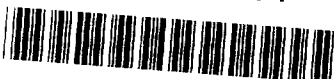


11-20-2001



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

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

Tab settings

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

11-20-01

1. Name of conveying party(ies):

ZyLAB International, Inc.

11-20-01

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

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

3. Nature of conveyance:

- Assignment Merger Security Agreement Change of Name Other

Execution Date: 11/13/01

2. Name and address of receiving party(ies)

Name: Jonathan Karlin

Internal Address:

Address:

Street Address: 4059 Boteler Road

City: Mount Airy State: MD Zip: 21771

Individual(s) citizenship USA - Maryland

- 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)

B. Trademark Registration No.(s)

Reg. 2,113,809; Reg. 2,106,832; Reg. 2,113,808; Reg. 2,113,807

Additional number(s) attached Yes No

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

Name: David M. Knasel, Esq.

Internal Address:

Street Address: Foust & Clark, P.C.

8345-A Greensboro Drive

City: McLean State: VA Zip: 22102

6. Total number of applications and registrations involved:

7

7. Total fee (37 CFR 3.41) \$ 190.00

- Enclosed Authorized to be charged to deposit account

8. Deposit account number:

(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.

David M. Knasel

Name of Person Signing

David M. Knasel

Signature

11/19/01

Date

22

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

11/21/2001 070M11 00000001 2113809

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

01 FC:481 02 FC:482

40.00 150.00

TRADEMARK REEL: 002397 FRAME: 0151

**EXHIBIT A – RECORDATION FORM COVER SHEET ATTACHMENT**

2. Additional receiving party:

Name: Caroline Owens

Address: 5531 Callander Drive, Springfield, VA 22151

Individual citizenship: USA-Virginia

4B. Additional trademark registrations subject to Security Agreement between ZyLAB International, Inc. and Jonathan Karlin and Caroline Owens:

Number

Mark

Reg. 2,111,979

ZYSCAN

Reg. 2,113,806

ZYFIND

Reg. 1,803,156

ZYINDEX

## SECURITY AGREEMENT

This Security Agreement ("Agreement") is made as of this 13<sup>th</sup> day of November, 2001 (the "Effective Date"), by and between: Jonathan Karlin, who resides at 4059 Boteler Road, Mount Airy, Maryland 21771 ("Karlin"); Caroline Owens, who resides at 5531 Callander Drive, Springfield, Virginia 22151 ("Owens"); and ZyLAB International, Inc., a Virginia corporation having its principal place of business at 12800 Middlebrook Road, Suite 410, Germantown, Maryland 20874 ("Company"). Karlin and Owens shall be referred to collectively in this Agreement as "Secured Parties." Karlin, Owens, and Company shall be referred to collectively in this Agreement as the "Parties."

WHEREAS, Karlin has loaned \$82,756.34 in the form of deferred compensation and cash (hereinafter the "Karlin Loan") to Company as a secured creditor;

WHEREAS, Company and Karlin have executed contemporaneously herewith an Assignment of Contract Proceeds;

WHEREAS, Owens has loaned \$23,988.44 in the form of deferred compensation (hereinafter the "Owens Loan") to the Company as a secured creditor;

WHEREAS, Owens has personally guaranteed various obligations of the Company, as set forth in an Indemnification Agreement executed contemporaneously herewith; and

WHEREAS, Company, in exchange for obtaining the Karlin Loan, the Owens Loan, and the personal guaranties of Owens, has agreed to the following terms and conditions that will govern in the event that Company defaults on its obligation to repay the Karlin Loan or the Owens Loan or to indemnify Owens;

NOW THEREFORE, considering the foregoing premises and in consideration of the Parties' mutual promises and covenants set forth herein as well as other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged by the Parties, the Parties agree as follows:

1. Karlin Loan. Karlin has loaned to Company the sum of Eighty-Two Thousand Seven Hundred Fifty-Six Dollars and 34 Cents (\$82,756.34) due upon demand in accordance with the terms and conditions of two (2) Demand Notes for \$49,020.34 and \$33,736.00, respectively, appended hereto and incorporated herein as Exhibits A (the "First Karlin Note") and B (the "Second Karlin Note"). The indebtedness of the Company under the First Karlin Note and the Second Karlin Note shall be secured as provided herein.

2. Owens Loan. Owens has loaned to Company the sum of Twenty-Three Thousand Nine Hundred Eighty-Eight Dollars and 44 Cents (\$23,988.44) due upon demand in accordance with the terms and conditions of that certain Demand Note appended hereto and incorporated herein as Exhibit C (the "Owens Note"). The indebtedness of the Company under the Owens Note shall be secured as provided herein.

