

04-23-2002



Form PTO-1594  
(Rev. 03/01)  
OMB No. 0651-0027 (exp. 5/31/2002)  
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U.S. DEPARTMENT OF COMMERCE  
U.S. Patent and Trademark Office

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

1. Name of conveying party(ies):

4-10-02

Gray Matter Holdings, LLC

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

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

3. Nature of conveyance:

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

Execution Date: March 26, 2002

2. Name and address of receiving party(ies)

Name: Allegiance Capital Limited Partnership

Internal  
Address: \_\_\_\_\_

Street Address: 2000 W. 41st Street

City: Baltimore State: MD Zip: 21211

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

If assignee is not domiciled in the United States, a domestic representative designation is attached:  Yes  No  
(Designations must be a separate document from assignment)  
Additional name(s) & address(es) attached?  Yes  No

OFFICE OF PUBLIC RECORDS  
MARCH 13 10 11 AM '02  
FINANCE SECTION

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

A. Trademark Application No.(s) 75/161,595;  
75/853,293; 75/853,294

B. Trademark Registration No.(s) 2,143,509  
2,135,074; 2,378,686

Additional number(s) attached  Yes  No

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

Name: C. Wayne Davis

Internal Address: Thomas & Libowitz, P.A.

Street Address: 100 Light Street

Suite 1100

City: Baltimore State: MD Zip: 21202

6. Total number of applications and registrations involved: 15

7. Total fee (37 CFR 3.41).....\$ 390.00

- Enclosed
- Authorized to be charged to deposit account

8. Deposit account number: \_\_\_\_\_

DO NOT USE THIS SPACE

9. Signature.

04/22/2002 TDIAZ1 00000205 75161595

40.00 OP  
350.00 OP

C. Wayne Davis  
Name of Person Signing

Signature

March 26, 2002  
Date

13

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

TRADEMARK  
REEL: 002488 FRAME: 0882

RECORDATION FORM COVER SHEET  
TRADEMARKS ONLY

CONTINUATION OF ITEM 4

TRADEMARK APPLICATION NO.(S)

TRADEMARK REGISTRATION NO.(S)

76/338,714

2,193,552

76/089,460

2,195,378

76/000,051

2,193,551

76/341,236

76/278,136

76/280,409

<b>SECURITY AGREEMENT</b>
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THIS SECURITY AGREEMENT (this "**Agreement**") is made as of this 26<sup>th</sup> day of March, 2002, by Gray Matter Holdings, LLC, a Delaware limited liability company (the "**Pledgor**"), in favor of Allegiance Capital Limited Partnership, a Maryland limited partnership (the "**Lender**"); witnesseth:

### Recitals

Lender has agreed to purchase (a) a common share purchase warrant (the "**Warrant**") entitling Lender to purchase certain common shares of the Pledgor and (b) Pledgor's subordinated debenture in the principal amount of Five Hundred Thousand Dollars and No Cents (\$500,000.00) (the "**Financial Accommodation**") pursuant to the provisions of a certain Investment Agreement of even date herewith (the "**Investment Agreement**") by and between the Lender and the Pledgor. The Financial Accommodation is to be evidenced by, and repaid with interest in accordance with provisions of, a Subordinated Debenture of even date herewith (the "**Debenture**") issued by the Pledgor payable to the Lender. The Lender has required, as a condition to the making of the Financial Accommodation, the execution of this Agreement by the Pledgor. **Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Investment Agreement; provided, however, all terms used in Section 1 "Collateral" without definition which are defined by the Maryland Uniform Commercial Code shall have the meaning assigned to them by the Maryland Uniform Commercial Code, as in effect on the date hereof, unless and to the extent varied by this Agreement.**

NOW, THEREFORE, in order to secure (a) the prompt payment of all past, present, and future indebtedness, liabilities, and obligations of the Pledgor to the Lender of any nature whatsoever in connection with the Financial Accommodation and the Put Amount, as defined in the Warrant (collectively, the "**Pledgor's Liabilities**"), and (b) the performance by the Pledgor of all of the terms, conditions, and provisions of this Agreement, the Investment Agreement, the Debenture, the Warrant, and any of the other Documents, or in connection with any of the Pledgor's Liabilities, the Pledgor agrees with the Lender as follows:

1. **Collateral.** The Pledgor hereby grants to the Lender a security interest in the following property of the Pledgor, both now owned and hereafter acquired (the "**Collateral**"):

