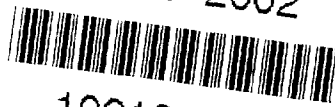


06-20-2002

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



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

102128718

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

6-20-02

1. Name of conveying party(ies): Atomic Dog Publishing, Inc. 6-20-02

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

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

- Assignment Merger Security Agreement Change of Name Other

Execution Date: 06/13/02

2. Name and address of receiving party(ies) Name: Blue Chip Capital Fund III L.P., as agent

Internal Address: c/o Blue Venture Company, Ltd.

Street Address: 250 East Fifth St., Suite 1100

City: Cincinnati State: OH Zip: 45202

- Individual(s) citizenship Association General Partnership Limited Partnership Ohio 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) 2,518,567; 2,519,950; 2,519,949

Additional number(s) attached Yes No

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

Name: Shelli T. Clark, Esq.

Internal Address: Taft, Stettinius & Hollister LLP

Street Address: 21 E. State St. 12th floor

City: Columbus State: OH Zip: 43215

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: 20-0053

DO NOT USE THIS SPACE

9. Signature. Margaret A. Lawson, Esq. Name of Person Signing

Margaret Lawson Signature

June 13, 2002 Date

Total number of pages including cover sheet, attachments, and document: 16

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

06/20/2002 DBYRNE 00000201 2518567 40.00 DP 50.00 DP

TRADEMARK REEL: 002528 FRAME: 0870

SECURITY AGREEMENT

Dated as of
June 13, 2002

Atomic Dog Publishing, Inc., a Delaware corporation (the "Debtor"), in consideration of loans or other financial accommodations at any time made to Debtor by Blue Chip Capital Fund III Limited Partnership, an Ohio limited partnership ("Blue Chip"), River Cities Capital Fund II Limited Partnership, an Ohio limited Partnership ("River Cities"), and any other party to the Note Purchase Agreement (the "Note Purchase Agreement") of even date herewith (collectively, the "Lenders"), hereby grants to Blue Chip, as collateral agent for the Lenders as their interests may appear ("Agent"), a security interest in all of the Debtor's assets and rights described in Paragraph 2 below or elsewhere in this Security Agreement (as amended, restated, supplemented, and/or renewed from time to time, this "Agreement"), and all proceeds and products thereof, to secure the payment of all indebtedness for borrowed money of the Debtor to the Lenders, whether direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, including any extensions or renewals thereof, and whether incurred alone or with others, as maker, endorser, guarantor or surety, plus interest thereon and all costs of collection, reasonable legal expenses and attorneys' fees paid or incurred by the Lenders in administering, collecting, and/or enforcing any of such indebtedness or liabilities or realizing on the security given hereby or otherwise (all such indebtedness, liabilities, interest, costs, fees, and expenses being hereinafter collectively called the "Obligations").

Pursuant to the Note Purchase Agreement, Blue Chip, River Cities and other Lenders that may become a party thereto have agreed to lend up to \$1,500,000 to the Company, such loans to be represented by Promissory Notes (the "Notes"). Blue Chip and River Cities own a majority in principal amount of the Notes outstanding on the date hereof.

The parties further agree as follows:

1. *The Debtor's Place of Business.* The Debtor warrants that the Debtor's only places of business and mailing addresses are those, if any, listed below:

1203 Main Street, Third Floor	Cincinnati, Hamilton	Ohio
Street	City, County	State

The Debtor shall notify Agent promptly in writing of any change in the location of any place of business or mailing address or the establishment of any new place of business or mailing address.

2. *Secured Property Listing and Definition.* "Collateral" collectively shall mean all personal property of the Debtor, tangible or intangible, including without limitation, all of the Debtor's "Inventory", "Accounts Receivable", "Equipment", "Fixtures and Furniture", and

"General Intangibles" (all as defined below), all of which Collateral, together with other items made subject to Lenders' security interests by this Agreement, shall be included in Lenders' security interest:

"Inventory," which means goods, merchandise and other personal property, now owned or hereafter acquired by the Debtor, which are held for sale or lease or are furnished or to be furnished under a contract of service or are raw materials, work in process, or materials used or consumed or to be used or consumed in the Debtor's businesses, and whether in the Debtor's possession or in the custody or possession of a third party for the account of the Debtor, Agent or the Lenders, and all accessions, proceeds and products thereof.

"Accounts Receivable," which means all of the Debtor's accounts, open accounts receivable, book debts, contract rights, notes, drafts, acceptances, instruments, chattel paper, and other forms of obligations or receivables now existing or hereafter acquired by the Debtor, and all proceeds thereof, plus any and all goods returned or rejected by, or repossessed from the Debtor's customers.

"Copyright License," means any agreement, whether in written or electronic form, in which the Debtor now holds or hereafter acquires any interest, granting any right in or to any Copyright or Copyright registration (whether the Debtor is the licensee or the licensor thereunder) including, without limitation, licenses pursuant to which the Debtor has obtained the exclusive right to use a copyright owned by a third party.

