

08-13-2002

Form PTO-1594
(Rev. 03/01)

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

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DEPARTMENT OF COMMERCE
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):

RSofT Design Group, Inc.

8-7-02

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

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

2. Name and address of receiving party(ies)

Name: Pequot Private Equity Fund III,
Internal L.P.

Address: _____
c/o Pequot Capital Management, Inc.
Street Address: 500 Nyala Farm Road
City: Westport State: CT Zip: 06880

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

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

3. Nature of conveyance:

- Assignment
- Merger
- Security Agreement
- Change of Name
- Other Amended and Restated

Execution Date: August 2, 2002

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

A. Trademark Application No.(s)

76255004; 76281018; 76364915;
76364914; 76364913

B. Trademark Registration No.(s)

N/A

Additional number(s) attached Yes No

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

Name: Stanton J. Lovenworth, Esq.

Internal Address: _____

Street Address: Dewey Ballantine LLP
1301 Avenue of the Americas

City: New York State: NY Zip: 10019

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:

N/A

(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.

Stanton J. Lovenworth
Name of Person Signing

[Signature]
Signature

8/7/02
Date

Total number of pages including cover sheet, attachments, and document: 55

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

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01 FC:481
02 FC:482

TRADEMARK
REEL: 002561 FRAME: 0822

RSOFT DESIGN GROUP, INC.

AMENDED AND RESTATED SECURITY AGREEMENT

AMENDED AND RESTATED SECURITY AGREEMENT dated as of August 2, 2002 ("Security Agreement"), among RSOFT DESIGN GROUP, INC., a Delaware corporation ("Borrower"), the entities listed under the caption "LENDERS" on the signature pages hereto, and Pequot Private Equity Fund III, L.P., a Delaware limited partnership, as collateral agent for the Lenders (in such capacity, the "Collateral Agent").

PRELIMINARY STATEMENTS.

1. Reference is made to the Demand Security Agreement dated as of July 26, 2002, made among the Borrower, the Collateral Agent and the lenders specified therein (the "Original Security Agreement") pursuant to which the Borrower granted to the Collateral Agent a first priority security interest in the Collateral (as defined below) for the ratable benefit of each of the lenders specified in the Original Security Agreement.

2. Borrower, the Collateral Agent, the lenders specified in the Original Security Agreement and the Lenders desire to amend and restate the Original Security Agreement in its entirety on the terms and conditions set forth herein to provide that the first priority security interest in the Collateral granted therein to the Collateral Agent for the ratable benefit of each of the lenders specified therein shall also be for the ratable benefit of the lenders signatory to the Note Purchase Agreement (as defined below).

3. The Borrower, certain lenders signatory thereto and the Collateral Agent are parties to a Note Purchase Agreement, dated as of May 24, 2002 (as modified and supplemented and in effect from time to time, the "Note Purchase Agreement"), which provides for, subject to the terms and conditions thereof, loans to be made by the Lenders to the Borrower in an aggregate principal amount of up to \$2,000,000.00 (the "Loans") all of which shall be evidenced by secured promissory notes of the Borrower (the "Notes").

4. It is a condition precedent to the obligation of the Lenders to provide the Loans to Borrower as provided in the Note Purchase Agreement that Borrower shall have granted the security interest contemplated by this Security Agreement to secure the Loans (including any Loans made from time to time after the date hereof) by the Lenders to the Borrower pursuant to an amendment to the Note Purchase Agreement or otherwise.