- A. **Accounts;**
- B. **Chattel paper;**
- C. **Deposit accounts;**
- D. **Documents;**
- E. **Equipment;**
- F. **Fixtures;**

G. **General intangibles (including, without limitation, those patents and trademarks as more specifically described on Exhibit A attached hereto;**

- H. **Goods;**
- I. **Instruments;**

LAW OFFICES  
THOMAS & LIBOWITZ, P.A.  
A PROFESSIONAL ASSOCIATION  
SUITE 1100  
100 LIGHT STREET  
BALTIMORE, MARYLAND  
21202-1053

- J. *Inventory;*
- K. *Investment property;*
- L. *Letter of credit rights; and*
- M. *Proceeds and products of all the forgoing.*

2. **Payment and Performance.** The Pledgor will pay the Pledgor's Liabilities as and when due and payable and will perform, comply with, and observe the terms and conditions of the Documents to be performed, complied with, and observed by the Pledgor.

3. **Title to Collateral.** The Pledgor represents and warrants that it is the owner of the Collateral and has good title to the Collateral free and clear of all liens, security interests, and other encumbrances except for those in favor of the Lender, those of the Senior Lenders and those previously disclosed in writing to the Lender, liens for taxes, assessments or similar charges either not yet due or being contested in good faith; liens of materialmen, mechanics, warehousemen or carriers, or other like liens arising in the ordinary course of business and securing obligations which are not yet delinquent; and purchase money liens or purchase money security interests upon or in any property acquired or held by Pledgor in the ordinary course of business.

4. **Further Assurances.** The Pledgor will defend its title to the Collateral against all persons other than those persons who hold or have rights with respect to liens, security interests or encumbrances as provided and permitted by Sections 3 and 5 hereof and will, upon request of the Lender, (a) furnish such further assurances of title as may be required by the Lender, and (b) deliver and execute or cause to be delivered and executed, in form and content satisfactory to the Lender, any financing, continuation, termination, or security interest filing statement, security agreement, or other document as the Lender may reasonably request in order to perfect, preserve, maintain, or continue the perfection of the Lender's security interest in the Collateral and/or its priority. The Pledgor will pay the costs of filing any financing, continuation, termination, or security interest filing statement as well as any recordation or transfer tax required by law to be paid in connection with the filing or recording of any such statement. A carbon, photographic, or other reproduction of a security agreement or a financing statement is sufficient as a financing statement.

5. **Transfer and Other Liens.** The Pledgor will not sell, lease, transfer, exchange, or otherwise dispose of the Collateral, or any part thereof (except in the ordinary course of business), without the prior written consent of the Lender and will not permit any lien, security interest, or other encumbrance to attach to the Collateral, or any part thereof, other than those in favor of the Lender, the Senior Lenders or those permitted by the Lender in writing, liens for taxes, assessments or similar charges either not yet due or being contested in good faith; liens of materialmen, mechanics, warehousemen or carriers, or other like liens arising in the ordinary course of business and securing obligations which are not yet delinquent; and purchase money liens or purchase money security interests upon or in any property acquired or held by Pledgor in the ordinary course of business; except that the Pledgor may, in the ordinary course of its business, and in the absence of an Event of Default hereunder, collect its accounts and chattel paper and sell its inventory and replace its equipment.

6. **Financial Statements, Books and Records.** The Pledgor will (a) at all times maintain, in accordance with generally accepted accounting principles, accurate and complete books and records pertaining to the operation, business, and financial condition of the Pledgor and pertaining to the Collateral and any contracts and collections relating to the Collateral, (b) furnish to the Lender promptly upon request, and in the form and content and at the intervals specified by the Lender, such financial statements, reports, schedules, and other information with respect to the operation, business affairs, and financial condition of the Pledgor as the Lender may from time to time reasonably require, (c) the Lender shall have the right to call during normal business hours at the Pledgor's and its subsidiaries' places of business at intervals to be

determined by the Lender, before or after an Event of Default, and without hindrance or delay to audit, inspect, verify, check and make extracts or photocopies from the records of the Pledgor and its subsidiaries and other data relating to the assets of the Pledgor or any of the Pledgor's indebtedness (such action to be taken in a manner intended to minimize disruption to the Pledgor's and its subsidiaries' businesses), and the Pledgor shall reimburse the Lender for its out-of-pocket cost of all of such audits, inspections, verifications, copying, and extractions, provided that the Lender does not conduct such an audit, inspection or other investigation more than once in any twelve-month period absent an Event of Default, (d) furnish to the Lender promptly upon request and in the form and content reasonably specified by the Lender lists of purchasers of inventory, aging of accounts, aggregate cost or wholesale market value of inventory, schedules of equipment, and other data concerning the Collateral as the Lender may from time to time reasonably specify, and (e) mark its books and records in a manner satisfactory to the Lender so that the Lender's rights in and to the Collateral will be shown.