"Copyrights," means all of the following now owned or hereafter acquired or created (as a work for hire for the benefit of the Debtor) by the Debtor or in which the Debtor now holds or hereafter acquires or receives any right or interest, in whole or in part: (a) all copyrights, whether registered or unregistered, held pursuant to the laws of the United States, any State thereof or any other country; (b) registrations, applications, recordings and proceedings in the United States Copyright office or in any similar office or agency of the United States, any State thereof or any other country; (c) any continuations, renewals or extensions thereof; (d) any registrations to be issued in any pending applications, and shall include any right or interest in and to work protectable by any of the foregoing which are presently or in the future owned, created or authorized (as a work for hire for the benefit of the Debtor) or acquired by the Debtor, in whole or in part; (e) prior versions of works covered by copyrights and all works based upon, derived from or incorporating such works; (f) income, royalties, damages, claims and payments now and hereafter due and/or payable with respect to copyrights, including, without limitation, damages, claims and recoveries for past, present or future infringement; (g) rights to sue for past, present and future infringements of any copyright; and (h) any other rights corresponding to any of the foregoing rights throughout the world.

"Equipment," which means all of the Debtor's machinery, parts, tools, accessories, attachments, additions, and other goods and accessions now owned and hereafter acquired and used in the Debtor's business and including all replacements, accessions and proceeds thereof, but excluding Equipment in which the Company has only a leasehold interest.

"Fixtures and Furniture," which means all fixtures and furniture of any kind and type now owned and hereafter acquired by the Debtor located at all places of businesses or elsewhere and including all replacements, accessions and all proceeds thereof.

"General Intangibles," which means all contract rights, including all rights under any existing and future leases, documents and instruments, choses in action, causes of action and all other intangible personal property of the Debtor of every kind and nature (other than Accounts Receivable), now owned and hereafter acquired, including, without limitation, corporate or other business records, all Copyrights, Patents, Trademarks, Licenses, inventions, designs, tradenames, trade secrets, goodwill, registrations, all other intellectual property used by the Debtor in the operation of computers and associated hardware and other equipment, franchises, customer lists, tax refunds, tax refund claims, pension plan refunds and reversions, rights and claims against carriers and shippers, rights to indemnification and other contractual rights of the Debtor.

"License," means any Copyright License, Patent License, Trademark License or other license of rights or interests, whether in-bound or out-bound, whether in written or electronic form, now or hereafter owned or acquired or received by the Debtor or in which the Debtor now holds or hereafter acquires or receives any right or interest, and shall include any renewals or extensions of any of the foregoing thereof.

"Lien," which means any mortgage, lien, deed of trust, charge, pledge, security interest or other encumbrance.

"Patent License," means any agreement, whether in written or electronic form, in which the Debtor now holds or hereafter acquires any interest, granting any right with respect to any invention on which a Patent is in existence (whether the Debtor is the licensee or the licensor thereunder).

"Patents," means all of the following in which the Debtor now holds or hereafter acquires any interest: (a) all letters patent of the United States or any other country, all registrations and recordings thereof and all applications for letters patent of the United States or any other country, including, without limitation, registrations, recordings and applications 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; (b) all reissues, divisions, continuations, renewals, continuations-in-part or extensions thereof; (c) all petty patents, divisionals and patents of addition; (d) all patents to issue in any such applications; (e) income, royalties, damages, claims and payments now and hereafter due and/or payable with respect to patents, including, without limitation, damages, claims and recoveries for past, present or future infringement; and (f) rights to sue for past, present and future infringements of any patent.

"Permitted Lien," which means: (a) Liens for taxes, fees, assessments or other governmental charges or levies, either not delinquent or being contested in good faith by appropriate proceedings, provided the same have no priority over any of Lenders' security interests; (b) Liens (i) upon or in any Equipment acquired or held by Debtor to secure the

purchase price of such Equipment or indebtedness incurred solely for the purpose of financing the acquisition of such Equipment or (ii) existing on such Equipment at the time of its acquisition, provided that the Lien is confined solely to the Equipment so acquired, improvements thereon and the proceeds of such Equipment; (c) Liens arising from judgments, decrees or attachments to the extent and only so long as such judgment, decree or attachment has not caused or resulted in an Event of Default under this Agreement; (d) Liens arising solely by virtue of any statutory or common law provision relating to banker's liens, rights of setoff or similar rights and remedies as to deposit accounts or other funds maintained with a creditor depository institution; and (e) Liens securing capital lease obligations on assets subject to such capital leases and Liens on equipment leased by Debtor pursuant to an operating lease in the ordinary course of Debtor's business (including proceeds thereof and accessions thereto), all incurred solely for the purpose of financing the lease of such equipment (including Liens arising from UCC financing statements regarding such leases).

"Trademark License," means any agreement, whether in written or electronic form, in which the Debtor now holds or hereafter acquires any interest, granting any right in and to any Trademark or Trademark registration (whether the Debtor is the licensee or the licensor thereunder).