NOW, THEREFORE, in consideration of the premises and in order to induce each Lender to provide the Loans to Borrower, as provided in the Note Purchase Agreement, Borrower, Collateral Agent and the lenders signatory to the Original Security

Agreement hereby agree that the Original Security Agreement is hereby amended and restated in its entirety and Borrower further hereby agrees as follows:

SECTION 1. Grant of Security. Borrower hereby grants to the Collateral Agent, as agent for the Lenders and for the ratable benefit of each Lender, a security interest in and lien on all of Borrower's right, title and interest in and to all of Borrower's assets, including but not limited to all of the following, whether now owned or hereafter acquired or existing (the "Collateral"):

(a) All machinery, furnishings, fixtures, service vehicles, supplies and other equipment, together with all attachments, components, parts and accessories installed thereon or affixed thereto ("Equipment");

(b) All goods held for sale or lease or to be furnished under contracts of service, and all additions, substitutions and replacements thereof, wherever located, together with all goods and materials used or usable in manufacturing, processing, packaging or shipping same; in all stages of production, from raw materials through work-in-process to finished goods ("Inventory");

(c) All other goods, of any nature whatsoever;

(d) All (i) (A) rights to payment for goods sold or services rendered by the Borrower, including all accounts arising from sales or rendition of services made under any of the Borrower's trade names or styles or through any of the Borrower's divisions, regardless of how such right is evidenced, whether secured or unsecured (and whether or not specifically listed on schedules furnished to the Lenders) ("Accounts Receivable"), and (B) other accounts; (ii) unpaid seller's rights (including rights of rescission, replevin, reclamation and stoppage in transit) relating to the foregoing or arising therefrom; (iii) rights to any goods represented by any of the foregoing, including rights to returned or repossessed goods; (iv) reserves and credit balances arising under any of the foregoing; (v) guarantees, letters of credit, collateral or other supporting obligations supporting or securing any of the foregoing; and (vi) insurance policies or rights relating to any of the foregoing (collectively, including Accounts Receivable, the "Accounts");

(e) All (i) instruments, (ii) documents, (iii) contract rights, (iv) chattel paper, (v) letters of credit, (vi) letter-of-credit rights, (vii) claims and causes of action against any other Person, however arising, and (viii) general intangibles, whether or not for the payment of money, including, but not limited to, all (A) rights to tax refunds or other payments of every kind or nature, including rights to the payment of letters of credit; (B) copyrights, rights in or licenses of copyrights and marks subject to copyright protection, in whole or in part, and all renewals or extensions of any of the foregoing (the "Copyrights"); (C) trade names, trademarks, service marks, trade styles, designs, logos, indicia, corporate names, company names and fictitious business names, in each case, together with all associated goodwill including, without limitation, the trademark applications set forth on Schedule II hereto (the "Trademarks"); (D) (i) patents now existing or hereafter adopted or acquired, all registrations and recordings thereof, and all 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 or any political subdivision thereof, including, without limitation, those listed on Schedule II hereto together with all the rights, benefits and privileges derived therefrom, (ii) all design and utility patents, utility models and registered designs (including all reissues, divisions, continuations, continuations-in-part, reexaminations and extensions thereof), and (iii) all proceeds of the foregoing (the "Patents"); (E) computer programs and all intellectual property rights therein (other than such programs and rights in which, by their terms enforceable under applicable law, no security interest may be granted); and (F) other proprietary information;

(f) All investment property, including, without limitation, all securities and capital stock or other interests in any other Person whether certificated or uncertificated; all warrants, options and other rights to acquire securities, capital stock or other interests in any other Person; all securities entitlements; and all securities accounts, together with all financial assets credited thereto;

(g) All cash and cash equivalents, including, without limitation, money, demand deposit accounts and other deposit accounts;

(h) All governmental approvals, licenses, franchises and authorizations, to the maximum extent permitted by applicable law;

(i) All property and interests in property of the Borrower now or hereafter coming into the actual possession, custody or control of the Lenders in any way and for any purpose (whether for safekeeping, deposit, custody, pledge, transmission, collection or otherwise);

(j) All books and records;

(k) All other property and interests in property of the Borrower constituting personal property; and

(l) All accessions and additions to, substitutions for, and replacements, products and proceeds of any of the foregoing (including, without limitation, proceeds that constitute property of the types described in clauses (a) through (k) of this Section 1, and, to the extent not otherwise included, all (i) payments under insurance (whether or not the Secured Party or any Lender is the loss payee thereof), or any indemnity, warranty, guaranty or letter of credit, payable by reason of loss or damage to or otherwise with respect to any of the foregoing; and (ii) any and all supporting obligations in respect of any of the foregoing).