3. Indemnification. Owens has personally guaranteed certain obligations of the Company, and Company has agreed to indemnify Owens for and against any loss due to any such personal guaranty, all as set forth in and in accordance with the terms and conditions of that certain Indemnification Agreement appended hereto and incorporated herein as Exhibit D (the "Indemnification Agreement"). The obligations of the Company under the Indemnification Agreement shall be secured as provided herein.

4. Grant of Security Interest to Secured Parties. As security for the prompt and complete payment and performance of all of Company's obligations under this Agreement, the First Karlin Note, the Second Karlin Note, the Owens Note, and the Indemnification Agreement, Company hereby grants, assigns, conveys, mortgages, pledges, hypothecates, and transfers to the Secured Parties a security interest in the Collateral, as hereinafter defined.

(a) The term "Collateral" shall mean: All Intellectual Property Rights owned by Company or in which Company has an interest. The term "Intellectual Property Rights" shall mean any and all known or hereafter known tangible and intangible: (a) rights associated with works of authorship throughout the world, including, without limitation, all copyrights, moral rights, and mask works (including rights accruing by virtue of bilateral or international copyright treaties or conventions) regardless of the medium of fixation or means of expression, including but not limited to all copyright interests in the works and registrations listed on Schedule I, which is attached hereto and incorporated herein; (b) trademark, trade dress and trade name rights and similar rights, including but not limited to all trademarks rights in the marks and registrations listed on Schedule II, which is attached hereto and incorporated herein; (c) rights to and under new and useful inventions, discoveries, designs, technology and art, including, without limitation, all improvements thereof and all know-how related thereto, including all Letters Patent and applications for Letters Patent in the United States and all other countries (and all Letters Patent that issue therefrom), and all reissues, extensions, renewals, divisions, and continuations (including continuations-in-part) thereof, for the full term thereof; (d) trade secret rights; and (e) all other intellectual property and industrial property rights in any jurisdiction of the world not otherwise included in the foregoing.

(b) The term Collateral shall not extend to, or be deemed to include, any of the following property:

(i) Equipment and fixtures, including, without limitation, furniture, machines, vehicles, trade fixtures, leasehold or real estate fixtures, machinery, tools, dies, parts, supplies, shop equipment, and office equipment of the Company;

(ii) Except as provided in paragraph 3(a), above, or in paragraph 4, below, accounts, receivables, and all present and future rights of Company to payment for goods and services rendered, whether or not evidenced by instruments or chattel paper, and whether or not earned by performance; proceeds of any letters of credit or advices of credit as to which Company is beneficiary; contract rights; prepaid expenses; deposits; chattel paper; instruments; documents; insurance proceeds; and all obligations of whatever nature owing to Company, together with all instruments and all documents of title representing any of the foregoing, all rights in any goods which any of the same may represent, and all right, title, security, guaranties

and sureties' obligations with respect to the foregoing, including, without limitation, rights in law and equity with respect thereto.

(c) Default. Company understands and agrees that Company's failure to pay when due or duly and punctually to observe or perform any of its obligations under this Agreement, the Karlin Note, the Owens Note, or the Indemnification Agreement shall each constitute an "Event of Default" under this Agreement.

(d) Remedies Upon Default. Upon occurrence of any of the foregoing Events of Default, the Secured Parties shall have the option to declare all indebtedness or obligations of Company under this Agreement, the Karlin Note, the Owens Note, and the Indemnification Agreement immediately due and payable without further notice or demand by them. Whereupon, in addition to all the rights that the Secured Parties may have under the Virginia Uniform Commercial Code, or any other law, they shall also have the following rights and remedies, which shall be exercised jointly and with the consent of both Secured Parties, in accordance with the terms and conditions of any agreement between them:

(i) To the extent permitted by law, the right to take possession of the Collateral with or without judicial process, and

(ii) The right to sell, assign, give option or options to purchase, contract to sell or otherwise dispose of and deliver said Collateral, or any part thereof, in one or more parcels at public or private sale or sales, at any exchange or broker's board or at any of the Secured Parties', or any of their agents', offices or elsewhere upon such term and conditions as they may deem advisable and at such prices as they may deem best, for cash or on credit or for future delivery without assumption of any credit risk, with the right in the Secured Parties or their agents, upon any such sale or sales, public or private, to purchase the whole or any part of said Collateral so sold.

