations-in-part thereof or any other country or any political subdivision, including, without limitation, any thereof referred to in Schedule I hereto.

"Patent License" shall mean all agreements, whether written or oral, providing for the grant by the Grantor of any right to manufacture, use or sell any invention covered by a Patent, including, without limitation, any thereof referred to in Schedule I hereto.

"Security Agreement" shall mean this Security Agreement, as amended, supplemented or otherwise modified from time to time.

"Trademarks" shall mean (a) all trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos and other source or business identifiers, and the goodwill associated therewith, now existing or hereafter adopted or acquired, all registrations and recordings thereof, and all applications in connection therewith, whether in the United States Patent and Trademark Office or in any similar office or agency of the United States, any state thereof or any other country or any political subdivision thereof, or otherwise, including, without limitation, any thereof referred to in Schedule I hereto, and (b) all reissues, extensions or renewals thereof.

"Trademark License" shall mean any agreement, written or oral, providing for the grant by the Grantor of any right to use any Trademark, including, without limitation, any thereof referred to in Schedule I hereto.

"Trade Secrets" shall mean common law and statutory trade secrets and all other confidential or proprietary or useful information and all know-how obtained by or used in or contemplated at any time for use in the business of the Grantor (all of the foregoing being collectively called a "Trade Secret"), whether or not such Trade Secret has been reduced to a writing or other tangible form, including all documents and things embodying, incorporating or referring in any way to such Trade Secret, all Trade Secret licenses, including each Trade Secret license referred to in Schedule I hereto, and including the right to sue for and to enjoin and to collect damages for the actual or threatened misappropriation of any Trade Secret and for the breach or enforcement of any such Trade Secret license.

"UCC" shall mean the Uniform Commercial Code as from time to time in effect in the State of Pennsylvania.

2. Grant of Security Interest. As collateral security for the due payment and performance of the Grantor's obligations to the Secured Party under the Investment Documents, whether such obligations are absolute or contingent and exist now or arise after the date hereof, the Grantor hereby grants to the Secured Party a continuing lien on, security interest in, and unqualified right to possession and disposition of, and a right of set off against in each case, to the fullest extent permitted under applicable law in all of the following property now owned or at any time hereafter acquired by the Grantor or in which the Grantor now has or at any time in the future may acquire any right, title or interest (collectively, the "Collateral"): all Accounts; all Chattel Paper; all Contracts; all Documents (including warehouse receipts); all Equipment; all General Intangibles; Payment Intangibles; all Instruments; all Intellectual Property; all Inventory; all Financial Assets and other Investment Property; and to the extent not otherwise included, all Proceeds and products of any and all of the foregoing.

3. Rights of Secured Party; Limitations on Secured Party's Obligations.

(a) No Assumption of Liability. The security interest is granted herein as security only and shall not subject the Secured Party to, or in any way alter or modify, any obligation or liability of the Grantor with respect to or arising out of the Collateral.

(b) Notice to Account Debtors and Contracting Parties. Upon the request of the Secured Party at any time after the occurrence and during the continuance of an Event of Default, the Grantor shall notify account debtors on the Accounts and parties to the Contracts that the Accounts and the Contracts have been assigned to the Secured Party and shall indicate on all billings that payments in respect thereof shall be made directly to the Secured Party. During the existence of an Event of Default, the Secured Party may in its own name or in the name of others communicate with account debtors on the Accounts and parties to the Contracts to verify with them to its satisfaction the existence, amount and terms of any Accounts or Contracts.

(c) Analysis of Accounts. The Secured Party shall have the right to make test verifications of the Accounts through standard bank confirmations and periodic site visits and the Grantor shall furnish all such assistance and information as the Secured Party may require in connection therewith. At any time and from time to time, upon the Secured Party's request and at the expense of the Grantor, the Grantor shall cause independent public accountants or others satisfactory to the Secured Party to furnish to the Secured Party reports showing reconciliations, aging and test verifications of, and trial balances for, the Accounts.

(d) Collections on Accounts. Subject to the further provisions of this Section 3(d), the Secured Party hereby authorizes the Grantor to collect the Accounts from the account debtors. Prior to the occurrence of an Event of Default, the Proceeds of Accounts so collected by the Grantor shall be received and held by the Grantor in trust for the Secured Party but may be applied by the Grantor in its discretion towards payment of the Note (as that term is defined in the Purchase Agreement) or other corporate purposes. Upon the occurrence of an Event of Default which has not been waived by or cured to the satisfaction of the Secured Party and subject to the direction of the Secured Party, (i) the authority hereby given to the Grantor to collect the Proceeds of Accounts may be terminated by the Secured Party at any time and after being notified of such termination, the Grantor shall deliver to the Secured Party on the date of receipt thereof by the Grantor all Proceeds in the form of cash, checks, drafts, notes and other remittances received in payment of or on account of the Grantor's Accounts; (ii) following receipt by the Secured Party any such Proceeds shall be deposited in a special bank account (the "Cash Collateral Account") of the Grantor maintained with a bank chosen by the Secured Party over which the Secured Party alone shall have power of withdrawal; (iii) all Proceeds other than cash shall be deposited in precisely the form in which received, except for the addition thereto of the endorsement of the Grantor when necessary to permit collection of the items, which endorsement the Grantor agrees to make; and (iv) the Grantor will not commingle any such Proceeds with any of the Grantor's other funds or property but will hold them separate and apart from any other funds or property and upon an express trust for the Secured Party until deposit thereof is made in the Cash Collateral Account.