SECTION 2. Security for Obligations. This Security Agreement and the Collateral secure the prompt and complete payment when due and performance of (i) the outstanding principal and interest of the Borrower on the Loans pursuant to the Notes held by the Lenders (as of the date hereof and hereafter), (ii) all other obligations of Borrower under the Note Purchase Agreement and the Notes, and (iii) all obligations of Borrower to the Collateral Agent hereunder (collectively, the "Secured Obligations").

SECTION 3. Borrower Remains Liable. Anything herein to the contrary notwithstanding, (a) Borrower shall remain liable under the contracts and agreements included in the Collateral to the extent set forth therein to perform all of its duties and obligations thereunder to the same extent as if this Security Agreement had not been executed, (b) the exercise by the Collateral Agent of any of the rights hereunder shall not release Borrower from any of its duties or obligations under the contracts and agreements included in the Collateral, and (c) the Collateral Agent shall not have any obligation or liability under the contracts and agreements included in the Collateral by reason of this Security Agreement, nor shall the Collateral Agent be obligated to perform any of the obligations or duties of Borrower thereunder or to take any action to collect or enforce any claim for payment assigned hereunder.

SECTION 4. Representations and Warranties. Borrower represents and warrants to the Collateral Agent as follows:

(a) The Borrower is a duly incorporated and validly existing corporation under the laws of the State of Delaware, is not organized under the laws of any other state, and is qualified to do business and in good standing in all other states and jurisdictions in which the failure to be so qualified and in good standing would have a material adverse effect on the assets, properties or condition (financial or otherwise) of the Borrower or a material adverse effect on the ability of the Borrower to enforce the collection of Accounts Receivable due from customers residing in such locations. The Borrower's State of Delaware organizational identification number is 3341504.

(b) All of the Equipment and Inventory (i) were acquired in the ordinary course of business and (ii) are located at the places specified in Schedule I hereto. The principal place of business and chief executive office of Borrower and the office where Borrower keeps its records concerning Accounts Receivable and other Collateral are located at the address specified in Schedule I hereto. All originals of all chattel paper which evidence Accounts Receivable have been delivered to the Collateral Agent. None of the Accounts Receivable is evidenced by a promissory note or other instrument.

(c) Except for the security interest in the Collateral granted by the Company pursuant to that certain Security Agreement dated December 21, 2001, by and among the Company, LuAnn E. Scarmozzino, Robert Scarmozzino and Brent Whitlock, substantially in the form attached hereto as Schedule IV (the "Prior Security Agreement"), Borrower owns the Collateral free and clear of any Lien (as defined below), except for the security interest created by this Security Agreement. No effective financing statement or other instrument similar in effect covering all or any part of the Collateral is on file in any recording office, except for (i) financing statements filed in favor of the Collateral Agent relating to this Security Agreement, (ii) financing statements filed in favor of LuAnn E. Scarmozzino and Robert Scarmozzino relating to the Prior Security Agreement and (iii) security interests in purchase-money collateral (as such term is defined in §9-103 of the UCC) securing a purchase-money obligation incurred to finance the acquisition of such purchase-money collateral. For purposes of this Agreement, "Lien" means any mortgage, deed of trust, pledge, security interest, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other),

preference or other security agreement or preferential arrangement, charge or encumbrance of any kind or nature whatsoever (including, without limitation, any conditional sale or other title retention agreement, any financing lease having substantially the same economic effect as any of the foregoing, and the filing of any financing statement under the UCC or comparable law of any jurisdiction to evidence any of the foregoing), except for reasonable security interests in purchase- money collateral (as such term is defined in §9-103 of the UCC) to the extent such security interests secure purchase-money obligations to finance acquisitions of such purchase-money collateral.

(d) Borrower conducts no business under any name or trade name other than its proper corporate name, which is the name set forth in the preamble hereto.