"Trademarks," means any of the following in which the Debtor now holds or hereafter acquires any interest: (a) any trademarks, tradenames, corporate names, Debtor names, business names, trade styles, service marks, logos, other source or business identifiers, prints and labels on which any of the foregoing have appeared or appear, designs and general intangibles of like nature, now existing or hereafter adopted or acquired, all registrations and recordings thereof and any applications in connection therewith, including, without limitation, registrations, recordings and applications 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 (collectively, the "Marks"); (b) any reissues, extensions or renewals thereof; (c) the goodwill of the business symbolized by or associated with the Marks; (d) income, royalties, damages, claims and payments now and hereafter due and/or payable with respect to the Marks, including, without limitation, damages, claims and recoveries for past, present or future infringement; and (e) rights to sue for past, present and future infringements of the Marks.

3. *Evidence of Collateral.* The Debtor shall deliver to Agent such evidence of the Debtor's interests in the Collateral and of its availability for use as collateral as Agent may from time to time request.

4. *Inventory; Processing and Sales.* Provided that the Debtor is not at that time in default of any of the provisions of this Agreement, the Debtor shall have the right to process and sell Inventory in the regular course of business, but the Lenders' security interest hereunder shall attach to all proceeds of all sales or other dispositions of such Inventory. Upon the occurrence of any Event of Default (as defined below) and while such Event of Default is continuing, (i) the Debtor will immediately deliver to Agent the proceeds of any such sale of Inventory either in the identical form received or, at Agent's option, pay to Agent, for the account of the Lenders, an

amount equal to such proceeds; (ii) any payment, guarantee, security, property or right received by the Debtor in connection with the Inventory shall be received as the agent of and on behalf of the Lenders, will be kept separate and apart from all other property of the Debtor, will be capable of identification, and will be delivered and paid immediately to Agent as additional Collateral hereunder; and (iii) Inventory shall not be sold, taken or removed from the Debtor's places of business, or shifted between places of business, except with the prior written consent of Agent.

5. *Accounts Receivable; Processing and Collection.* Upon the occurrence of any Event of Default and while such Event of Default is continuing, (i) immediately upon receipt of all checks, drafts, cash and other remittances in payment of or on account of the Debtor's Accounts Receivable, the Debtor will deposit the same in a special account maintained at a commercial bank acceptable to Agent over which only Agent shall have power of withdrawal; (ii) the funds in said account shall be held by Agent as Collateral for the Obligations and Agent may apply said funds as payment on such of the Obligations as it may determine or release said funds to the Debtor's account for the Debtor's use; (iii) said proceeds shall be deposited in precisely the form received, except for endorsement of the Debtor where necessary to permit collection of items, which endorsement the Debtor agrees to make, and which Agent is authorized to make on the Debtor's behalf as its attorney-in-fact; (iv) pending such deposit, the Debtor agrees not to commingle any such checks, drafts, cash, or other remittances with any of the Debtor's funds or property, but the Debtor will hold them separately in trust for the Lenders until deposit thereof with a commercial bank acceptable to Agent; (v) Agent shall have the right to notify the account debtors obligated on any or all of the Debtor's Accounts Receivable to make payment directly to Agent and Agent shall have the right in its own name or in the name of the Debtor to demand, collect, receive, receipt for, sue for, compound and give acquittance for any and all amounts due or to become due on the Accounts Receivable and to endorse any name of the Debtor as its attorney-in-fact on all commercial paper given in payment or part payment or in evidence thereof or related thereto, and in its discretion to file any claim or to take any other action or proceeding which Agent may deem necessary or appropriate to protect and preserve and realize upon the security interest of the Lenders in the Accounts Receivable and the proceeds thereof; (vi) until such time as Agent elects to exercise such right by notifying the Debtor, the Debtor is authorized, as agent of the Lenders, to collect and enforce said Accounts Receivable; and (vii) all costs of such collection and enforcement, including attorneys' fees and out-of-pocket expenses, shall be borne solely by the Debtor, whether incurred by Agent, the Lenders or the Debtor.

6. *Insurance.* With respect to the Collateral, the Debtor shall maintain at all times insurance against risks of fire with extended coverage, sprinkler leakage and all other risks customarily insured against by companies engaged in similar businesses to those of the Debtor, in amounts, containing such terms, in such form, for such periods, and written by such companies as may be satisfactory to Agent. At Agent's request, all such policies shall contain lenders loss payable clauses or endorsements to Agent as its interest may appear and shall provide for written notice to Agent prior to any cancellation. In the event of any failure to provide or maintain insurance as herein provided, Agent may, at its option, provide such insurance and add the costs thereof to the Obligations. The Debtor shall furnish to Agent upon

its request certificates or other evidence satisfactory to Agent of compliance with the foregoing provisions. Upon the occurrence of any Event of Default and while such Event of Default is continuing, proceeds from any loss under such insurance policies shall be paid first to Agent and applied on such of the Obligations as Agent shall determine. If any such proceeds shall be paid by check, draft or other instrument payable to the Debtor and Agent jointly, Agent is authorized and empowered by the Debtor to endorse the Debtor's name as the Debtor's attorney-in-fact and to take such other action as it deems advisable to reduce the same to cash.