4. Representations and Warranties. The Grantor hereby represents and warrants that:

(a) Title; No Other Liens. Except for the lien granted to the Secured Party pursuant to this Security Agreement and the other liens permitted to exist on the Collateral pursuant to the Purchase Agreement, the Grantor owns each item of the Collateral free and clear of any and all liens or claims of others. No security agreement, financing statement or other public notice with respect to all or any part of the Collateral is on file or of record in any public office, except such as may have been filed in favor of the Secured Party pursuant to this Security Agreement or as may be permitted pursuant to the Purchase Agreement.

(b) Perfected First Priority Liens. Upon the completion of the filings and recordings required hereunder, the liens granted pursuant to this Security Agreement will constitute perfected liens on the Collateral in favor of the Secured Party which are prior to all other liens on the Collateral in existence on the date hereof, and are enforceable as such against all creditors of and purchasers from the Grantor and against any owner or purchaser of the real property where any of the Equipment is located and any present or future creditor obtaining a lien on such real property.

(c) Accounts. The amount represented by the Grantor to the Secured Party from time to time in any reports requested by or furnished to the Secured Party as owing by each account debtor or by all account debtors in respect of the Accounts will at such time be the correct amount actually owing by such account debtor or debtors thereunder. No amount payable to the Grantor under or in connection with any Account is evidenced by any Instrument or Chattel Paper which has not been delivered to the Secured Party. The Grantor keeps its records concerning the Accounts at the location or locations set forth in Schedule II.

(d) Contracts. Each Contract is in full force and effect and constitutes a valid and legally enforceable obligation of the Grantor and, to the knowledge of the Grantor, of the other parties thereto, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditor's rights generally. No consent or authorization of, filing with or other act by or in respect of any Governmental Body is required in connection with the execution, delivery, performance, validity or enforceability of any of the Contracts by the Grantor or, to the knowledge of the Grantor, by any other party thereto other than those which have been duly obtained, made or performed, are in full force and effect and do not subject the scope of any such Contract to any material adverse limitation, either specific or general in nature. Neither the Grantor nor (to the best of the Grantor's knowledge) any other party to any Contract is in default or is likely to become in default in the performance or observance of any of the terms thereof. The Grantor has fully performed all its obligations under such Contract. No amount payable to the Grantor under or in connection with any Contract is evidenced by any Instrument or Chattel Paper which had not been delivered to the Secured Party. The right, title and interest of the Grantor in, to and under each Contract are not subject to any defense, offset, counterclaim, or claim which would materially adversely affect the value of such Contract, nor have any of the foregoing been asserted or alleged against the Grantor as to any Contract.

(e) Inventory. The types, amounts and valuations of the Inventory or any other information regarding the same represented by the Grantor from time to time in any reports requested by or furnished to the Secured Party will at such time be accurate to the best of

the Grantor's knowledge. The Grantor keeps the Inventory and records concerning the Inventory at the location or locations listed on Schedule II.

(f) Equipment. The Equipment is kept at the locations listed on Schedule II hereto.

(g) Chief Executive Office and Place of Business. The locations of the Grantor's chief executive office and chief place of business are set forth on Schedule II. The Grantor's state of incorporation and the Grantor's Employer Identification Number are also set forth on Schedule II.

(h) Farm Products. None of the Collateral constitutes, or is the Proceeds of, Farm Products.

(i) Licenses, Patents, Trademarks and Copyrights. Schedule I hereto includes all Licenses, and all Patents and Patent Licenses, if any, owned by the Grantor in its own name as of the date hereof. Schedule I hereto also includes all Trademarks and Trademark Licenses, if any, owned by the Grantor in its own name as of the date hereof. Schedule I hereto includes all Copyrights and Copyright Licenses, if any, owned by the Grantor in its own name as of the date hereof. To the best of the Grantor's knowledge, each License, Patent, Trademark and Copyright is valid, subsisting, unexpired, enforceable and has not been abandoned. Except as set forth in Schedule I, none of such Licenses, Patents, Trademarks and Copyrights is the subject of any licensing or franchise agreement. To the best of the Grantor's knowledge, no holding, decision or judgment has been rendered by any Governmental Body which would limit, cancel or question the validity of any License, Patent, Trademark or Copyright. No action or proceeding is pending (i) seeking to limit, cancel or question the validity of any License, Patent, Trademark or Copyright, or (ii) which, if adversely determined, would have a material adverse effect on the value of any License, Patent, Trademark or Copyright. The Grantor has used and will continue to use for the duration of this Security Agreement, proper statutory notice in connection with its use of the Patents, Trademarks and Copyrights and consistent standards of quality in products leased or sold under the Patents, Trademarks and Copyrights.

(j) Power and Authority; Authorization. The Grantor has the power and authority and the legal right to execute and deliver, to perform its obligations under, and to grant the lien on the Collateral pursuant to, this Security Agreement and has taken all necessary action to authorize its execution, delivery and performance of, and grant of the lien on the Collateral pursuant to, this Security Agreement.