(e) Borrower has exclusive possession and control of the Equipment and Inventory.

(f) Schedule II sets forth a complete and correct list of all Patents, Trademarks and Registered Copyrights owned or applied for by Borrower on the date hereof. Borrower has the right to use all Patents, Trademarks, and Copyrights and all computer programs and other rights, free from materially burdensome restrictions, which are necessary for the operation of its business as presently conducted. There is not pending or, to the knowledge of Borrower, threatened, any claim or litigation against or affecting Borrower contesting the validity of any of the Patents, Trademarks or Copyrights or computer program or other right.

(g) Except for the security interest in the Collateral granted by the Company pursuant to the Prior Security Agreement, this Security Agreement creates a valid first priority Lien in the Collateral, securing the payment of the Secured Obligations. All other actions legally necessary to perfect and protect such security interest have been duly taken, except those actions described in Section 5(f), which shall be completed no later than the close of business on the tenth day following the Closing.

(h) No authorization, approval or other action by, and no notice to or filing with, any governmental or regulatory agency or authority is required either (1) for the grant by Borrower of the security interest granted hereby or for the execution, delivery or performance of this Security Agreement by Borrower or (2) other than the filing of a financing statement on Form UCC-1 with the Secretary of State of the State of Delaware, for the perfection of such security interest or the exercise by the Collateral Agent of its respective rights and remedies hereunder.

(i) All existing commercial tort claims owned by the Borrower are set forth and described in Schedule III hereto.

SECTION 5. Further Assurances.

(a) Borrower agrees that from time to time, at the expense of Borrower, Borrower will promptly execute or otherwise authenticate and deliver all further instruments, documents and other records and take all further action, that may be necessary or desirable, or that the Collateral Agent may request, in order to perfect and

protect any security interest granted or purported to be granted hereby or to enable the Collateral Agent to exercise and enforce its rights and remedies hereunder with respect to any Collateral. Without limiting the generality of the foregoing, Borrower will: (1) mark conspicuously each document and agreement included in the Collateral and, at the request of the Collateral Agent, each of its records pertaining to the Collateral with a legend, in form and substance satisfactory to the Collateral Agent, indicating that such Collateral is subject to the security interest granted hereby; (2) if any Account Receivable shall be evidenced by a promissory note or other instrument or chattel paper deliver such to the Collateral Agent duly endorsed and accompanied by duly executed instruments of transfer or assignment, all in form and substance satisfactory to the Collateral Agent; and (3) authenticate (if necessary) and file such financing or continuation statements, or amendments thereto, and such other instruments, notices or other records, as may be legally necessary, or as the Collateral Agent may request, in order to perfect and preserve the security interest granted or purported to be granted hereby.

(b) Borrower hereby authorizes the Collateral Agent to file one or more financing or continuation statements, and amendments thereto, relative to all or any part of the Collateral without the signature of Borrower where permitted by law. A carbon, photographic or other reproduction of this Security Agreement or any financing statement covering the Collateral or any part thereof shall be sufficient as a financing statement where permitted by law.

(c) Borrower will furnish to the Collateral Agent from time to time statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as the Collateral Agent may request, all in reasonable detail. Without limiting the generality of the foregoing: (i) the Borrower shall, from time to time, execute and deliver to the Collateral Agent, in such form and manner as the Collateral Agent may reasonably require, solely for the Collateral Agent's convenience in maintaining records of the Collateral, such confirmatory schedules of Accounts Receivable, and such other appropriate reports designating, identifying and describing the Accounts Receivable, as the Collateral Agent may reasonably request; and (ii) if any commercial tort claim should hereafter arise ("Additional Tort Claim"), the Borrower shall promptly advise the Collateral Agent in writing, supplementing Schedule III hereto, which supplement shall constitute a grant by the Borrower to the Collateral Agent of a security interest therein, on the terms, and subject to the conditions, set forth in the Security Agreement, and the Borrower's authorization to file, or to amend, such financing statements as the Collateral Agent may deem necessary or advisable to perfect its security interest in such Additional Tort Claim. In addition, upon the Collateral Agent's request, the Borrower shall provide the Secured Party with copies of agreements with, or purchase orders from, the Borrower's customers, of invoices to customers and proof of shipment or delivery and such other documentation and information relating to the Accounts Receivable and other Collateral as the Collateral Agent may from time to time reasonably request to the extent the Borrower maintains such documentation in the ordinary course of its business. Failure to provide the Collateral Agent with any of the foregoing shall in no way affect, diminish, modify or otherwise limit the Lien granted herein. The Borrower hereby authorizes the Collateral Agent to regard its printed name or rubber stamp signature on assignment schedules or invoices as the equivalent of a