(e) Application of Proceeds; Notice and Costs of Sale. The Secured Parties 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, safekeeping or otherwise of any and all of the Collateral or in any way relating to the rights of the Secured Parties hereunder (including reasonable attorney's fees and legal expenses), to the payment in whole or in part of the Company's obligations under this Agreement in such order as the Secured Parties may elect, Company remaining liable for any deficiency remaining unpaid after such application, and only after application of such net proceeds and after the payment by the Secured Parties of any other amount required by any provision of law, need the Secured Parties account for the surplus, if any, to Company. Company agrees that the Secured Parties need not give more than ten (10) days notice of the time and place of any public sale or of the time after which a private sale or other intended disposition is to take place and that such notice is reasonable notification of such matters. No notification need be given to Company if Company has signed after default a statement renouncing or modifying any right to notification of sale or other intended disposition.

All costs and expenses of the Secured Parties in retaking, holding, preparing for sale, selling, leasing or otherwise processing and disposing of the Collateral in the event of any default or any event of default, including court costs and reasonable attorneys' fees and legal expenses, shall be payable to the Secured Parties by Company on demand and shall become part of the obligations secured under this Agreement. In addition to the rights and remedies granted to them in this Agreement and in any other instrument or agreement securing, evidencing or relating to any of Company's obligations, the Secured Parties shall have all the rights and remedies of a Secured Party under the Uniform Commercial Code of the Commonwealth of Virginia.

5. Grant of Security Interest to Karlin. In addition, as security for the prompt and complete payment and performance of all of Company's obligations to Karlin under the Second Karlin Note, Company hereby grants, assigns, conveys, mortgages, pledges, hypothecates, and transfers to Karlin a security interest in all of Borrower's rights of payment under its contract with Alcohol, Tobacco, & Firearms ("ATF") (Invoice 46803) and with the Office of Personnel Management/OAJL ("OPM") (Invoice 46850) (the "Contract Proceeds").

(a) Default. Company understands and agrees that Company's failure to pay when due or duly and punctually to observe or perform any of its obligations to Karlin under the Second Karlin Note shall each constitute both an Event of Default, as defined in the previous paragraph 4 of this Agreement, as well as a "Default as to Karlin," under this Agreement.

(b) Remedies Upon Default. Upon the occurrence of any Default as to Karlin, Karlin shall have the option to declare all indebtedness or obligations of Company to Karlin under the Second Karlin Note immediately due and payable without further notice or demand by Karlin. Whereupon, Karlin shall have the right to acquire the Contract Proceeds in accordance with that certain Assignment appended hereto and incorporated herein as Exhibit E (the "Assignment").

6. Representations and Warranties of Company. The Company hereby represents, warrants and covenants as follows:

(a) Company is the owner of the Collateral and Contract Proceeds free and clear of liens, encumbrances, and prior security interests.

(b) Company will pay when due all indebtedness secured hereby together with other claims that are, or may become, liens against the Collateral or Contract Proceeds.

(c) Company shall do, obtain, make, execute, and deliver all such additional and further acts, things, assurances, and instruments as Karlin or Owens or both of them may reasonably require from time to time to assure them of their rights hereunder and in, or to, the Collateral and/or Contract Proceeds.

(d) Company shall execute any other document required by Karlin or Owens or both of them to perfect the security interests granted herein, or to effectuate the purposes of this Agreement.

7. Acknowledgments and Representations. Karlin and Owens acknowledges that they have been furnished all the information regarding the Company as they has requested; that they have been given an opportunity to ask, and have, to the extent they consider necessary, asked questions of, and received answers from, representatives of the Company pertaining to the terms and conditions of the this Agreement, the Karlin Note, the Assignment, the Owens Note, and the Indemnification Agreement, and that, to the best of their knowledge, they have obtained all additional relevant information as is available to the Company or that the Company can obtain without unreasonable effort or expense.

8. Authorization to File Terminations. Upon the satisfaction and/or termination of all obligations of Company to Karlin and Owens under this Agreement, the First Karlin Note, the Second Karlin Note, the Owens Note, and/or the Indemnification Agreement, Karlin and Owens hereby authorize to file appropriate documents with any state or federal government agencies reflecting such satisfaction and/or termination, including but not limited to UCC Financing Statement Amendments and releases of security interests in the U.S. Copyright Office and/or the U.S. Patent and Trademark Office.

9. Other Agreements. This Agreement, including all Exhibits and Schedules attached hereto, contains the complete agreement between the Parties and shall, as of the Effective Date, supersede all other agreements between the Parties relating to the subject matter covered by this Agreement. The Parties stipulate that none of them have made any representation with respect to the subject matter of this Agreement or the execution and delivery hereof except such representations as are specifically set forth herein. Each of the Parties hereto acknowledges that it has relied on its own judgment in entering into this Agreement.