**7. Name of Pledgor, Place(s) of Business, and Location of Collateral.** The Pledgor represents and warrants that its correct legal name is as specified on the signature lines of this Agreement, and Pledgor has never used any other legal or trade. Without prior written notice to the Lender, the Pledgor will not change its name, dissolve, merge, or consolidate with any other person. The Pledgor warrants that the address of the Pledgor's chief executive office and the address of each other place of business of the Pledgor are as specified herein the signature lines of this Agreement. The Collateral and all books and records pertaining to the Collateral have been, are, and will be located at the Pledgor's chief executive office specified herein or at any other place of business which may be specified herein or with respect to inventory, such other locations as is consistent with the normal course of Pledgor's operations. The Pledgor will promptly advise the Lender in writing of the opening of any new place of business and of any change in the location of the places where the Collateral, or any part thereof, or the books and records concerning the Collateral, or any part thereof, are kept or permitted to be kept pursuant to this Section 7.

**8. Care of Collateral.** The Pledgor will maintain the Collateral in good condition and will not do or permit anything to be done to the Collateral that may impair its value (normal wear and tear excepted) or that may violate the terms of any insurance covering the Collateral or any part thereof. The Lender shall have no duty to, and the Pledgor hereby releases the Lender from, all claims for loss or damage caused by the failure to collect or enforce any account or chattel paper or to preserve rights against prior parties to the Collateral during the continuance of an Event of Default.

**9. Insurance.** The Pledgor will insure such of the Collateral as is reasonably specified by the Lender against such casualties and risks (including casualty, public liability, and property damage risks) in such form and amount as required by the Investment Agreement. All casualty and similar insurance policies shall reflect the Lender as an "**Additional Insured**" and all certificates of insurance shall be furnished to the Lender. The Pledgor will pay all premiums due or to become due for such insurance and hereby assigns to the Lender any returned or unearned premiums which may be due upon cancellation of insurance coverage. After and during an Event of Default the Lender is hereby irrevocably (a) appointed the Pledgor's attorney-in-fact (which appointment is coupled with an interest) to endorse any draft or check which may be payable to the Pledgor in order to collect such returned or unearned premiums or the proceeds of insurance and (b) authorized to apply such insurance proceeds in the same manner and order as the proceeds of sale or other disposition of the Collateral are to be applied pursuant to Section 19 hereof.

**10. Taxes.** The Pledgor will pay as and when due and payable all taxes, levies, license fees, assessments, and other impositions levied on the Collateral or any part thereof or for its use and operation unless said taxes, levies, license fees, assessments, and other impositions are being contested in good faith.

**11. Equipment Not Fixtures.** The Pledgor warrants that all equipment which constitutes a part of the Collateral is personalty and is not and will not be affixed to real estate in such manner as to become a fixture or part of such real estate. If, in the opinion of counsel to the Lender, any material equipment is or may become part of any real estate, the Pledgor will furnish to the Lender a written waiver by the record owner of such real estate of all interest in such equipment and a written subordination to the Lender's security interest

and lien by any person other than a Senior Lender who has a lien on or security interest in such real estate which is or may be superior to the Lender's security interest hereunder.

12. **Specific Assignments.** After and during an Event of Default promptly, upon request by the Lender, the Pledgor will execute and deliver to the Lender written assignments, endorsements, and/or schedules, in form and content satisfactory to the Lender, of specific chattel paper and accounts or groups of accounts or chattel paper, but the security interest of the Lender hereunder shall not be limited in any way by such assignments. Such accounts and chattel paper are to secure payment of the Pledgor's Liabilities and performance of the Documents and are not sold to the Lender whether or not any assignment thereof which is separate from this Agreement is in form absolute.

13. **Delivery, etc., of Chattel Paper.** The Pledgor will promptly upon request by the Lender deliver, assign, and endorse to the Lender all chattel paper and all other documents held by the Pledgor in connection therewith.