manual signature by an authorized officer or agent of the Borrower.

(d) Borrower will defend the Collateral against all claims and demands of all persons (other than the Collateral Agent) claiming an interest therein. Borrower will pay promptly when due all property and other taxes, assessments and governmental charges or levies imposed upon, and all claims (including claims for labor, materials and supplies) against, the Collateral, except to the extent where there is a good faith contest to the validity thereof. In connection with any such good faith contest Borrower will, at the request of the Collateral Agent, promptly provide a bond, cash deposit or other security reasonably satisfactory to protect the security interest of the Collateral Agent should such good faith contest be unsuccessful.

(e) Borrower hereby agrees that if Borrower creates or acquires an entity or entities in which Borrower holds a majority ownership or voting interest (a "Subsidiary"), Borrower shall cause each such Subsidiary to duly execute and deliver to the Collateral Agent a guaranty in a form reasonably satisfactory to the Lenders which guarantees the Secured Obligations of the Borrower.

(f) Borrower will, no later than the close of business on the tenth day following Closing, file a financing statement on Form UCC-1 with the Delaware Secretary of State with respect to the security interest created hereby which shall be, in form and substance, acceptable to the Collateral Agent.

SECTION 6. As to Equipment, Inventory and Trademarks. Borrower shall:

(a) Keep the Equipment and Inventory (other than Inventory sold in the ordinary course of business) at the places therefor specified in Schedule I hereto or, upon 30 days' prior written notice to the Collateral Agent, at such other places in jurisdictions where all action required by Section 5 shall have been taken with respect to the Equipment and Inventory;

(b) Cause the Equipment necessary for the conduct of its business to be maintained and preserved in the same condition, repair and working order as when new, ordinary wear and tear excepted, and shall forthwith, or in the case of any loss or damage to any of the Equipment as quickly as practicable after the occurrence thereof, make or cause to be made all repairs, replacements, and other improvements in connection therewith which are necessary or desirable to such end;

(c) Permit the Collateral Agent or any agent thereof to have access to the Inventory and Equipment for purposes of inspection during normal business hours and upon reasonable notice to the Borrower;

(d) Promptly notify the Collateral Agent in writing of any material loss or damage to the Inventory or Equipment;

(e) Not sell, assign, lease, mortgage, transfer or otherwise dispose of any interest in the Inventory or Equipment, except in the ordinary course of business;

(f) Not use or permit the Inventory or Equipment to be used for any unlawful purpose or in violation of any law or for hire;

(g) Except for collateral securing a purchase-money obligation incurred in compliance with §9-103 of the UCC, not permit the Equipment to become a part of or to be affixed to any real property of any person; and

(h) Advise the Collateral Agent of all Trademarks, Patents and Copyrights or applications for or registration of the same, created or obtained by Borrower on or after the date of this Security Agreement; and

(i) Take all reasonable steps to maintain and enforce the Trademarks, Patents and Copyrights material to the conduct of its business, including but not limited to (1) payment of all fees, (2) prosecuting infringers if failure to do so would materially and adversely affect the business of Borrower and (3) diligently pursuing any application or registration material to the business of Borrower.