10. Modification of Agreement. No waiver or modification of this Agreement or of any covenant, condition, or limitation herein contained shall be valid unless in writing and duly executed by all Parties hereto, and no evidence of any waiver or modification shall be offered or received in evidence in any proceeding, arbitration, or litigation between the Parties hereto arising out of or affecting this Agreement, or the rights or obligations of the Parties hereunder, unless such waiver or modification is in writing and duly executed by all Parties. The Parties further agree that the provisions of this paragraph may not be waived except as herein set forth.

11. Forbearance—No Waiver. Forbearance or neglect on the part of any party to insist upon strict compliance with the terms of this Agreement shall not be construed as or constitute a waiver thereof, or of the right to insist on strict compliance with such terms in the future.

12. Choice of Law. This Agreement, including its formation, execution, construction, interpretation, and performance, and all disputes, actions, suits, or other proceedings hereunder or in connection herewith, shall be governed by the laws of the Commonwealth of Virginia, without giving effect to its conflicts of laws provisions.

13. Consent to Jurisdiction. In the event of any dispute or claim arising out of or related to this Agreement, the Parties hereby agree that any lawsuit or other legal claim must be filed in the Circuit Court of Fairfax County, Virginia or the United States District Court for the

Eastern District of Virginia, Alexandria Division, and the Parties expressly waive any and all challenges to such venue(s). The Parties hereby agree, which such agreement is irrevocable, to submit to the jurisdiction of the aforementioned state and federal courts, and hereby waive all questions of, and objections to, personal jurisdiction for the purposes of carrying out this paragraph.

14. Attorneys' Fees. In the event any litigation is brought by any party in connection with this Agreement, the prevailing party or parties in such litigation will be entitled to recover from the other, non-prevailing party or parties all the costs, reasonable attorneys' fees, and other expenses incurred by such prevailing party or parties in the litigation.

15. Counterparts and Facsimile Signatures. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which shall together constitute one and the same Agreement. Facsimile signatures shall be considered original signatures.

16. Severability. If any of the provisions of this Agreement are held invalid or unenforceable, such invalidity or unenforceability shall not invalidate or render unenforceable the entire Agreement, but rather the entire Agreement shall be construed as if not containing the particular invalid or unenforceable provision(s), and the rights and obligations of each party shall be construed and enforced accordingly.

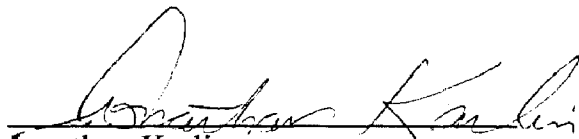
17. Headings. The section headings in this Agreement are intended for reference purposes only and shall in no way be construed to modify or restrict any of the terms or provisions of this Agreement.

18. Assignment Restricted. No party may assign this Agreement in whole or in part without the prior written consent of the other parties, which consent shall not be withheld unreasonably. Any assignment effected in violation of this paragraph shall be void and of no force or effect.

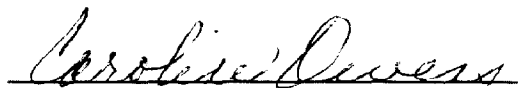
19. Notice. Any notices required or permitted by this Agreement shall be sent to the signatories designated below. Such notice shall be deemed given: (i) on the date of personal delivery; (ii) upon confirmation of a facsimile confirmation if facsimile is used to effect notice hereunder; or (iii) three (3) days after the date on which mail is sent either registered or certified mail.



**SECURED PARTIES:**

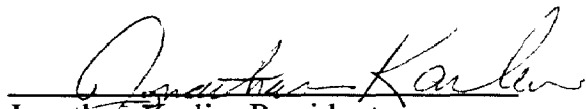


Jonathan Karlin  
4059 Boteler Road  
Mount Airy, Maryland 21771



Caroline Owens  
5531 Callander Drive  
Springfield, Virginia 22151

**COMPANY:**



Jonathan Karlin, President  
ZyLAB International, Inc.  
12800 Middlebrook Road  
Suite 410  
Germantown, Maryland 20874

# EXHIBIT A

## DEMAND NOTE

November 13, 2001

\$49,020.34  
McLean, Virginia

### 1. BORROWER'S PROMISE TO PAY

In return for a \$49,020.34 loan (in the form of deferred compensation and cash) that ZyLAB International, Inc. (hereinafter referred to as the "Borrower"), a Virginia corporation, has received from Jonathan Karlin, who resides at 4059 Boteler Road, Mount Airy, Maryland 21771 (hereinafter referred to as the "Lender"), Borrower promises to pay U.S. \$49,020.34 to the order of the Lender upon demand by Lender. This Note is effective as of November 13, 2001 (the "Effective Date"), and is made in conjunction with an Indemnification Agreement and a Security Agreement, which has been executed by, *inter alia*, the Borrower and Lender. The Lender or anyone who takes this Note by transfer and who is entitled to receive payments under this Note is called the "Note Holder".