(k) Enforceability. This Security Agreement constitutes a legal, valid and binding obligation of the Grantor enforceable in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally.

(l) No Conflict. The execution, delivery and performance of this Security Agreement will not violate any provision of any applicable or contractual obligation of the Grantor and will not result in the creation or imposition of any lien on any of the properties

or revenues of the Grantor pursuant to any law or contractual obligation of the Grantor, except as contemplated hereby.

(m) Consents, etc. No consent or authorization of, filing with, or other act by or in respect of, any arbitrator or Governmental Body and no consent of any other Person (including, without limitation, any partner or creditor of the Grantor), is required in connection with the execution, delivery, performance, validity or enforceability of this Security Agreement.

(n) No Litigation. Other than as set forth in Schedule 3.9 of the Purchase Agreement, no litigation, investigation or proceeding of or before any arbitrator or Governmental Body is pending or, to the knowledge of the Grantor, threatened by or against the Grantor or against any of its properties or revenues with respect to this Security Agreement or any of the transactions contemplated hereby.

(o) Filings. Fully executed financing statements (including fixture filings, as applicable) or other appropriate filings, recordings or registrations containing a description of the Collateral shall be delivered to the Secured Party for filing in each governmental, municipal or other office specified in Schedule I attached hereto, which are all the filings, recordings and registrations (other than filings required to be made in the United States Patent and Trademark Office and the United States Copyright Office in order to perfect the security interest in Collateral consisting of United States Patents, Trademarks and Copyrights) that are necessary to publish notice of and protect the validity of and to establish a legal, valid and perfected security interest in favor of the Secured Party in respect of all Collateral in which the security interest may be perfected by filing, recording or registration in the United States (or any political subdivision thereof) and its territories and possessions, and no further or subsequent filing, refile, recording, rerecording, registration or reregistration is necessary in any such jurisdiction, except as provided under applicable law with respect to the filing of continuation statements.

(p) Intellectual Property. With respect to any Intellectual Property:

- (i) such Intellectual Property is subsisting and has not been adjudged invalid or unenforceable, in whole or in part;
- (ii) such Intellectual Property is valid and enforceable;
- (iii) the Grantor has made all necessary filings and recordations to protect its interest in such Intellectual Property, including, without limitation, recordations of all of its interests in the Patents, Patent Licenses, Trademarks and Trademark Licenses in the United States Patent and Trademark Office and in corresponding offices throughout the world and its claims to the Copyrights and Copyright Licenses in the United States Copyright Office and in corresponding offices throughout the world;



- (iv) other than as set forth in Schedule I, the Grantor is the exclusive owner of the entire and unencumbered right, title and interest in and to such Intellectual Property and no claim has been made that the use of such Intellectual Property infringes on the asserted rights of any third party; and
- (v) the Grantor has performed and will continue to perform all acts and has paid all required fees and taxes to maintain each and every item of Intellectual Property in full force and effect throughout the world, as applicable.

The Grantor owns directly or is entitled to use by license or otherwise, all patents, Trademarks, Trade Secrets, copyrights, mask works, licenses, technology, know-how, processes and rights with respect to any of the foregoing used in, necessary for or of importance to the conduct of the Grantor's business.

5. Covenants. The Grantor covenants and agrees with the Secured Party that from and after the date of this Security Agreement until the obligations under the Investment Documents are paid in full and completely satisfied, it will:

(a) Further Documentation; Pledge of Instruments and Chattel Paper.

At any time and from time to time, upon the written request of the Secured Party, and at the sole expense of the Grantor, promptly and duly execute and deliver such further instruments and documents and take such further action as the Secured Party may reasonably request for the purpose of obtaining or preserving the full benefits of this Security Agreement and of the rights and powers herein granted, including, without limitation, the filing of any financing or continuation statements under the Code in effect in any jurisdiction with respect to the liens created hereby. The Grantor also hereby authorizes the Secured Party to file any such financing or continuation statements without the signature of the Grantor to the extent permitted by applicable law. A carbon, photographic, facsimile or other reproduction of this Security Agreement shall be sufficient as a financing statement for filing in any jurisdiction. If any amount payable under or in connection with any of the Collateral shall be or become evidenced by any Instrument or Chattel Paper, such Instrument or Chattel Paper shall be immediately delivered to the Secured Party, duly endorsed in a manner satisfactory to the Secured Party, to be held as Collateral pursuant to this Security Agreement.

(b) Indemnification. Pay, and save the Secured Party harmless from, any and all liabilities, costs and expenses (including, without limitation, reasonable legal fees and expenses) (i) with respect to, or resulting from, any delay in paying any and all excise, sales or other taxes which may be payable or determined to be payable with respect to any of the Collateral, (ii) with respect to, or resulting from, any delay in complying with any law applicable to any of the Collateral or (iii) in connection with any of the transactions contemplated by this Security Agreement. In any suit, proceeding or action brought by the Secured Party under any Account or Contract for any sum owing thereunder, or to enforce any provisions of any Account or Contract, the Grantor will save, indemnify and keep the Secured Party harmless from and

against all expense, loss or damage suffered by reason of any defense, setoff, counterclaim, recoupment or reduction of liability whatsoever of the account debtor or obligor thereunder, arising out of a breach by the Grantor of any obligation thereunder or arising out of any other agreement with the Grantor, or any indebtedness or liability at any time owing to or in favor of such account debtor or obligor or its successors by the Grantor. Notwithstanding the foregoing, the Grantor shall have no obligation to the Secured Party under this paragraph with respect to any liability arising solely from the gross negligence or willful misconduct of the Secured Party.