7. *Warranties and Further Covenants.* a) The Debtor represents and warrants that: (1) each Account Receivable and all papers and documents relating thereto are genuine and in all material respects what they purport to be; (2) each material Account Receivable is valid and arises out of a bona fide sale of goods sold and delivered by the Debtor to, or in the process of being delivered to, or out of and for, services actually rendered by the Debtor to the account debtor named in the Account Receivable; (3) the amount of each material Account Receivable represented as owing is the correct amount actually and unconditionally owing, except for normal cash discounts, and is not disputed and, except for such normal cash discounts, is not subject to any set-offs, credits, deductions, or counter-charges; (4) no surety bond was required or given in connection with said Account Receivable or the contract or purchase order out of which the same arose; (5) the Debtor is the owner of all of the Collateral free and clear of all material claims, liens, encumbrances, rights of set-off, and security interests of any nature whatsoever and there are no financing statements covering the same on file at any public office, except financing statements which evidence Permitted Liens; and (6) subject to Section 10 herein, the Debtor is the sole legal and equitable owner of and has the power to transfer, all material Intellectual Property (as such term is defined in the Uniform Commercial Code) that is a part of the Collateral or, if such Intellectual Property is licensed by the Debtor from other persons, is licensee of each material item of the Intellectual Property in which the Debtor purports to grant a security interest hereunder, having good title to all material Intellectual Property Collateral that is not licensed and, subject to Section 10, the power to transfer, free and clear of any and all licenses except for Permitted Liens, all material Intellectual Property that is not licensed.

b) The Debtor represents and warrants the existence of all necessary power to enter into and execute this Agreement, and that this Agreement is not in violation of its Certificate of Incorporation, By-Laws, or other organizational documents, as applicable, or of any federal, state, or local laws or judicial rulings, or of any contractual obligation with any third party, and that this Agreement is enforceable against the Debtor in accordance with its terms.

c) The Debtor shall execute and deliver to Agent such lists, descriptions, and designations of the Collateral as Agent may require from time to time. The Debtor shall at all reasonable times and from time to time allow Agent, by or through any of its officers, agents, attorneys, or accountants, to examine, inspect, or make extracts from the Debtor's books and records and to examine and verify the Collateral wherever kept. So long as any of the Obligations remains outstanding, Agent, without cost to it, shall have a right of ingress to and egress from the Debtor's place of business (or other places at which the Collateral may be

located) and may use any lifts, hoists, trucks and other of the Debtor's facilities to examine, handle or remove the Collateral. The Debtor further agrees to provide to Agent, upon demand, statements and information with respect to the Debtor's businesses, including, but not limited to, profit and loss reports, balance sheets, and other financial statements. All such financial data and listings of the Collateral shall be compiled in accordance with generally accepted accounting principles consistently applied and will be subject to normal recurring year-end audit adjustments (which are not expected to be material either individually or in the aggregate), and do not contain all footnotes required under generally accepted accounting principles.

d) The Debtor shall keep the Collateral in good order and repair. Other than the (i) sale of Inventory as set forth in Paragraph 4 of this Agreement, (ii) granting of non-exclusive licenses, (iii) Permitted Liens and (iv) disposal of worn-out or obsolete Equipment, all in the ordinary course of Debtor's business, the Debtor shall not sell, offer to sell, or otherwise transfer the Collateral, nor pledge, mortgage, or create, or suffer to exist, any claim, lien, encumbrance, right of set-off, or security interest of any kind whatsoever in or against any of the Collateral or the proceeds or products thereof in favor of any person other than the Lenders without the prior written consent of Agent. The Debtor shall pay promptly when due all taxes, assessments, and governmental charges upon or against the Debtor or the property of the Debtor. At its option, Agent may discharge taxes, liens, or other encumbrances at any time levied or placed on the Collateral and pay for the maintenance and repair of the same should the Debtor fail to do so. The Debtor agrees to reimburse Agent on demand for any payment so made and until such reimbursement any amount so paid by Agent shall be added to the principal amount of the Obligations secured hereby.

e) The Debtor shall immediately notify Agent in writing of any information which the Debtor has or may receive with regard to the Collateral which might in any manner materially affect the value thereof or the rights of the Lenders with respect thereto.

f) The Debtor shall execute and deliver financing statements under the Uniform Commercial Code, and statements or amendments thereof or supplements thereto, and such other instruments as Agent may from time to time require in order to evidence, perfect, secure, preserve, protect, and enforce the security interests hereby granted. If any Collateral is or will be attached to real estate, the Debtor will upon demand by Agent furnish Agent with an appropriate disclaimer or waiver signed by all persons having an interest in the real estate of any interest in such Collateral which may be prior to the Lenders' security interests hereunder. Agent is irrevocably appointed as attorney-in-fact for the Debtor in all matters pertaining to all such perfection, preservation, protection, and enforcement.