### 2. PAYMENT

(a) Due Date. This Note shall be due and payable immediately upon demand by the Note Holder.

(b) Amount of Payment Due Under this Note. Borrower shall pay \$49,020.34 to Note Holder, plus interest which shall accrue at the rate of 6% per annum from the Effective Date until paid in full, upon demand by Note Holder (hereinafter referred to as the "Repayment").

(c) Time and Place of Payments. Borrower shall make the Repayment by delivering a cashier's or certified check to Note Holder at Note Holder's address as set forth in section 5 of this Note, or such other address as Lender or Note Holder may designate.

### 3. BORROWER'S RIGHT TO PREPAY

Borrower reserves the right to make payments of principal at any time before demand is made by Note Holder. The Note Holder will use all of Borrower's prepayments to reduce the amount of the Repayment. If Borrower makes a partial prepayment, there shall be no changes in the due date of the Repayment.

### 4. BORROWER'S FAILURE TO PAY AS REQUIRED

If Borrower fails to make the Repayment upon demand by Lender (less any prepayments), Borrower shall be deemed in default, and the Note Holder shall be entitled to

pursue any remedies available at law or in equity, including those provided under the Security Agreement between the parties executed contemporaneously herewith.

5. GIVING OF NOTICES


Unless applicable law requires a different method, any notice that must be given to Borrower under this Note shall be given by delivering it or by mailing it by first class mail to Borrower at the address and person designated below:

Caroline Owens, Vice President – Finance and Administration  
ZyLAB International, Inc.  
12800 Middlebrook Road  
Suite 410  
Germantown, Maryland 20874

Any notice that must be given to the Note Holder under this Note will be given by mailing it by first class mail to the Note Holder at the address and person designated below, unless the Lender notifies Borrower in writing of a change in address or of the identity in the Note Holder:

Jonathan Karlin  
4059 Boteler Road  
Mount Airy, Maryland 22151

WITNESS THE HAND AND SEAL OF THE UNDERSIGNED.

 (Seal)  
Caroline Owens, Vice President – Finance and  
Administration and Authorized Agent of ZyLAB  
International, Inc. (Borrower)

## EXHIBIT B

### DEMAND NOTE

November 13, 2001

\$33,736.00  
McLean, Virginia

#### 1. BORROWER'S PROMISE TO PAY

In return for a \$33,736.00 loan (in the form of deferred compensation and cash) that ZyLAB International, Inc. (hereinafter referred to as the "Borrower"), a Virginia corporation, has received from Jonathan Karlin, who resides at 4059 Boteler Road, Mount Airy, Maryland 21771 (hereinafter referred to as the "Lender"), Borrower promises to pay U.S. \$33,736.00 to the order of the Lender upon demand by Lender. This Note is effective as of November 13, 2001 (the "Effective Date"), and is made in conjunction with an Indemnification Agreement and a Security Agreement, which has been executed by, *inter alia*, the Borrower and Lender. The Lender or anyone who takes this Note by transfer and who is entitled to receive payments under this Note is called the "Note Holder".

#### 2. PAYMENT

(a) Due Date. This Note shall be due and payable immediately upon demand by the Note Holder.

(b) Amount of Payment Due Under this Note. Borrower shall pay \$33,736.00 to Note Holder, plus interest which shall accrue at the rate of 6% per annum from the Effective Date until paid in full, upon demand by Note Holder (hereinafter referred to as the "Repayment").

(c) Time and Place of Payments. Borrower shall make the Repayment by delivering a cashier's or certified check to Note Holder at Note Holder's address as set forth in section 5 of this Note, or such other address as Lender or Note Holder may designate.

#### 3. BORROWER'S RIGHT TO PREPAY

Borrower reserves the right to make payments of principal at any time before demand is made by Note Holder. The Note Holder will use all of Borrower's prepayments to reduce the amount of the Repayment. If Borrower makes a partial prepayment, there shall be no changes in the due date of the Repayment.

#### 4. BORROWER'S FAILURE TO PAY AS REQUIRED

If Borrower fails to make the Repayment upon demand by Lender (less any prepayments), Borrower shall be deemed in default, and the Note Holder shall be entitled to

pursue any remedies available at law or in equity, including those provided under the Security Agreement between the parties executed contemporaneously herewith. Further, if Borrower fails to make the Repayment upon demand by Lender (less any prepayments), all of Borrower's rights of payment under its contract with Alcohol, Tobacco, & Firearms ("ATF") (Invoice 46803) and with Office of Personnel Management/OAJL ("OPM") (Invoice 46850)(hereinafter referred to as the "Receivables") shall be assigned to Lender automatically and without any further action by Borrower or Lender. If the Receivables cannot be assigned in such a manner as to permit direct payment from ATF and OPM to the to Lender, Borrower shall negotiate over to Lender any and all checks made out to Borrower by the ATF and OPM in payment of Invoices 46803 and 46850. Such negotiation by Borrower to Lender shall occur immediately after Borrower receives checks from ATF and OPM and Borrower shall deliver such check(s) immediately to Lender in conformance with section 5 of this Note.