SECTION 7. Insurance. Borrower shall, at its own expense, maintain insurance with respect to the Equipment and Inventory in such amounts, against such risks, in such form and with such insurers, as shall be satisfactory to the Collateral Agent from time to time. Each policy for: (1) liability insurance shall provide for all losses to be paid on behalf of the Collateral Agent and Borrower as their respective interests may appear; and (2) property damage insurance shall provide for all losses to be paid directly to the Collateral Agent. Each such policy shall in addition: (1) name the Collateral Agent as insured party thereunder (without any representation or warranty by or obligation upon the Collateral Agent) as its interests may appear; (2) contain the agreement by the insurer that any loss thereunder shall be payable to the Collateral Agent notwithstanding any action, inaction or breach of representation and warranty by Borrower; (3) provide that there shall be no recourse against the Collateral Agent or any Lender for payment of premiums or other amounts with respect thereto; and (4) provide that at least thirty (30) days' prior written notice of amendment to, cancellation of or lapse shall be given to the Collateral Agent by the insurer. Borrower shall, if so requested by the Collateral Agent, deliver to the Collateral Agent original or duplicate policies of such insurance and, as often as the Collateral Agent may request, a report of a reputable insurance broker with respect to such insurance. Further, Borrower shall, at the request of the Collateral Agent, duly execute and deliver instruments of assignment of such insurance policies to comply with the requirements of Section 5 and cause the respective insurers to acknowledge notice of such assignment.

(b) Reimbursement under any liability insurance maintained by Borrower pursuant to this Section 7 may be paid directly to the person who shall have incurred liability covered by such insurance. In case of any loss involving damage to Equipment or Inventory when subsection (c) of this Section 7 is not applicable, Borrower shall make or cause to be made the necessary repairs to or replacements of such Equipment or Inventory, and any proceeds of insurance maintained by Borrower pursuant to this Section 7 shall be paid to Borrower as reimbursement for the costs of such repairs or replacements.

(c) Upon the occurrence of any Default (as defined in the Notes) all insurance payments in respect of such Equipment or Inventory shall be paid to the Collateral Agent and applied to payment of the amounts due under the Notes, the Note Purchase Agreement and hereunder.

SECTION 8. As to Accounts Receivable. (a) Borrower shall keep its principal place of business and chief executive office and the office where it keeps its records concerning the Accounts Receivable, at the location therefor specified in Schedule I hereto or, upon 30 days' prior written notice to the Collateral Agent, at such other locations in a jurisdiction where all action required by Section 5 shall have been taken with respect to Accounts Receivable. Borrower will hold and preserve such records and will permit representatives of the Collateral Agent to inspect and make abstracts from such records. Borrower will not change its name or jurisdiction of incorporation, or its corporate structure, or merge with or into any other Person, or become domesticated under the laws of any other jurisdiction without giving prior notice to the Collateral Agent.

(b) Except as otherwise provided in this subsection (b), Borrower shall continue to collect, at its own expense, all amounts due or to become due to Borrower under the Accounts Receivable. In connection with such collections, Borrower may take (and, at the Collateral Agent's discretion, shall take) such action as Borrower or the Collateral Agent may deem necessary or advisable to enforce collection of the Accounts Receivable; provided, however, that the Collateral Agent shall have the right at any time, upon the occurrence and during the continuance of a Default upon written notice to Borrower of its intention to do so, to notify the account debtors or obligors under any Accounts Receivable of the assignment of such Accounts Receivable to the Collateral Agent and to direct such account debtors or obligors to make payment of all amounts due or to become due to Borrower thereunder directly to the Collateral Agent and, upon such notification and at the expense of Borrower, to enforce collection of any such Accounts Receivable, and to adjust, settle or compromise the amount or payment thereof, in the same manner and to the same extent as Borrower might have done. After receipt by Borrower of the notice from the Collateral Agent referred to in the proviso to the preceding sentence and as long as there is a Default, (1) all amounts and proceeds (including instruments) received by Borrower in respect of the Accounts Receivable shall be received in trust for the benefit of the Collateral Agent hereunder, shall be segregated from other funds of Borrower and shall be forthwith paid over to the Collateral Agent in the same form as so received (with any necessary endorsement) to be held as cash collateral, or be applied as provided by Section 15(b), as determined by the Collateral Agent, and (2) Borrower shall not adjust, settle or compromise the amount or payment of any Receivable, or release wholly or partly any account debtor or obligor thereof, or allow any credit or discount thereon, other than any discount allowed for prompt payment.