g) The Debtor agrees to pay all costs of filing financing, continuation, and termination statements with respect to the Collateral. The Debtor also shall pay all other expenses, including attorneys' fees, incurred by Agent or the Lenders in the protection or enforcement of its or their rights in the Collateral and this Agreement.

h) Subject to Section 10, this Agreement creates a legal and valid security interest on and in all of the material Collateral in which the Debtor now has rights and all filings and other actions necessary or desirable to perfect and protect such security interest have been duly taken subject to any additional filings to be made with the United States Copyright Office and/or Patent and Trademark Office as are necessary to perfect Lender's security interest in ownership rights and interests of the Debtor in Copyrights, Patents, Trademarks and Licenses. Accordingly, Lender has a fully perfected first priority security interest in all of the material Collateral in which the Debtor now has rights subject only to Permitted Liens and additional filings to be made with the United States Copyright Office and/or Patent and Trademark Office as are necessary to perfect Lender's security interest in ownership rights and interests of the Debtor in Copyrights, Patents, Trademarks and Licenses. This Agreement will create a legal and valid and fully perfected first priority security interest in the material Collateral in which the Debtor later acquires rights, when the Debtor acquires those rights subject only to Permitted Liens and additional filings to be made with the United States Copyright Office and/or Patent and Trademark Office as are necessary to perfect Lender's security interest in subsequent ownership rights and interests of the Debtor in Copyrights, Patents, Trademarks and Licenses. Notwithstanding the foregoing statements or anything to the contrary set forth in this Agreement, Debtor makes no representation or warranty with respect to the creation or perfection of a security interest in any Copyrights, Patents or Trademarks in any country other than the United States.

8. *Further Security.* Any deposits or other sums at any time credited by or due from the Lenders to the Debtor which are in the possession of Agent or any of the Lenders may at all times be held and treated as Collateral for the payment of the Obligations and Agent may apply or set off such deposits or other sums against the Obligations to the extent any of the Obligations are due and payable. Further, the Debtor also gives to and creates in favor of the Lenders an additional security interest in any other property, and the proceeds and products thereof, now or hereafter in the possession of or pledged to the Lenders belonging to the Debtor or in which the Debtor has any interest. The Debtor will at any time at Agent's request sign financing statements, trust receipts, security agreements, or other documents evidencing and perfecting such security interest.

9. *Events of Default; Acceleration; Use and Operation of Secured Property.* Any one or more of the following shall constitute events of default (an "Event of Default") under this Agreement: (a) default by the Debtor in the payment or performance, when due or payable, of any of the Obligations, or default by any endorser, guarantor, or surety for any of the Obligations, or the occurrence of any default or event of default under or in connection with any of the documents, agreements, or instruments (including, without limitation, any loan agreement, promissory note, or guaranty) evidencing or relating to any of the Obligations; (b) failure of the Debtor to pay any tax or any premium on any insurance policy pursuant to this Agreement within thirty (30) days after the Debtor has been notified that the same is due and unpaid except to the extent the validity thereof is being contested in good faith and adequate reserves are being maintained in connection therewith; (c) the making by the Debtor of any material misrepresentation to the Lenders hereunder or otherwise for the purpose of obtaining credit or an

extension of credit; (d) failure of the Debtor after request by Agent to furnish financial information or to permit the inspection of the Debtor's books or records within a reasonable time after such request was made; (e) failure of the Debtor to perform or observe in all material respects any of the provisions of this Agreement or of any other instrument pertaining to the Obligations; (f) issuance of an injunction or attachment against any property of the Debtor; (g) appointment of a receiver for any part of the property of the Debtor or the commencement by or against the Debtor of any proceeding under any bankruptcy, arrangement, reorganization, insolvency, or similar law for the relief of debtors, or by or against any endorser, guarantor, or surety for any of the Obligations; or (h) any "Event of Default" as defined in any note evidencing any of the Obligations. Upon the occurrence of any Event of Default, any or all of the Obligations shall, at the option of the Agent and notwithstanding any time or credit allowed by any instrument evidencing a liability, be immediately due and payable without notice or demand. The Agent may exercise any one or more of the rights and remedies granted pursuant to this Agreement and also exercise any or all of the rights and remedies afforded to a secured party under the Uniform Commercial Code as enacted in the State in which the principal office of Agent is located, including, without limitation, the right upon default to take possession of and sell, lease, or otherwise dispose of any of the Collateral, and/or to operate, use, or exercise any rights of ownership pertaining to the Collateral as Agent deems necessary or appropriate to preserve the value and receive the benefits of such Collateral. For such purpose, Agent may, so far as the Debtor can give authority therefor, enter upon any premises on which the Collateral or any part thereof may be situated and take possession of and remove the Collateral therefrom. Agent may require the Debtor to make the Collateral available to Agent at a place to be designated by Agent which is reasonably convenient to both parties. Upon repossession or recovery of the Collateral by Agent, it may, after reasonable notification to the Debtor, sell the Collateral at public or private sale, at which sale Agent or any of the Lenders may become the purchaser. Pending any such action, Agent may liquidate the Accounts Receivable and continue to operate, use, and exercise rights of ownership pertaining to the Collateral. Out of the proceeds arising from any such liquidation and sale, Agent may pay all costs and expenses incurred in connection with retaking, removing, holding, restoring to saleable condition (including finishing to manufacture), keeping, storing, operating, using, advertising, and selling the Collateral, and then pay the amount due and owing to the Lenders on the Obligations, all such payments to be allocated among the Lenders pro-rata. The balance, if any, remaining may then be applied by Agent to the satisfaction of known indebtedness secured by any subordinate security interest in the Collateral, accounting to the Debtor for the surplus, if any, remaining in possession of Agent after all such security interests, liens, claims, and charges have been paid. The Debtor shall be liable to the Lenders for any deficiency that may result upon such liquidation and sale of the Collateral and the Debtor waives all claims for damages by reason of any seizure, repossession, retention, operation, use, or sale of the Collateral. The requirement of reasonable notice, if necessary, shall be met if such notice is mailed, postage prepaid, to the first of the places of business of the Debtor shown in this Agreement at least ten (10) days before the time of the sale or other disposition.