5. GIVING OF NOTICES

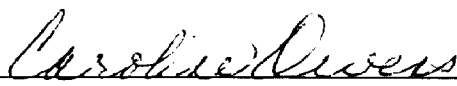
Unless applicable law requires a different method, any notice that must be given to Borrower under this Note shall be given by delivering it or by mailing it by first class mail to Borrower at the address and person designated below:

Caroline Owens, Vice President – Finance and Administration  
ZyLAB International, Inc.  
12800 Middlebrook Road  
Suite 410  
Germantown, Maryland 20874

Any notice that must be given to the Note Holder under this Note will be given by mailing it by first class mail to the Note Holder at the address and person designated below, unless the Lender notifies Borrower in writing of a change in address or of the identity in the Note Holder:

Jonathan Karlin  
4059 Boteler Road  
Mount Airy, Maryland 22151

WITNESS THE HAND AND SEAL OF THE UNDERSIGNED.

 (Seal)  
Caroline Owens, Vice President – Finance and  
Administration and Authorized Agent of ZyLAB  
International, Inc. (Borrower)

## EXHIBIT C

### DEMAND NOTE

November 13, 2001

\$23,988.44  
McLean, Virginia

#### 1. BORROWER'S PROMISE TO PAY

In return for a \$23,988.44 loan (in the form of deferred compensation) that ZyLAB International, Inc. (hereinafter referred to as the "Borrower"), a Virginia corporation, has received from Caroline Owens, who resides at 5531 Callander Drive, Springfield, Virginia 22151 (hereinafter referred to the "Lender"), Borrower promises to pay U.S. \$23,988.44 to the order of the Lender upon demand by Lender. This Note is effective as of November 13, 2001 (the "Effective Date"), and is made in conjunction with an Indemnification Agreement and a Security Agreement, which has been executed by, *inter alia*, the Borrower and Lender. The Lender or anyone who takes this Note by transfer and who is entitled to receive payments under this Note is called the "Note Holder".

#### 2. PAYMENT

(a) Due Date. This Note shall be due and payable immediately upon demand by the Note Holder.

(b) Amount of Payment Due Under this Note. Borrower shall pay \$23,988.44 to Note Holder, plus interest which shall accrue at the rate of 6% per annum from the Effective Date until paid in full, upon demand by Note Holder (hereinafter referred to as the "Repayment").

(c) Time and Place of Payments. Borrower shall make the Repayment by delivering a cashier's or certified check to Note Holder at Note Holder's address as set forth in section 5 of this Note, or such other address as Lender or Note Holder may designate.

#### 3. BORROWER'S RIGHT TO PREPAY

Borrower reserves the right to make payments of principal at any time before demand is made by Note Holder. The Note Holder will use all of Borrower's prepayments to reduce the amount of the Repayment. If Borrower makes a partial prepayment, there shall be no changes in the due date of the Repayment.

#### 4. BORROWER'S FAILURE TO PAY AS REQUIRED

If Borrower fails to make the Repayment upon demand by Lender (less any prepayments), Borrower shall be deemed in default, and the Note Holder shall be entitled to

pursue any remedies available at law or in equity, including those provided under the Security Agreement between the parties executed contemporaneously herewith.

5. GIVING OF NOTICES

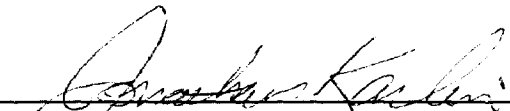
Unless applicable law requires a different method, any notice that must be given to Borrower under this Note shall be given by delivering it or by mailing it by first class mail to Borrower at the address and person designated below:

Jonathan Karlin, President  
ZyLAB International, Inc.  
12800 Middlebrook Road  
Suite 410  
Germantown, Maryland 20874

Any notice that must be given to the Note Holder under this Note will be given by mailing it by first class mail to the Note Holder at the address and person designated below, unless the Lender notifies Borrower in writing of a change in address or of the identity in the Note Holder:

Caroline Owens  
5531 Callander Drive  
Springfield, Virginia 22151

WITNESS THE HAND AND SEAL OF THE UNDERSIGNED.