14. **Government Contracts.** If any account or chattel paper arises out of a contract or contracts with the United States of America or any department, agency, or instrumentality thereof, the Pledgor shall promptly notify the Lender thereof in writing and execute any instruments or take any steps required by the Lender in order that all moneys due or to become due under such contract or contracts shall be assigned to the Lender and notice thereof given under the Federal Assignment of Claims Act.

15. **Collateral Account.** Subject to the prior rights of the holders of the Company's Senior Indebtedness (as defined in the Debenture), if all or any part of the Collateral at any time consists of inventory, accounts, or chattel paper, the Pledgor will, upon the request of the Lender after an occurrence and during the continuance of an Event of Default hereunder at any time and from time to time deposit or cause to be deposited to a bank account designated by the Lender and from which the Lender alone has power of access and withdrawal (the "**Collateral Account**") all checks, drafts, cash, and other remittances in payment or on account of payment of such inventory, accounts, or chattel paper and the cash proceeds of any returned goods, the sale or lease of which gave rise to an account or chattel paper (all of the foregoing herein collectively referred to as "**Items of Payment**"). The Pledgor shall deposit the Items of Payment for credit to the Collateral Account within two (2) business days of the receipt thereof, and in precisely the form received, except for the endorsement of the Pledgor where necessary to permit the collection of the Items of Payment, which endorsement the Pledgor hereby agrees to make. Pending such deposit, the Pledgor will not commingle any of the Items of Payment with any of its other funds or property but will hold them separate and apart.

16. **Rights of Lender and Duties of Pledgor.** Subject to the prior rights of the holders of the Company's Senior Indebtedness, if all or any part of the Collateral at any time consists of inventory, accounts, or chattel paper, (a) after the occurrence and during the continuance of an Event of Default hereunder the Lender may at any time and from time to time and the Pledgor hereby irrevocably appoints the Lender as its attorney-in-fact (which appointment is coupled with an interest), with power of substitution, in the name of the Lender or in the name of the Pledgor or otherwise, for the use and benefit of the Lender, but at the cost and expense of the Pledgor and without notice to the Pledgor, (i) notify the account debtors obligated on any of the Collateral to make payments thereon directly to the Lender, and to take control of the cash and non-cash proceeds of any such Collateral; (ii) charge to any banking account of the Pledgor with a financial institution selected by the Lender any Item of Payment credited to the Collateral Account which is dishonored by the drawee or maker thereof; (iii) compromise, extend, or renew any of the Collateral or deal with the same as it may deem advisable; (iv) release, make exchanges or substitutions for, or surrender all or any part of the Collateral; (v) remove from the Pledgor's place of business all books, records, ledger sheets, correspondence, invoices, and documents relating to or evidencing any of the Collateral or, without cost or expense to the Lender, make such use of the Pledgor's place(s) of business as may be reasonably necessary to administer, control, and collect the Collateral; (vi) repair, alter, or supply goods, if any, necessary to fulfill in whole or in part the purchase order of any account debtor; (vii) demand, collect, receipt for, and give renewals, extensions, discharges, and releases of any of the Collateral; (viii) institute and

prosecute legal and equitable proceedings to enforce collection of, or realize upon, any of the Collateral; (ix) settle, renew, extend, compromise, compound, exchange, or adjust claims with respect to any of the Collateral or any legal proceedings brought with respect thereto; (x) endorse the name of the Pledgor upon any Items of Payment relating to the Collateral or upon any proof of claim in bankruptcy against an account debtor; and (xi) receive and open all mail addressed to the Pledgor and, for as long as an Event of Default exists hereunder, notify postal authorities to change the address for the delivery of mail to the Pledgor to such address as the Lender may designate; and (b) the Pledgor will (i) on demand, make available in form acceptable to the Lender shipping documents and delivery receipts evidencing the shipment of goods which gave rise to the sale or lease of inventory or of an account or chattel paper, completion certificates, or other proof of the satisfactory performance of services which gave rise to the sale or lease of inventory or of an account or chattel paper, copies of the invoices arising out of the sale or lease of inventory or for an account, and the Pledgor's copy of any written contract or order from which the sale or lease of inventory, an account, or chattel paper arose; and (ii) when requested, regularly advise the Lender whenever an account debtor, except in the ordinary course of business, returns or refuses to retain any goods, the sale or lease of which gave rise to an account or chattel paper, and of any delay in delivery or performance outside of the ordinary course of business, or claims made, in regard to any sale or lease of inventory, account, or chattel paper, and will comply with any instructions which the Lender may give regarding the sale or other disposition of such returns.