10. *Trademark Collateral.* Notwithstanding anything to the contrary set forth in this Agreement, the Lenders acknowledge that the pending applications for federal trademark

registration listed on Exhibit A were filed on an Intent to Use (ITU) basis (the "ITU Marks") and may not be sold, transferred, conveyed or assigned apart from the business in connection with which the ITU Marks are intended to be used and any associated goodwill. Nothing in this Agreement shall be construed to be an assignment of the applications for the ITU Marks to the Lenders; this Agreement is effective only to grant to the Lenders a security interest in the applications for the ITU Marks. Should an Event of Default occur prior to issuance by the United States Patent and Trademark Office of registrations of the ITU Marks, Agent shall not transfer, convey, sell, assign or attempt to gain title to the applications for the ITU Marks without an opinion of intellectual property counsel that such transfer, conveyance, sale, assignment or change in title will not invalidate or prejudice such applications for registration.

11. *Waivers; Continued Liability.* Neither Agent nor any of the Lenders shall be deemed to have waived any of its rights in this Agreement or to the Collateral unless such waiver is in writing and signed by Agent or the Lenders and such waiver shall not operate as a waiver of any other default or of the same default on a subsequent occasion. No renewal or extension of time of payment of the Obligations at any rate of interest, no release, surrender, exchange, or modification of the Collateral, no release of any person primarily or secondarily liable on the Obligations (including any maker, endorser, guarantor, or surety), no delay in enforcement of payment of any of the Obligations, and no delay, omission, or forbearance in exercising any right or power with respect to any of the Obligations, the Collateral, or this Agreement shall affect the liability of the Debtor to Agent and the Lenders. The Debtor waives presentment, protest, demand, notice of dishonor or default, notice of acceptance of this Agreement, notice of any loans made, renewals, or extension granted, notice of any Collateral released, surrendered, exchanged, or modified, and to the extent permitted by law, notice of any other action taken in reliance hereon and all demands and notices of any kind in connection with the Collateral, the Obligations, or this Agreement.

12. *Further Assurances.* The Debtor shall at its expense do such acts, and make, execute, deliver, file and record all notices, instruments, stock powers, financing or like statements as Agent reasonably deems necessary to vest in and assure to Agent and the Lenders their security interests in any of the Collateral or to give effect to the rights, powers and remedies of Agent or the Lenders hereunder.

13. *Duration.* The term of this Agreement shall commence with the date hereof and end on the date when the Debtor has paid in full all of the Obligations secured hereby. Until such termination, this Agreement shall be a continuing one. Upon full satisfaction of the Obligations, the Lenders shall execute and deliver to Debtor all assignments and other instruments, and shall take such other actions, as may be necessary and proper to re-vest in Debtor full title to the Collateral, subject to any disposition thereof which may have been made by Agent or the Lenders pursuant hereto or pursuant to the Note Purchase Agreement of even date herewith.

14. *Liability of Agent.* While exercising its rights as Agent and Lender hereunder, including all actions taken with respect to the Collateral, the Agent shall not be liable in any

fashion to the other Lenders or any third party (including, without limitation, the other Lenders' employees, invitees, customers, or suppliers) for any damages arising from such actions, or any obligations, duties, or liabilities of the other Lenders in connection therewith.

15. *Additional Lenders.* Notwithstanding anything to the contrary contained herein, if the Debtor shall issue additional Notes pursuant to the Note Purchase Agreement, any purchaser of such Notes may become a party to this Agreement by executing and delivery an additional counterpart signature page to this Agreement and shall be deemed a "Lender" hereunder.