 (Seal)  
Jonathan Karlin, President and Authorized  
Agent of ZyLAB International, Inc. (Borrower)

## EXHIBIT D

### INDEMNIFICATION AGREEMENT

This Indemnification Agreement (this "Indemnification Agreement") is made as of this 13<sup>th</sup> day of November, 2001 (the "Effective Date") by and between Caroline Owens, who resides at 5531 Callander Drive, Springfield, Virginia 22151 (hereinafter referred to as the "Indemnitee") and ZyLAB International, Inc., a Virginia corporation having its principal place of business at 12800 Middlebrook Road, Suite 410, Germantown, Maryland 20874 (hereinafter referred to as the "Indemnitor"). Indemnitee and Indemnitor shall be referred to collectively in this Agreement as the Parties.

WHEREAS, Indemnitee has agreed to personally guarantee certain obligations of Indemnitor; and

WHEREAS, Indemnitor is desirous of obtaining and/or benefiting from Indemnitee's personal guaranty and, in consideration therefor, has agreed to indemnify Indemnitee pursuant to the following terms and conditions;

NOW THEREFORE, considering the foregoing premises and in consideration of the Parties' mutual promises and covenants set forth herein as well as other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged by the Parties, the Parties agree as follows:

1. Guaranteed Obligations. Indemnitee has personally guaranteed the following credit card obligations of Indemnitor (the "Guaranteed Obligations"):

Capital One Visa, Account No. 4802 1314 7498 6895 (credit limit: \$6,000)  
Bank One, Account No. 4246 3112 8501 8765 (credit limit: \$18,000)

2. Indemnification. Indemnitor hereby covenants and agrees to indemnify, defend, and save harmless Indemnitee from and against any and all losses, costs, damages, liabilities, expenses, suits, actions, and/or claims, arising as a result of Indemnitee's guaranty of the Guaranteed Obligations, including reasonable attorneys' fees, costs, and expenses in connection therewith.

3. Due Date. Indemnitor's obligation hereunder shall be due and payable upon demand by Indemnitee.

4. Default. If Indemnitor fails to comply with any of its obligations in this Indemnification Agreement, Indemnitor shall be deemed to be in default, and Indemnitee shall be entitled to pursue any remedies available at law or in equity, including those provided under the Security Agreement executed by the Parties contemporaneously herewith.



WHEREFORE, the Parties have executed this Indemnification Agreement on the Effective Date.

**INDEMNITEE:**

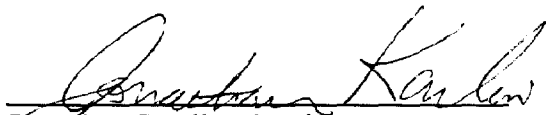


Caroline Owens

[address] 5531 Callander Dr

[address] Springfield VA 22151

**INDEMNITOR:**



Jonathan Karlin, President

ZyLAB International, Inc.

12800 Middlebrook Road

Suite 410

Germantown, Maryland 20874

## EXHIBIT E

### ASSIGNMENT OF CONTRACT PROCEEDS

This Assignment of Contract Proceeds (this "Assignment") is made as of this 13<sup>th</sup> day of November, 2001 (the "Effective Date") by and between Jonathan Karlin, who resides at 4059 Boteler Road, Mount Airy, Maryland 21771 ("Assignee"), and ZyLAB International, Inc., a Virginia corporation having its principal place of business at 12800 Middlebrook Road, Suite 410, Germantown, Maryland 20874 ("Assignor"). Assignee and Assignor shall be referred to collectively in this Assignment as the Parties.

WHEREAS, Assignee has loaned \$33,736.34 (the "Loan") to the Assignor as a secured creditor;

WHEREAS, the Parties have entered into Demand Note, contemporaneously herewith, reflecting the Loan (the "Demand Note");

WHEREAS, the Parties have entered into a Security Agreement contemporaneously herewith (the "Security Agreement"), which grants Assignee a security interest in the proceeds of a contract between Assignor and the Bureau of Alcohol, Tobacco, and Firearms ("ATF") and a contract between Assignor and the Office of Personnel Management ("OPM") (hereinafter referred to as the "Contract Proceeds"); and

WHEREAS, the Demand Note and Security Agreement provide that, in the event of a default by Assignor, the Contract Proceeds will be irrevocably assigned to Assignee pursuant to this Assignment;

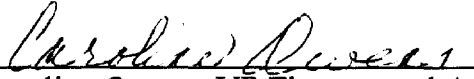
NOW THEREFORE, considering the foregoing premises and in consideration of the Parties' mutual promises and covenants set forth herein as well as other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged by the Parties, the Parties agree to the following terms and conditions under which the Contract Proceeds will be irrevocably assigned by Assignor to Assignee.