17. **Performance by Lender.** If the Pledgor fails to perform, observe, or comply with any of the conditions, terms, or covenants contained in this Agreement, the Lender, without notice to or demand upon the Pledgor and without waiving or releasing any of the Pledgor's Liabilities or any Event of Default, may (but shall be under no obligation to) at any time thereafter perform such conditions, terms, or covenants for the account and at the expense of the Pledgor, and may enter upon any place of business or other premises of the Pledgor for that purpose and take all such action thereon as the Lender may consider necessary or appropriate for such purpose. All sums paid or advanced by the Lender in connection with the foregoing and all out of pocket costs and expenses (including, without limitation, reasonable attorneys' fees and expenses) incurred in connection therewith (collectively, the "**Expense Payments**") together with interest thereon at a per annum rate of interest which is equal to the then highest rate of interest charged on the principal of any of the Pledgor's Liabilities, plus one percent (1%) per annum, from the date of payment until repaid in full, shall be paid by the Pledgor to the Lender on demand and shall constitute and become a part of the Pledgor's Liabilities secured hereby.

18. **Default.** The occurrence of any one or more of the following events shall constitute an event of default (an "**Event of Default**") under this Agreement: (a) failure of the Pledgor to pay any of the Pledgor's Liabilities within five (5) business days from the date when due and payable; (b) the failure of the Pledgor to perform, observe, or comply with any of the provisions of this Agreement, or the other Documents to which it is a party and such failure shall remain uncured for a period of fifteen (15) days after the date of written notice from the Lender to the Pledgor; or (c) the occurrence of an Event of Default (as defined therein) under any of the other Documents.

19. **Rights and Remedies upon Default.** Upon the occurrence and during continuance of an Event of Default hereunder (and in addition to all of its other rights, powers, and remedies under this Agreement), the Lender may, at its option, and without notice to the Pledgor, declare the unpaid balance of the Pledgor's Liabilities to be immediately due and payable. The occurrence or non-occurrence of an Event of Default shall in no manner impair the ability of the Lender to demand payment of any portion of the Pledgor's Liabilities which are payable on demand. The Lender shall have all of the rights and remedies of a secured party under the Maryland Uniform Commercial Code and other applicable laws. Upon the occurrence and during continuance of an Event of Default hereunder, the Pledgor, upon demand by the Lender, shall assemble the Collateral and make it available to the Lender at a place designated by the Lender which is mutually convenient to both parties. Upon the occurrence and during continuance of an Event of Default hereunder, the Lender or its agents may enter upon the Pledgor's premises to take possession of the Collateral, to remove it, to render it unusable, or to sell or otherwise dispose of it, all without judicial process or proceedings. Any written notice of the sale, disposition, or other intended action by the Lender with respect

to the Collateral which is required by applicable laws and is sent by certified mail, postage prepaid, to the Pledgor at the address of the Pledgor's chief executive office specified herein, or such other address of the Pledgor which may from time to time be shown on the Lender's records, at least ten (10) days prior to such sale, disposition, or other action, shall constitute reasonable notice to the Pledgor. The Pledgor shall pay on demand all out of pocket costs and expenses, including, without limitation, reasonable attorneys' fees and expenses, incurred by or on behalf of the Lender (a) in enforcing the Pledgor's Liabilities, and (b) in connection with the taking, holding, preparing for sale or other disposition, selling, managing, collecting, or otherwise disposing of the Collateral. All of such costs and expenses (collectively, the "**Liquidation Costs**") together with interest thereon at a per annum rate of interest which is equal to seventeen percent (17%) per annum, from the date of payment until repaid in full, shall be paid by the Pledgor to the Lender on demand and shall constitute and become a part of the Pledgor's Liabilities secured hereby. Any proceeds of sale or other disposition of the Collateral will be applied by the Lender to the payment of Liquidation Costs and Expense Payments, and any balance of such proceeds will be applied by the Lender to the payment of the remaining Pledgor's Liabilities in such order and manner of application as the Lender may from time to time in its sole discretion determine with the balance, if any to Pledgor .

20. **Deficiency.** If the sale or other disposition of the Collateral in accordance with this Agreement and applicable law after the occurrence and during the continuance of an Event of Default fails to fully satisfy the Pledgor's Liabilities, the Pledgor shall remain liable to the Lender for any deficiency.