(c) Maintenance of Records. Keep and maintain at its own cost and expense satisfactory and complete records of the Collateral, including, without limitation, a record of all payments received and all credits granted with respect to the Accounts. The Grantor will mark its books and records pertaining to the Collateral to evidence the Security Agreement and the security interests granted hereby. For the Secured Party's further security, the Secured Party shall have a security interest in all of the Grantor's books and records pertaining to the Collateral, and the Grantor shall, during the continuance of an Event of Default, turn over any such books and records to the Secured Party or to its representatives during normal business hours at the request of the Secured Party.

(d) Right of Inspection and Audit. Give to the Secured Party at all times upon reasonable prior notice full and free access during normal business hours to all of its books, correspondence and records and the Secured Party and the Secured Party's respective representatives may examine, inspect or audit the same, take extracts therefrom and make photocopies thereof, and the Grantor agrees to render to the Secured Party, at the Grantor's cost and expense upon reasonable prior notice, such clerical and other assistance as may be reasonably requested with regard thereto. The Secured Party and its representatives shall at all times also have the right upon reasonable prior notice to enter into and upon any premises where any of the Inventory or Equipment is located for the purpose of examining, inspecting or auditing the same, observing its use or otherwise protecting their interests therein. The Grantor hereby grants to the Secured Party and its representatives the right to visit the Grantor's locations which lease, sell, or store products under any of the Patents, Trademarks or Copyrights and to inspect the products and quality control records relating hereto at reasonable times during regular business hours.

(e) Compliance with Laws, etc. Comply in all material respects with all laws applicable to the Collateral or any part thereof or to the operation of its business; provided, however, that the Grantor may contest any provision of any law in any reasonable manner which shall not, in the sole opinion of the Secured Party, materially adversely affect the Secured Party's rights or the priority of its liens on the Collateral.

(f) Compliance with Terms of Contracts, etc. Perform and comply in all material respects with all its obligations under the Contracts and all its other contractual obligations relating to the Collateral.

(g) Payment of Obligations. Pay promptly when due all taxes, assessments and governmental charges or levies imposed upon the Collateral or in respect of its income or profits therefrom, as well as all claims of any kind (including, without limitation,

claims for labor, materials and supplies) against or with respect to the Collateral, except that no such charge need be paid if (i) the validity thereof is being contested in good faith by appropriate proceedings, (ii) such proceedings do not involve any material danger of the sale, forfeiture or loss of any of the Collateral or any interest therein and (iii) such charge is adequately reserved against on the Grantor's books in accordance with GAAP.

(h) Limitation on Liens on Collateral. Not create, incur or permit to exist, will defend the Collateral against, and take such other action as is necessary to remove, any lien or claim on or to the Collateral, other than the liens created hereby and other than as permitted pursuant to the Purchase Agreement, and will defend the right, title and interest of the Secured Party in and to any of the Collateral against the claims and demands of all Persons whomsoever.

(i) Limitations on Dispositions of Collateral. Not sell, transfer, lease or otherwise dispose of any of the Collateral, or attempt, offer or contract to do so except as expressly permitted pursuant to the Purchase Agreement.

(j) Limitations on Modifications, Waivers, Extensions of Contracts and Agreements Giving Rise to Accounts. Not (i) amend, modify, terminate or waive any provision of any Contract or any agreement giving rise to an Account in any manner which could reasonably be expected to materially adversely affect the value of such Contract or Account as Collateral, except, if no Event of Default shall exist, in the ordinary course of business based on its reasonable business judgment, (ii) fail to exercise promptly and diligently each and every material right which it may have under each Contract and each agreement giving rise to an Account (other than any right of termination), except, if no Event of Default shall exist, in the ordinary course of business based on its reasonable business judgment, or (iii) fail to deliver to the Secured Party a copy of each demand, notice or document received by it relating in any way to any Contract or any agreement giving rise to an Account and which could individually or in the aggregate reasonably be expected to have a Material Adverse Effect.

(k) Limitations on Discounts, Compromises, Extensions of Accounts. Not grant any extension of the time of payment of any of the Accounts, compromise, compound or settle the same for less than the full amount thereof, release, wholly or partially, any Person liable for the payment thereof, or allow any credit or discount whatsoever thereon, other than in the ordinary course of business as generally conducted by the Grantor over a period of time.

(l) Further Identification of Collateral. Furnish to the Secured Party from time to time statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as the Secured Party may reasonably request, all in reasonable detail.

(m) Notices. Advise the Secured Party promptly, in reasonable detail, at its address set forth in the Purchase Agreement, (i) of any lien (other than liens created hereby or permitted under the Purchase Agreement) on, or claim asserted against, any of the Collateral and (ii) of the occurrence of any other event which could reasonably be expected to have a material adverse effect on the aggregate value of the Collateral or on the liens created hereunder.