1. Irrevocable Assignment. In the event of a default under the Demand Note, Assignor hereby irrevocably assigns to Assignee, and Assignee hereby accepts, the Contract Proceeds. Assignee shall not be required to take any action whatsoever to invoke its assignment rights under this Assignment, and the assignment of the Contract Proceeds to Assignee shall occur immediately and automatically upon the occurrence of an Event of Default (as defined in the Security Agreement).

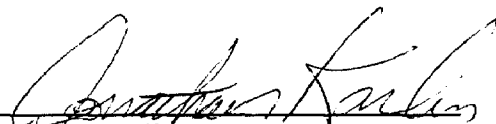
2. Direct Payment of Contract Proceeds. Upon assignment hereunder of the Contract Proceeds to Assignee, Assignor shall endeavor to require ATF and the OPM to make direct payment(s) of the Contract Proceeds to Assignee. If ATF and/or OPM make direct payment(s) to Assignee, Assignee shall promptly forward to Assignor the amount of any direct payment that exceeds the Loan. In the event that ATF and/or OPM cannot or will not make a direct payment to Assignee, Assignor shall negotiate over to Assignee any and all checks

received by Assignor from ATF in relation to invoice number 46803 or from OPM in relation to invoice number 46850. Such negotiation by Assignor to Assignee shall occur immediately after Assignor receives any such check. If the amount of any checks so negotiated to Assignee exceeds the amount of the Loan, Assignee shall promptly return the excess amount to Assignor.

**ASSIGNOR:**

  
Caroline Owens, VP Finance and Admin.  
ZyLAB International, Inc.  
12800 Middlebrook Road  
Suite 410  
Germantown, Maryland 20874

**ASSIGNEE:**

  
Jonathan Karlin  
4059 Boteler Road  
Mount Airy, Maryland 21771

SCHEDULE I  
LIST OF COPYRIGHT COLLATERAL

Copyright Registrations

<u>Registration No.</u>	<u>Title</u>	<u>Title on © Application</u>
1. TXu-634-580	ZyINDEX	
2. TX-4-163-738	ZySCHEDULE 1.0	
3. TXu-704-985	ZyFILE 1.1	ZyFILE 1.0
4. TXu-705-111	M/ZyScan.C	
5. TXu-705-112	ZyPUBLISH ZyLAB Application	
6. TXu-705-113	ZySCAN for WordScan 3.x-4.x	ZySCAN 4.1
7. TXu-534-683	ZyFIND.C	ZyINDEX
8. TXu-621-040	ZyINDEX Toolkit for Windows and DOS	
9. TXu-621-041	ZyIndex 4.0 for DOS	
10. TXu-628-052	ZyINDEX for Windows, and ZyIMAGE and M/ZyIMAGE	ZyINDEX

Copyrighted Publications (Unregistered)

ZyINDEX User's Guide  
ZyINDEX for DOS User's Guide  
ZyINDEX Developer's Toolkit Programmer's Guide  
ZyINDEX Training Manual  
ZyIMAGE User's Guide  
ZyIMAGE User's Guide – Supplement for M/Series Professional  
ZyIMAGE User's Guide for Administrators  
ZyIMAGE Training Manual  
ZySCAN and ZyBUILD User's Guide  
ZyFINDi Search and Retrieve User's Guide  
ZyPUBLISH User's Guide  
ZyBASE User's Guide  
ZyIMAGE Web Server

Copyrighted Sales Tools (Unregistered)

ZyINDEX

ZyIMAGE

ZyBASE

ZyIMAGE Web Server

ZyINDEX Web Server

Treasure Chest brochure

ZyIMAGE Web Server White Paper

ZyINDEX Web Server White Paper

ZyIMAGE CD Publishing

ZyINDEX CD Publishing

ZyLAB's Web Site

SCHEDULE II  
LIST OF TRADEMARK COLLATERIAL

Trademark Registrations

	<u>Number</u>	<u>Mark</u>
1.	Reg. 2,113,809	ZYPUBLISH
2.	Reg. 2,106,832	ZYIMAGE
3.	Reg. 2,113,808	Z
4.	Reg. 2,113,807	ZYLAB
5.	Reg. 2,111,979	ZYSCAN
6.	Reg. 2,113,806	ZYFIND
7.	Reg. 1,803,156	ZYINDEX

Unregistered Trademarks

ZyBUILD  
ZyFINDi  
ZyINDEX for Windows  
ZyINDEX to CD  
ZyIMAGE to CD  
ZyBASE  
ZyIMAGE Web Server  
ZyINDEX Web Server  
ZyINDEX Developer's Toolkit