21. **Remedies Cumulative.** Each right, power, and remedy of the Lender as provided for in this Agreement or in the other Documents or now or hereafter existing at law or in equity or by statute or otherwise shall be cumulative and concurrent and shall be in addition to every other right, power, or remedy provided for in this Agreement or in the other Documents or now or hereafter existing at law or in equity or by statute or otherwise, and the exercise or beginning of the exercise by the Lender of any one or more of such rights, powers, or remedies shall not preclude the simultaneous or later exercise by the Lender of any or all such other rights, powers, or remedies.

22. **Waiver.** No failure or delay by the Lender to insist upon the strict performance of any term, condition, covenant, or agreement of this Agreement or of the other Documents, or to exercise any right, power, or remedy consequent upon a breach thereof, shall constitute a waiver of any such term, condition, covenant, or agreement or of any such breach, or preclude the Lender from exercising any such right, power, or remedy at any later time or times. By accepting payment after the due date of any of the Pledgor's Liabilities, the Lender shall not be deemed to have waived the right either to require payment when due of all other Pledgor's Liabilities or to declare an Event of Default for failure to effect such payment of any such other Pledgor's Liabilities. The Pledgor waives presentment, notice of dishonor, and notice of non-payment with respect to accounts and chattel paper.

23. **Miscellaneous.** The paragraph headings of this Agreement are for convenience only and shall not limit or otherwise affect any of the terms hereof. Neither this Agreement nor any term, condition, covenant, or agreement hereof may be changed, waived, discharged, or terminated orally but only by an instrument in writing signed by the party against whom enforcement of the change, waiver, discharge, or termination is sought. This Agreement shall be governed by the laws of the State of Maryland and shall be binding upon the heirs, personal representatives, successors, and assigns of the Pledgor and shall inure to the benefit of the successors and assigns of the Lender. As used herein, the singular number shall include the plural, the plural the singular, and the use of the masculine, feminine, or neuter gender shall include all genders, as the context may require, and the term "**person**" shall include an individual, a corporation, an association, a partnership, a trust, and an organization. Unless varied by this Agreement, all terms used herein which are defined by the Maryland Uniform Commercial Code shall have the same meanings hereunder as assigned to them by the Maryland Uniform Commercial Code.

24. **Termination.** Upon payment in full of all Pledgor's Liabilities, the security interest of Lender granted herein shall terminate, Lender shall execute, acknowledge and deliver such instruments and documents (including, but not limited to, UCC-3 termination statements) and take such other actions as

Pledgor may reasonably request to evidence and confirm such termination, and Lender shall return all Collateral in its possession to Pledgor.

25. **Subordination to Senior Lender.** Notwithstanding anything to the contrary herein this Security Agreement is subject to the terms and conditions of the Investment Agreement, specifically Section 3(iii), which provides that in certain instances the Investor's ability to pursue its rights and remedies under this Security Agreement may be subordinate to the rights of the Senior Lenders.

The signature and seal of the Pledgor are subscribed to this Agreement the day and year written above.

WITNESS/ATTEST:

PLEDGOR:

Gray Matter Holdings, LLC

By:  (SEAL)

Name: Brian E. Le Gette

Title: President

Address of Pledgor's principal place of business:

720 South Montford Avenue  
Baltimore, Maryland 21224-3654

Address(es) where Collateral is or is to be located:

(1) 720 South Montford Avenue  
Baltimore, Maryland 21224-3654

(2) \_\_\_\_\_

Address(es) of other place(s) of business of the Pledgor:

(1) \_\_\_\_\_

(2) \_\_\_\_\_

Previous legal and/or trade name(s) of the Pledgor:

(1) \_\_\_\_\_

(2) \_\_\_\_\_

LAW OFFICES  
THOMAS & LIBOWITZ, P.A.  
A PROFESSIONAL ASSOCIATION  
SUITE 1100  
100 LIGHT STREET  
BALTIMORE, MARYLAND  
21202-1053