(n) Changes in Locations, Name, etc. Unless it shall have given the Secured Party at least thirty (30) days prior written notice thereof, the Grantor will not (i) change the location of its chief executive office or chief place of business from that specified for the Grantor in Schedule II attached hereto or remove its books and records from the location specified for the Debtor in Section 4(g), (ii) permit any of the Inventory or Equipment to be kept in a county other than the counties listed on Schedules II hereto, (iii) change its name, identity or organizational structure to such an extent that any financing statement filed by the Secured Party in connection with this Security Agreement would become seriously misleading or (iv) change the state of its formation.

(o) Patents, Trademarks and Copyrights.

(i) Except with respect to any Trademark or Copyright that it shall reasonably determine is of negligible economic value to it, (v) maintain each Trademark and Copyright in full force free from any claim of abandonment for non-use, (w) maintain as in the past the quality of products and services offered under such Trademark or Copyright, (x) employ such Trademark or Copyright with the appropriate notice of registration, (y) not adopt or use any mark which is confusingly similar or a colorable imitation of such Trademark or Copyright unless the Secured Party shall obtain a perfected security interest in such mark pursuant to this Security Agreement, and (z) not (and not permit any licensee or sublicensee thereof to) do any act or knowingly omit to do any act whereby any Trademark or Copyright may become invalidated.

(ii) Not, except with respect to any Patent that it shall reasonably determine is of negligible economic value to it, do any act, or omit to do any act, whereby any Patent may become abandoned or dedicated.

(iii) Notify the Secured Party immediately if it knows, or has reason to know, that any application or registration relating to any Patent, Trademark or Copyright may become abandoned or dedicated, or of any adverse determination or development (including, without limitation, the institution of, or any such determination or development in, any proceeding in the United States Patent and Trademark Office, United States Copyright Office or any court or tribunal in any country) regarding its ownership of any Patent, Trademark or Copyright or its right to register the same or to keep and maintain the same.

(iv) Whenever the Grantor, either by itself or through any agent, employee, licensee or designee, shall file an application for the registration of any Patent, Trademark or Copyright with the United States Patent and Trademark Office, United States Copyright Office or any similar office or agency in any other country or any political subdivision thereof or acquire rights to any new Patent, Trademark or Copyright whether or not registered, report such filing to the Secured Party within five business days after the last day of the fiscal quarter in which such filing occurs. Upon request of the Secured Party, the Grantor shall execute and deliver any and all agreements, instruments, documents, and papers as the Secured Party may request to evidence the Secured Party's security interest in any Patent, Trademark or Copyright and

the goodwill and general intangibles of the Grantor relating thereto or represented thereby, and the Grantor hereby appoints the Secured Party its attorney-in-fact to execute and file all such writings for the foregoing purposes, all acts of such attorney being hereby ratified and confirmed; such power being coupled with an interest is irrevocable until the obligations under the Investment Documents have been fully satisfied and are paid in full.

(v) Take all reasonable and necessary steps, including, without limitation, in any proceeding before the United States Patent and Trademark Office, United States Copyright Office or any similar office or agency in any other country or any political subdivision thereof, to maintain and pursue each application (and to obtain the relevant registration) and to maintain each registration of the Patents, Trademarks and Copyrights, including, without limitation, filing of applications for renewal, affidavits of use and affidavits of incontestability.

(vi) In the event that any Patent, Trademark or Copyright included in the Collateral is infringed, misappropriated or diluted by a third party, promptly notify the Secured Party after it learns thereof and shall, unless it shall reasonably determine that such Patent, Trademark or Copyright is of negligible economic value to it, which determination it shall promptly report to the Secured Party, promptly sue for infringement, misappropriation or dilution, to seek injunctive relief where appropriate and to recover any and all damages for such infringement, misappropriation or dilution, or take such other actions as it shall reasonably deem appropriate under the circumstances to protect such Patent, Trademark or Copyright. If the Grantor lacks the financial resources to comply with this Section 5(o)(vi), the Grantor shall so notify the Secured Party and shall cooperate fully with any enforcement action undertaken by the Secured Party on behalf of the Grantor.

6. Secured Party's Appointment as Attorney-in-Fact.

(a) Powers. The Grantor hereby irrevocably constitutes and appoints the Secured Party and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of the Grantor and in the name of the Grantor or in its own name, from time to time in the Secured Party's discretion, for the purpose of carrying out the terms of this Security Agreement, to take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Security Agreement, and, without limiting the generality of the foregoing, the Grantor hereby gives the Secured Party the power and right, on its behalf, without notice to or assent by the Grantor, to do the following:

(i) in the case of any Collateral, at any time when any Event of Default shall have occurred and is continuing, in the name of the Grantor or its own name, or otherwise, to take possession of and indorse and collect any checks, drafts, notes, acceptances or other instruments for the payment of moneys due under any Account, Instrument, General Intangible, Investment Property or Contract or with respect to any other Collateral and to file any claim or to take any other action or proceeding in

any court of law or equity or otherwise deemed appropriate by the Secured Party for the purpose of collecting any and all such moneys due under any Account, Instrument, General Intangible, Investment Property or Contract or with respect to any other Collateral whenever payable;

(ii) to pay or discharge taxes and liens levied or placed on or threatened in writing against the Collateral, to effect any repairs or any insurance called for by the terms of this Security Agreement and to pay all or any part of the premiums therefor and the costs thereof;