SECTION 9. Transfer and Other Liens. Borrower shall not:

(a) Sell, assign (by operation of law or otherwise) or otherwise dispose of any of the Collateral, except in the ordinary course of business.

(b) Except for purchase money financing in the ordinary course of business, create or suffer to exist any Lien upon or with respect to any of the Collateral to secure debt of any person.

SECTION 10. Notes Equally and Ratably Secured; Subordination.

(a) The Loans shall be equally and ratably secured pursuant to the terms of this Security Agreement. The Borrower shall not make any offer to purchase or otherwise pay any Lender without making the same offer to each Lender.

(b) All rights of the Collateral Agent under this Agreement are subject to the subordination provisions in Section 7 of the Notes.

SECTION 11. Appointment of Collateral Agent by Lenders.

(a) Each of the Lenders hereby appoints and authorizes Pequot Private Equity Fund III, L.P. to act as collateral agent under this Security Agreement with such powers as are specifically delegated to the Collateral Agent by the terms of this Security Agreement, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Agreement, the Collateral Agent shall not have any duties or responsibilities, except those expressly set forth herein, or any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Security Agreement, the Note Purchase Agreement or any other related document or otherwise exist against the Collateral Agent.

(b) The Collateral Agent (which term shall include its affiliates and its own and its affiliates' officers, directors, employees and agents) shall not be responsible to the Lenders for (i) any statements, representations or warranties contained in the Notes, the Note Purchase Agreement or the Security Agreement or for the failure by Borrower or any other party to perform its obligations hereunder or thereunder and shall not by reason of this Security Agreement or the Note Purchase Agreement be a trustee for any Lender, (ii) any action taken or omitted to be taken by it hereunder or under this Security Agreement, the Note Purchase Agreement or under any other document or instrument referred to or provided for herein or therein or in connection herewith or therewith, except for its own gross negligence or willful misconduct or (iii) any recitals, statements, representations or warranties made by Borrower or any officer or official of Borrower or any other party contained in this Security Agreement, the Note Purchase Agreement or any other related document, or in any certificate or other document or instrument referred to or provided for in, or received by any of them under, this Security Agreement or any other related document, or for the value, legality, validity, effectiveness, genuineness, enforceability or sufficiency of this Security Agreement or any other related document or any other document or instrument referred to or provided for herein or therein, for the perfection or priority of any lien security for the Loans or for any failure by Borrower to perform any of its obligations hereunder or thereunder. The Collateral Agent shall not be under any obligation to any Lender to ascertain or to inquire

as to the observance or performance of any of the agreements contained in, or conditions of, this Security Agreement, the Note Purchase Agreement or any other related document or any other document or instrument referred to or provided for herein or therein, or to inspect the properties, books or records of the Borrower.

(c) The Collateral Agent may employ agents and attorneys-in-fact and shall not be responsible, except as to money or securities received by it or its authorized agents, for the negligence or misconduct of any such agents or attorneys-in-fact selected by it with reasonable care.