EXHIBIT A

Patents

<b>Title</b>	<b>Patent/Application Number</b>	<b>Status</b>
Ear Protection Device	5,835,609	Issued 11/10/98
Apparatus and Method for Making an Ear Warmer and an Ear Warmer Frame	09/986,103	Application filed 11/7/01
Apparatus and Method for Making an Ear Warmer Having Interior Seams	09/978,591	Application filed 10/18/01
Apparatus and Method for Making an Ear Warmer Having Interior Seams	2000-267792 Japan	Application filed 9/4/00
Apparatus and Method for Making an Ear Warmer and an Ear Warmer Frame	PCT/US01/11041	Application filed 4/5/01
Ear Protection Device	96304006.8 Europe	Application filed 6/3/96
Ear Protection Device	2,178,014 Canada	Application filed 6/3/96
Ear Covering Device	9-178524 Japan	Application filed 7/3/97
Ear Protection Device	10/024,523	Application filed 12/21/01
Apparatus and Method for Making an Ear Warmer Having Interior Seams	6,332,223	Issued 12/25/01
Apparatus and Method for Making an Ear Warmer and an Ear Warmer Frame	10/056,093	Application filed 1/28/02
Remotely Controlled Aircraft	6,145,789	Issued 11/14/00
Remotely Controlled Aircraft	6,286,786	Issued 9/11/01
Remotely Controlled Aircraft	6,257,525	Issued 7/10/01

Remotely Controlled Aircraft	99912550.3	Amended 12/22/00
Towel with Pillow	D426,415	Issued 6/13/00
Self-opening Towel	6,170,100	Issued 1/9/01
Self-opening Towel	EP 99913905.8	Pending
Seat Liner	D425,357	Issued 1/14/99
Towel Mat with a Frame Member and Removably Attached Membranes	Bahamas – 1202	Pending
Towel Mat with a Frame Member and Removably Attached Membranes	2000-549123 Japan	Pending
Towel Mat with a Frame Member and Removably Attached Membranes	6,343,391	Issued 2/5/02
Collapsible Shade for a Towel Mat	09/632,946	Pending Application filed 8/4/00
Self-opening Shades and Methods for Using Same	09/764,059	Pending Application filed 1/19/01
Collapsible Support and Method of Using the Same	09/797,948	Pending Application filed 3/5/01
Mat with Pillow	D449,193	Issued 10/16/01
Mat with Inflatable Pillow	D447,661	Issued 9/11/01
Mat with Pillow and Body Portion	29/143,346	Application filed 6/13/01
Collapsible Mat with Pillow Portion and Body Portion	29/146,610	Application filed 8/14/01
Towel Mat with a Frame Member and Removably Attached Membranes	10/043,279	Application filed 1/14/02
Collapsible Floatation Device	09/772,739	Application filed 1/30/01
Collapsible Floatation Device	PCT/US01/42596	Application filed 10/10/01
Collapsible Mat with Removable Portion and Method of Making Same	09/907,442	Application filed 7/18/01
Mat with Body Portion	29/148,164	Application filed 9/17/01
Mat with Body Portion	Not Available	Application for European Design Patent filed March 16, 2002. No number assigned yet.
Mat with Pillow Portion and Body Portion	29/148,142	Application filed 9/17/01
Collapsible Shade for a Mat	PCT/US01/41556	Application filed 8/3/01
Glasses with Rotatable Temples	09/943,064	Application filed 8/31/01

Glasses with Front-Folding Overlapping Temples	29/147,529	Application filed 8/31/01
Glasses with Front-Folding Parallel Temples	29/147,528	Application filed 8/31/01
Glasses with Front-Folding Crossing Temples	29/147,530	Application filed 8/31/01
Hand Covering with Internal Thermal Tubes	10/062,508	Application filed 2/5/02
Hand Covering with Reversible Cleaning Membrane	6,275,995	Issued 8/21/01
Collapsible Support and Methods of Using Same	PCT/US02/06695	Application filed 3/4/02

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**Trademarks**

<b>Title</b>	<b>Registration/Application Number</b>	<b>Status</b>
Arctic 180S	2,143,509	Registered 3/10/98
Arctic 180S Logo	75/161,595	Filed 9/6/96
EARGRIPS	2,135,074	Registered 2/3/98
SNAP 2IT	2,378,686	Registered 8/22/00
180S Logo	75/853,293	Filed 11/19/00
180 DEGREES	75/853,294	Filed 11/19/99
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CELSYUS	76/089,460	Filed 7/17/00
EAR CANDY	76/000,051	Filed 3/14/00
Challenge Everything	76/341,236	Filed 11/21/01
FACCIA	2,193,552	Registered 10/6/98
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CELSYUS – Australia	863325	Registered 1/17/01
CELSYUS – Canada	1089610	Filed 1/17/01
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