(iii) upon the occurrence and during the continuance of any Event of Default, (A) to direct any party liable for any payment under any of the Collateral to make payment of any and all moneys due or to become due thereunder directly to the Secured Party or as the Secured Party shall direct; (B) to ask or demand for, collect, receive payment of and receipt for, any and all moneys, claims and other amounts due or to become due at any time in respect of or arising out of any Collateral; (C) to sign and indorse any invoices, freight or express bills, bills of lading, storage or warehouse receipts, assignments, verifications, notices and other documents in connection with any of the Collateral; (D) to commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect the Collateral or any proceeds thereof and to enforce any other right in respect of any Collateral; (E) to defend any suit, action or proceeding brought against the Grantor with respect to any Collateral; (F) to settle, compromise or adjust any suit, action or proceeding described in clause (E) above and, in connection therewith, to give such discharges or releases as the Secured Party may deem appropriate; (G) to assign any Patent, Trademark or Copyright (along with the goodwill of the business to which any such Patent, Trademark or Copyright pertains), throughout the world for such term or terms, on such conditions, and in such manner, as the Secured Party shall in its sole discretion determine; (H) seek all governmental approvals required for the operation of the Grantor; and (I) generally, to sell, transfer, pledge and make any agreement with respect to or otherwise deal with any of the Collateral in accordance with applicable law (including securities laws) as fully and completely as though the Secured Party were the absolute owner thereof for all purposes, and to do, at the Secured Party's option and the Grantor's expense, at any time, or from time to time, all acts and things which the Secured Party deems necessary to protect, preserve or realize upon the Collateral and the Secured Party's liens thereon and to effect the intent of this Security Agreement, all as fully and effectively as the Grantor might do; and

(iv) execute on behalf of the Grantor such financing statement forms and similar instruments as the Secured Party may from time to time deem reasonably necessary or desirable to protect and perfect such interest in the Collateral.

The Grantor hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue hereof. This power of attorney is a power coupled with an interest and shall be irrevocable.

(b) Other Powers. The Grantor also authorizes the Secured Party, at any time and from time to time, to execute, in connection with the sale provided for in Section 8 hereof, any endorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral.

(c) No Duty on Secured Party's Part. The powers conferred on the Secured Party hereunder are solely to protect its interests in the Collateral and shall not impose any duty to exercise any such powers. The Secured Party shall be accountable only for amounts that it actually receives as a result of the exercise of such powers, and neither it nor any of its officers, directors, employees or agents shall be responsible to the Grantor for any act or failure to act hereunder, except for its own gross negligence or willful misconduct.

7. Performance by Secured Party of Grantor's Obligations. If the Grantor fails to perform or comply with any of its agreements contained herein and the Secured Party, as provided for by the terms of this Security Agreement, shall itself perform or comply, or otherwise cause performance or compliance, with such agreement, the expenses of the Secured Party incurred in connection with such performance or compliance, together with interest thereon at a rate per annum equal to the rate of interest then payable on the Note shall be payable by the Grantor to the Secured Party on demand and shall constitute obligations secured hereby.

## 8. Remedies.

(a) If an Event of Default shall occur and be continuing, the Secured Party may exercise, in addition to all other rights and remedies granted to it in this Security Agreement and in any other instrument or agreement securing, evidencing or relating to the obligations thereunder, all rights and remedies of a secured party under the Code. Without limiting the generality of the foregoing, the Secured Party, without demand of performance or other demand, presentment, protest, advertisement or notice of any kind (except any notice required by law referred to below or as set forth herein) to or upon the Grantor or any other Person (all and each of which demands, defenses, advertisements and notices are hereby waived), may in such circumstances forthwith collect, receive, appropriate and realize upon the Collateral, or any part thereof, and/or may forthwith sell, lease, assign, give option or options to purchase, or otherwise dispose of and deliver the Collateral or any part thereof (or contract to do any of the foregoing), in one or more parcels at public or private sale or sales, at any exchange, broker's board or office of the Secured Party or elsewhere upon such terms and conditions as it may deem advisable and at such prices as it may deem best, for cash or on credit or for future delivery without assumption of any credit risk. The Secured Party shall have the right upon any such public sale or sales, and, to the extent permitted by law, upon any such private sale or sales, to purchase the whole or any part of the Collateral so sold, free of any right or equity of redemption in the Grantor, which right or equity is hereby waived or released. The Grantor further agrees, at the Secured Party's request, to assemble the Collateral and make it available to the Secured Party at places which the Secured Party shall reasonably select, whether at the Grantor's premises or elsewhere. The Secured Party shall apply the net proceeds of any such collection, recovery, receipt, appropriation, realization or sale, after deducting all reasonable costs and expenses of every kind incurred therein or incidental to the care or safekeeping of any of the Collateral or in any way relating to the Collateral or the Secured Party's rights hereunder,

including, without limitation, attorneys' fees and disbursements, to the payment in whole or in part of the Note and the obligations under the other Investment Documents, in such order as the Secured Party may elect. To the extent permitted by applicable law, the Grantor waives all claims, damages and demands it may acquire against any holder of the Note and the obligations thereunder arising out of the exercise by the Secured Party of any rights hereunder. If any notice of a proposed sale or other disposition of Collateral shall be required by law, such notice shall be deemed reasonable and proper if given at least ten (10) days before such sale or other disposition. The Grantor shall remain liable for any deficiency if the proceeds of any sale or other disposition of the Collateral are insufficient to pay the Note and the obligations thereunder and under the other Investment Documents and the reasonable fees and disbursements of any attorneys employed by the Secured Party to collect such deficiency.