16. *Intercreditor Agreement.* The Lenders agree that all payments on the Notes shall be shared, subject to the foregoing provisions, pro rata by all Lenders who hold such Notes until all such Notes are paid in full.

17. *Intellectual Property.*

(A) *Notification Regarding Changes in Intellectual Property.* The Debtor shall promptly advise Agent of any materially adverse change to the Debtor's ownership right or interest in or to any Copyright, Patent, Trademark or License.

(B) *Defense of Intellectual Property.* The Debtor shall (i) use commercially reasonable efforts to protect, defend and maintain the validity and enforceability of the material Copyrights, Patents and Trademarks, (ii) use commercially reasonable efforts to detect infringements of the material Copyrights, Patents and Trademarks and promptly advise Agent in writing of material infringements detected and (iii) not allow any material Copyrights, Patents or Trademarks to be abandoned, forfeited or dedicated to the public without the written consent of the Lenders.

18. *General.*

(A) This Agreement shall be subject to other provisions in any notes, agreements, instruments, or other documents signed by the Debtor in any capacity concerning the Obligations which are not inconsistent with the provisions contained herein.

(B) This Agreement shall inure to the benefit of Agent and the Lenders and bind the Debtor and its successors and assigns.

(C) Each provision of this Agreement shall be interpreted in such manner as to be valid under applicable law, but if any provision hereof shall be invalid under applicable law, such provision shall be ineffective to the extent of such invalidity, without invalidating the remainder of such provision or the remaining provisions hereof.

(D) This Agreement has been delivered and accepted at and shall be deemed to have been made at Cincinnati, Ohio. This Agreement shall be interpreted and the rights and

liabilities of the parties hereto determined in accordance with the laws of the State of Ohio and all other laws of mandatory application.

(E) AS A SPECIFICALLY BARGAINED INDUCEMENT FOR THE LENDERS TO ENTER INTO THIS AGREEMENT AND EXTEND CREDIT TO THE DEBTOR, THE DEBTOR AGREES THAT ANY ACTION, SUIT OR PROCEEDING IN RESPECT OF OR ARISING OUT OF THIS AGREEMENT, ITS VALIDITY OR PERFORMANCE, AT THE SOLE OPTION OF THE LENDERS, THEIR SUCCESSORS AND ASSIGNS, AND WITHOUT LIMITATION ON THE ABILITY OF THE LENDERS, THEIR SUCCESSORS AND ASSIGNS, TO EXERCISE ALL RIGHTS AS TO THE COLLATERAL AND OTHER SECURITY FOR THE OBLIGATIONS OR INITIATE AND PROSECUTE IN ANY APPLICABLE JURISDICTION ACTIONS RELATED TO REPAYMENT OF THE OBLIGATIONS, MAY BE INITIATED AND PROSECUTED AS TO ALL PARTIES AND THEIR SUCCESSORS AND ASSIGNS AT CINCINNATI, OHIO. EACH OF THE LENDERS AND THE DEBTOR CONSENTS TO AND SUBMITS TO THE NONEXCLUSIVE EXERCISE OF JURISDICTION OVER ITS PERSON BY ANY COURT SITUATED AT CINCINNATI, OHIO HAVING JURISDICTION OVER THE SUBJECT MATTER, WAIVES PERSONAL SERVICE OF ANY AND ALL PROCESS UPON IT AND CONSENTS THAT ALL SUCH SERVICE OF PROCESS BE MADE BY CERTIFIED MAIL DIRECTED TO THE DEBTOR AND THE LENDERS AT THEIR RESPECTIVE ADDRESSES SET FORTH IN SUBSECTION (G) BELOW OR AS OTHERWISE PROVIDED UNDER THE LAWS OF THE STATE OF OHIO. THE DEBTOR WAIVES ANY OBJECTION BASED ON FORUM NON CONVENIENS, AND ANY OBJECTION TO VENUE OF ANY ACTION INSTITUTED HEREUNDER, AND CONSENTS TO THE GRANTING OF SUCH LEGAL OR EQUITABLE RELIEF AS IS DEEMED APPROPRIATE BY THE COURT.

(F) AS A SPECIFICALLY BARGAINED INDUCEMENT FOR THE LENDERS TO ENTER INTO THIS AGREEMENT AND EXTEND CREDIT TO THE DEBTOR, EACH OF THE LENDERS AND THE DEBTOR WAIVES TRIAL BY JURY WITH RESPECT TO ANY ACTION, CLAIM, SUIT OR PROCEEDING IN RESPECT OF OR ARISING OUT OF THIS AGREEMENT AND/OR THE CONDUCT OF THE RELATIONSHIP BETWEEN THE LENDERS AND THE DEBTOR.

(G) All actions, omissions and decisions of the Lenders hereunder or any amendment of the Notes or this Agreement (each called herein "Act of the Lenders") shall be determined by and require the written consent of the Lenders holding a majority in interest of the outstanding principal amount of and accrued interest on all Notes. Each Lender shall take such actions and execute such documents as may be necessary to confirm or accomplish any Act of the Lenders.

