

Form PTO-1594

(Rev. 03/01)

OMB No. 0651-0027 (exp. 5/31/2002)

RECORDATION FORM COVER SHEET
TRADEMARKS ONLY

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

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

1. Name of conveying party(ies):

StorNet, Inc. (f/k/a Vanguard
Technology, Inc.); Applied Digital
Systems, Inc.

- Individual(s)
- General Partnership
- Corporation-State
- Other
- 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: August 30, 2002

2. Name and address of receiving party(ies)

Name: PNC Bank, National Association

Internal Address: Suite 440

Street Address: 2 North Lake Avenue

City: Pasadena State: CA Zip: 91101

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

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

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

A. Trademark Application No.(s) 76/293,812

76/293,814; 76/293,813; 76/293,811

B. Trademark Registration No.(s) 2,056,820

Additional number(s) attached Yes No

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

Name: Michael G. Fatall

Internal Address: Kirkland & Ellis

Street Address: 200 E. Randolph Dr.

City: Chicago State: IL Zip: 60601

6. Total number of applications and
registrations involved: 5

7. Total fee (37 CFR 3.41) \$ 140.00

- Enclosed
- Authorized to be charged to deposit account

8. Deposit account number:

22-0440

DO NOT USE THIS SPACE

9. Signature.

Michael G. Fatall

Name of Person Signing

Signature

9/5/02

Date

Total number of pages including cover sheet, attachments, and document: 6

38233-37

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

700016971

TRADEMARK
REEL: 002541 FRAME: 0413

INTELLECTUAL PROPERTY SECURITY AGREEMENT

This Intellectual Property Security Agreement is entered into as of August 30, 2002 by and among StorNet, Inc., formerly known as Vanguard Technology, Inc., a Colorado Corporation ("StorNet"), Applied Digital Systems, Inc., a Pennsylvania Corporation ("ADS") ("StorNet" and "ADS", each a "Grantor" and collectively, "Grantors"), and PNC Bank, National Association ("PNC") as agent for "Lenders" (as defined below) (PNC in such capacity, "Agent").

RECITALS

A. Grantors, Agent and "Lenders" (as defined therein) are parties to a Revolving Credit, Term Loan and Security Agreement, dated as of March 31, 2000 (as the same may have been amended, modified or supplemented from time to time, the "Loan Agreement"; capitalized terms used herein which are not defined, have the meanings set forth in the Loan Agreement).

B. Pursuant to the terms of the Loan Agreement, each Grantor has granted to Agent for its benefit and the ratable benefit of Lenders, a security interest in all of such Grantor's right, title and interest, whether presently existing or hereafter acquired, in, to and under all intellectual property and all other Collateral.

NOW, THEREFORE, as collateral security for the payment and performance when due of all of the Obligations, Grantor hereby grants, represents, warrants, covenants and agrees as follows:

AGREEMENT

1. Grant of Security Interest. To secure all of the Obligations, each Grantor grants and pledges to Agent for its benefit and the ratable benefit of the Lenders a security interest in all of such Grantor's right, title and interest in, to and under its intellectual property ("Intellectual Property"), including without limitation the following:

(a) All trademark and servicemark rights, whether registered or not, applications to register and registrations of the same and like protections, and the entire goodwill of the business of Grantor connected with and symbolized by such trademarks, including without limitation those set forth on Exhibit A attached hereto (collectively, the "Trademarks");

(b) Any and all claims for damages by way of past, present and future infringements of any of the rights included above, with the right, but not the obligation, to sue for and collect such damages for said use or infringement of the rights identified above;

(c) All licenses or other rights to use any of the Trademarks, and all license fees and royalties arising from such use to the extent permitted by such license or rights;

(d) All amendments, extensions, renewals and extensions of any of the Trademarks; and

(e) All proceeds and products of the foregoing, including without limitation all payments under insurance or any indemnity or warranty payable in respect of any of the

foregoing, and all license royalties and proceeds of infringement suits, and all rights corresponding to the foregoing throughout the world and all re-issues, divisions continuations, renewals, extensions and continuations-in-part of the foregoing.

2. Loan Agreement. This security interest is granted in conjunction with the security interest granted to Agent under the Loan Agreement. The rights and remedies of Agent with respect to the security interest granted hereby are in addition to those set forth in the Loan Agreement and the other agreement, documents and instruments entered into in connection therewith (collectively referred to with the Loan Agreement as the "Loan Documents"), and those which are now or hereafter available to Agent as a matter of law or equity. Each right, power and remedy of Agent provided for herein or in the Loan Agreement or any of the other Loan Documents, or now or hereafter existing at law or in equity shall be cumulative and concurrent and shall be in addition to every right, power or remedy provided for herein and the exercise by Agent of any one or more of the rights, powers or remedies provided for in this Agreement, the Loan Agreement or any of the other Loan Documents, or now or hereafter existing at law or in equity, shall not preclude the simultaneous or later exercise by any person, including Agent, of any or all other rights, powers or remedies.

3. General. If any action relating to this Agreement is brought by either party hereto against the other party, the prevailing party shall be entitled to recover reasonable attorneys fees, costs and disbursements. This Agreement may be amended only by a written instrument signed by both parties hereto. To the extent that any provision of this Agreement conflicts with any provision of the Loan Agreement, the provision giving Agent greater rights or remedies shall govern, it being understood that the purpose of this Agreement is to add to, and not detract from, the rights granted to Agent under the Loan Agreement. This Agreement, the Loan Agreement, and the other Loan Documents comprise the entire agreement of the parties with respect to the matters addressed in this Agreement. This Agreement shall be governed by the laws of the State of New York, without regard for choice of law provisions. Borrower and Agent consent to the nonexclusive jurisdiction of any state or federal court located in the County of New York, State of New York.

IN WITNESS WHEREOF, the parties have cause this Intellectual Property Security Agreement to be duly executed by its officers thereunto duly authorized as of the first date written above.

Address of Grantor:

7074 South Revere Parkway
Englewood, Colorado 80112

Grantor:

STORNET, INC.

By: Trent J. Coonan
Title: CFO
Name: Trent J. Coonan

7074 South Revere Parkway
Englewood, Colorado 80112

APPLIED DIGITAL SYSTEMS, INC.

By: Trent J. Carman
Title: CFO
Name: Trent J. Carman

Address of Agent:

Secured Party:

2 North Lake Avenue, Suite 440
Pasadena, California 91101

PNC BANK, NATIONAL ASSOCIATION

By: _____
Title: _____

7074 South Revere Parkway
Englewood, Colorado 80112

APPLIED DIGITAL SYSTEMS, INC.

By: _____
Title: _____
Name: _____

Address of Agent:

Secured Party:

2 North Lake Avenue, Suite 440
Pasadena, California 91101

PNC BANK, NATIONAL ASSOCIATION

By:  _____
Title: **LAWRENCE WEINSTEIN**
VICE PRESIDENT

EXHIBIT A
TRADEMARKS

<u>Description</u>	<u>Registration/ Application Number</u>	<u>Registration/ Application Date</u>
STORLINK	76/293,812	8/1/01
STORNET	76/293,814	8/1/01
STORTRUST	76/293,813	8/1/01
SUPPORTCARE	76/293,811	8/1/01
STORNET	2,056,820	4/29/97