(b) The Grantor agrees, upon the occurrence and during the continuation of an Event of Default, to take any actions that the Secured Party may request in order to enable the Secured Party to obtain and enjoy the full rights and benefits granted to the Secured Party under this Agreement and the other Investment Documents.

9. Limitation on Duties Regarding Preservation of Collateral. The Secured Party's sole duty with respect to the custody, safekeeping and physical preservation of the Collateral in its possession, under the Code or otherwise, shall be to deal with it in the same manner as the Secured Party deals with similar property for its own account. The Secured Party and its directors, officers, employees or agents shall not be liable for failure to demand, collect or realize upon all or any part of the Collateral or for any delay in doing so or shall be under any obligation to sell or otherwise dispose of any Collateral upon the request of the Grantor or otherwise.

10. Powers Coupled with an Interest. All authorizations and agencies herein contained with respect to the Collateral are irrevocable and powers coupled with an interest.

11. Severability. Any provision of this Security Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

12. Paragraph Headings. The paragraph headings used in this Security Agreement are for convenience of reference only and are not to affect the construction hereof or be taken into consideration in the interpretation hereof.

13. No Waiver; Cumulative Remedies. The Secured Party shall not by any act (except by a written instrument pursuant to Section 14 hereof), delay, indulgence, omission or otherwise be deemed to have waived any right or remedy hereunder or to have acquiesced in any Default or Event of Default or in any breach of any of the terms and conditions hereof. No failure to exercise, nor any delay in exercising, on the part of any holder of the Note and the obligations thereunder, any right, power or privilege hereunder shall operate as a waiver thereof. No single or partial exercise of any right, power or privilege hereunder shall preclude any other



or further exercise thereof or the exercise of any other right, power or privilege. A waiver by any holder of the Note and any obligation thereunder of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which such holder would otherwise have on any future occasion. The rights and remedies herein provided are cumulative, may be exercised individually or concurrently and are not exclusive of any rights or remedies provided by law.

14. Waivers and Amendments; Parties Bound; Governing Law. None of the terms or provisions of this Security Agreement may be waived, amended, supplemented or otherwise modified except by a written instrument executed by the Grantor and the Secured Party, provided that any provision of this Security Agreement may be waived by the Secured Party in a written letter or agreement executed by the Secured Party or by telex or facsimile transmission from the Secured Party. **THIS SECURITY AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE SUBSTANTIVE LAWS OF THE STATE OF DELAWARE.**

15. Security Interest Absolute. All rights of the Secured Party hereunder, the security interest and all obligations of the Grantor hereunder shall be absolute and unconditional irrespective of (a) any lack of validity or enforceability of any Investment Document, any agreement with respect to any of the obligations or any other agreement or instrument relating to any of the foregoing, (b) any change in the time, manner or place of payment of, or in any other term of, all or any of the Investment Documents or any other amendment or waiver of or any consent to any departure from any Investment Document or any other agreement or instrument, (c) any exchange, release or non-perfection of any lien on other collateral, or any release or amendment or waiver of or consent under or departure from any guarantee, securing or guaranteeing all or any of the obligations, or (d) any other circumstance that might otherwise constitute a defense available to, or a discharge of, the Grantor in respect of the litigations or this Agreement (other than the indefeasible payment in full of all of the obligations).

16. Successors and Assigns. Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; and all covenants, promises and agreements by or on behalf of the Grantor or the Secured Party that are contained in this Agreement shall bind and inure to the benefit of their respective successors and assigns.

17. Secured Party's Fees and Expenses. The Grantor agrees to pay upon demand to the Secured Party the amount of any and all reasonable expenses, including the reasonable fees, disbursements and other charges of its counsel and of any experts or agents, which the Secured Party may incur in connection with the exercise, enforcement or protection of any of the rights of the Secured Party hereunder or the failure of the Grantor to perform or observe any of the provisions hereof.

18. Notices. All notices hereunder to the Grantor or the Secured Party to be effective shall be in writing (including by telecopy), and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered or sent in the manner and to the respective addresses as provided in Section 10.5 of the Purchase Agreement.

19. Submission to Jurisdiction; Waivers.

(a) The Grantor hereby irrevocably and unconditionally:

(i) submits for itself and its property in any legal action or proceeding relating to this Security Agreement, or for recognition and enforcement of any judgment in respect thereof to the non-exclusive general jurisdiction of the courts of the State of Delaware, the courts of the United States of America for the District of Delaware, and appellate courts from any thereof;

(ii) consents that any such action or proceeding may be brought in such courts, and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;

(iii) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to the Grantor at its address set forth in the Purchase Agreement or at such other address of which the Secured Party shall have been notified;

(iv) waives and hereby acknowledges that it is estopped from raising any objections based on forum non conveniens, any claim that any of the above-referenced courts lack proper venue or any objection that any of such courts lack personal jurisdiction over it so as to prohibit such courts from adjudicating any issues raised in a complaint filed with such courts against the Grantor concerning this Security Agreement;

(v) acknowledges and agrees that the choice of forum contained in this paragraph shall not be deemed to preclude the enforcement of any judgement obtained in any forum or the taking of any action under this Security Agreement to enforce the same in any appropriate jurisdiction;

(vi) waives, to the maximum extent not prohibited by law, any right it may have to claim or recover in any legal action or proceeding referred to in this subsection any special, exemplary or punitive or consequential damages; and

(vii) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction.