(H) Any notice required, permitted or contemplated hereunder shall be in writing and addressed to the party to be notified at the address set forth below or at such other address as each party may designate for itself from time to time by notice hereunder, and shall be deemed validly given (i) three days following deposit in the U.S. mails, with proper postage

prepaid, or (ii) the next business day after such notice was delivered to a regularly scheduled overnight delivery carrier with delivery fees either prepaid or an arrangement, satisfactory with such carrier, made for the payment thereof, or (iii) upon receipt of notice given by telecopy, mailgram, telegram, telex or personal delivery:

To Lenders: Blue Chip Capital Fund III Limited Partnership
c/o Blue Chip Venture Company, Ltd.
250 East Fifth Street, Suite 1100
Cincinnati, Ohio 45202
Telecopy No.: 513-723-2316
Attention: Todd Gardner

River Cities Capital Fund II Limited Partnership
c/o Mayson, Inc.
221 East Fourth Street, Suite 1900
Cincinnati, Ohio 45202
Telecopy No.: (513) 579-8939
Attention: J. Eric Lenning

With a copy to: Frost Brown Todd LLC
2500 PNC Center, 201 East Fifth Street
Cincinnati, Ohio 45202
Telecopy No.: (513) 651-6981
Attention: Albert E. Heekin III, Esq.

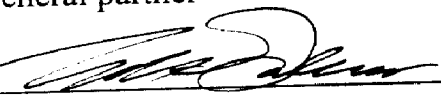
To Debtor: Atomic Dog Publishing, Inc.
1203 Main Street, 3rd Floor
Cincinnati, Ohio 45210
Telecopy No.: (513) 333-0498
Attention: Alex von Rosenberg

With a copy to: Taft, Stettinius & Hollister LLP
1800 Firststar Tower, 425 Walnut Street
Cincinnati, Ohio 45202-3957
Telecopy No.: (513) 381-0205
Attention: Gerald S. Greenberg, Esq.

IN WITNESS WHEREOF, this Security Agreement has been executed as of the date set forth above.

BLUE CHIP CAPITAL FUND III
LIMITED PARTNERSHIP,
as Agent and Lender

By: Blue Chip Venture Company, Ltd.
its general partner

By: 
Title: Director

ATOMIC DOG PUBLISHING, INC.


By: 
Alex von Rosenberg, CEO

Exhibit A

The following intellectual property is specifically included in the definition of "General Intangibles" for purposes of this Agreement. All registrations, submissions and pending applications listed on this Exhibit A are in the jurisdiction of the United States of America.

Registered Copyrights:

<u>Author</u>	<u>Title</u>	<u>Registration Date</u>	<u>Registration Number</u>
1. Keating/Wilson	Managerial Economics: An Economic Foundation	4/27/2001	TX 5-335-316
2. Beatty	Intercultural Communication	4/27/2001	TX 5-335-317
3. Stockburger	Introductory Statistics: Concepts, Models, and Applications	4/27/2001	TX 5-335-315
4. Harper	Journalism 2001	4/23/1998	TX 4-763-789
5. Reid	Criminal Justice, 5 th edition	1/04/1999	TX 4-912-398
6. del Carmen	Corrections	1/27/2000	TX 5-133-062
7. Redmond	Balancing on the Wire: The Art of Managing Media	9/02/1998	TX 4-851-120
8. Shelburne	Effective Public Relations: A Practical Approach	7/07/2001	TX 5-342-679
9. Squire	Dynamics of Democracy, 2 nd edition	7/07/2001	TX 5-517-783
10. Teall	Introduction to Logic: Evaluation Arguments	7/07/2001	TX 5-342-542

Pending copyright registrations:

<u>Author</u>	<u>Title</u>	<u>Date submitted</u>
1. Franzoi	Psychology: A Journey of Discovery	3/31/2002
2. Pfitzner	Mathematical Fundamentals of Microeconomics	3/31/2002
3. del Carmen	Nutrition	3/31/2002
4. Evans/Berman	Marketing 8e: Marketing in the 21 st Century, 8 th edition	2/28/2002
5. Agnew/Kellerman	Distributed Multimedia, 2 nd edition	to be submitted 6/14/2002

Registered Trademarks:

<u>Mark</u>	<u>Registration Number</u>	<u>Date issued</u>
1. An Instructor's Best Friend	2,518,567	12/11/2001
2. Hybred Media	2,519,950	12/18/2001
3. New Breed Publishing	2,519,949	12/18/2001

Pending Trademark Registrations (all are Intent to Use – ITU):

<u>Mark</u>	<u>Serial Number</u>	<u>Date filed</u>
1. Atomic Dog Publishing	75/917,779	2/12/2000

2. Enabling Education Everywhere	76/089,086	7/14/2000
3. My Backpack	75/900,666	1/20/2000
4. Quickcheck	76/307,106	8/29/2001
5. We'll Leave the Web on for You	76/075,056	6/21/2000

H:\AtomicDog\SECAGR4.wpd