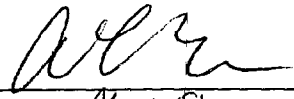
**(B) EACH OF THE PARTIES HERETO HEREBY UNCONDITIONALLY WAIVES TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING REFERRED TO IN PARAGRAPH (A) ABOVE AND ANY MANDATORY COUNTERCLAIM THEREIN.**

20. Counterparts. This Security Agreement may be executed by one or more of the parties to this Security Agreement on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

21. Further Assurances. The parties acknowledge their intent that, upon the occurrence and during the continuation of an Event of Default, the Secured Party shall receive, to the fullest extent permitted by applicable law and governmental policy, all rights necessary or desirable to obtain, use or sell the Collateral, and to exercise all remedies available to it under this Agreement, the Code as in effect in any applicable jurisdiction, or other applicable law. The parties further acknowledge and agree that, in the event of any change in law or governmental policy occurring subsequent to the date hereof that affects in any manner the Secured Party's rights of access to, or use or sale of, the Collateral, or the procedures necessary to enable the Secured Party to obtain such rights of access, use or sale, the Secured Party and the Grantor shall amend this Agreement in such manner as the Secured Party shall request, in order to provide to the Secured Party such rights to the greatest extent possible consistent with applicable law and governmental policy.

IN WITNESS WHEREOF, the parties hereto have caused this Security Agreement to be duly executed and delivered as of the date first above written.

FORTRESS TECHNOLOGIES, INC.

By:   
Name: Alan C. Deane  
Title: Secretary

BROADBAND CAPITAL CORPORATION

By: \_\_\_\_\_  
Name:  
Title:

STATE OF NEW YORK )

COUNTY OF NASSAU )

ss:

On this, the 24th day of May, 2001, before me, a Notary Public, the undersigned officer, personally appeared Alan Edel, who acknowledged himself/herself to be the Secretary of FORTRESS TECHNOLOGIES, INC., a Delaware corporation, and that he/she, in such capacity, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing on behalf of said corporation.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

*Philip J. Campisi Jr.*

Notary Public **PHILIP J. CAMPISI JR.**  
Notary Public, State of New York  
No. 02CA6027473  
Qualified in Nassau County  
Commission Expires July 6, 2001

My commission expires:

Print Name (Delaware and Indiana only)

County of Residence (Indiana only)

IN WITNESS WHEREOF, the parties hereto have caused this Security Agreement to be duly executed and delivered as of the date first above written.

FORTRESS TECHNOLOGIES, INC.

By: \_\_\_\_\_  
Name:  
Title:

BROADBAND CAPITAL CORPORATION

By: George M. Sawereno  
Name: George M. Sawereno  
Title: President

STATE OF Pennsylvania )  
 )  
COUNTY OF Centre )

ss:

On this, the 29th day of May, 2001, before me, a Notary Public, the undersigned officer, personally appeared George M. Savarino, who acknowledged himself/herself to be the President of BROADBAND CAPITAL CORPORATION, a Delaware corporation, and that he/she, in such capacity, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing on behalf of said corporation.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Joan L. Duniap  
Notary Public

My commission expires:

Notarial Seal  
Joan L. Duniap, Notary Public  
College Twp., Centre County  
My Commission Expires Dec. 15, 2003  
Member, Pennsylvania Association of Notaries

\_\_\_\_\_  
Print Name (Delaware and Indiana only)

\_\_\_\_\_  
County of Residence (Indiana only)

**SCHEDULE I****INTELLECTUAL PROPERTY****A. U.S. Patents**

<b>Title</b>	<b>Patent Number</b>	<b>Application Number</b>
System and Method for Preventing a First Node from Being Emulated by Another Node	6,151,679	9-10,102
Network Security Device	6,240,513	6-1,698
Network Security Device which Performs Mac Address Translation without Affecting the IP Address	5,757,924	8-529,497
Cryptographic Key Recovery Device		09-253,090
Internet Protocol Key Exchange/Company Proprietary Signature		09-204,691

**B. U.S. Trademarks and Service Marks**

<b>Mark</b>	<b>Registration Number</b>	<b>Serial Number</b>
F (and Design)		75/372643
SECURE PACKET SHIELD		75/372638
NET FORTRESS	2,141,359	75/052,353
ATA		
AUTOMATED TUNNEL ADMINISTRATION		
AUTOMATIC TUNNEL ADMINISTRATION		
WLLS		
WIRELESS LINK-LAYER SECURITY		



**LOCATIONS**

- A. Locations of Account Records
- B. Locations of Inventory Records
- C. Locations of Inventory
- D. Locations of Equipment
- E. Location of Chief Executive Office

All of the above (Locations A-E) are located at:

Fortress Technologies, Inc.  
4025 Tampa Road, Suite 1111  
Oldsmar, FL 34677

813-288-7388

- F. State of Incorporation  
  
Delaware
- G. Employer Identification Number  
  
11-3273884