(d) The Collateral Agent shall be entitled to rely, and shall be fully protected in relying upon any promissory note, writing, resolution, notice, consent, certificate, affidavit, letter, telecopy, telex or teletype message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper person(s), organization(s) or entity or entities and upon advice and statements of legal counsel (including, without limitation, counsel to the Borrower or any of them), independent accountants and other experts selected by the Collateral Agent. The Collateral Agent may deem and treat the payee of any promissory note as the owner thereof for all purposes unless a written notice of assignment or transfer thereof shall have been filed with the Collateral Agent. The Collateral Agent shall be fully justified in failing or refusing to take any action under this Security Agreement, the Note Purchase Agreement or any other related document or any other document or instrument referred to or provided for herein or therein unless it shall first receive such advice or concurrence of a majority of the Lenders (the "Required Lenders") as it deems appropriate or it shall first be indemnified to its satisfaction by the Lenders against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. The Collateral Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Security Agreement, the Note Purchase Agreement or any other related document or any other document or instrument referred to or provided for herein or therein in accordance with request of the Required Lenders, and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Lenders and all future holders of the Loans.

(e) The Collateral Agent shall not be deemed to have knowledge or notice of the occurrence of any Default hereunder unless the Collateral Agent has received notice from a Lender or the Borrower referring to this Security Agreement, describing such Default and stating that such notice is a "notice of default". In the event that the Collateral Agent receives such a notice, the Collateral Agent shall give notice thereof to the Lenders. The Collateral Agent shall take such action with respect to such Default as shall be reasonably directed by the Required Lenders; provided that unless and until the Collateral Agent shall have received such directions, the Collateral Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default as it shall deem advisable in the best interests of the Lenders.

(f) Each Lender expressly acknowledges that neither the Collateral Agent nor any of its officers, directors, employees, agents, attorneys-in-fact or affiliates have made any representations or warranties to it and that no act by the Collateral Agent

hereafter taken, including any review of the affairs of the Borrower or any affiliate of the Borrower, shall be deemed to constitute any representation or warranty by the Collateral Agent to any Lender. Each Lender represents to the Collateral Agent that it has, independently and without reliance upon the Collateral Agent or any other Lender, and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, financial and other condition and creditworthiness of the Borrower and its affiliates and made its own decision to make its Loans hereunder and enter into this Agreement. Each Lender also represents that it shall, independently and without reliance upon the Collateral Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Security Agreement, the Note Purchase Agreement or any other related document and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Borrower and its affiliates. Except for notices, reports and other documents expressly required to be furnished to the Lenders by the Collateral Agent hereunder, the Collateral Agent shall have no duty or responsibility to provide any Lender with any credit or other information concerning the business, operations, property, condition (financial or otherwise), prospects or creditworthiness of the Borrower or any affiliate of the Borrower which may come into the possession of the Collateral Agent or any of its officers, directors, employees, agents, attorneys-in-fact or affiliates.

(g) The Collateral Agent may amend this Security Agreement with the prior written consent of the Lenders holding a majority of aggregate outstanding principal amount of the Loans; provided, that, without the prior written consent of each Lender, the Collateral Agent may not release any Collateral or otherwise terminate any Lien under this Security Agreement except with respect to Collateral sold or disposed of by the Borrower pursuant to Section 6(e) herein.

(h) The Lenders agree to indemnify the Collateral Agent in its capacity as such (to the extent not reimbursed by the Borrower and without limiting the obligation of the Borrower to do so), ratably in accordance with the aggregate principal amount of the Loans held by the Lenders for any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind and nature whatsoever that may be imposed on, incurred by or asserted against the Collateral Agent in its capacity as such (including by any Lender) arising out of or by reason of any investigation in or in any way relating to or arising out of this Security Agreement or the Note Purchase Agreement provided, that no Lender shall be liable for any of the foregoing to the extent they arise from the gross negligence or willful misconduct of the party to be indemnified. The agreements in this Section 11(h) shall survive the payment of the Loans and all other amounts payable hereunder.

(i) The Collateral Agent and its affiliates may make loans to, accept deposits from and generally engage in any kind of business with the Borrower as though the Collateral Agent were not the Collateral Agent. With respect to its Loans made or renewed by it the Collateral Agent shall have the same rights and powers under this

Agreement, the Note Purchase Agreement and any related document as any Lender and may exercise the same as though it were not the Collateral Agent, and the terms "Lender" and "Lenders" shall include the Collateral Agent in its individual capacity.

(j) The Collateral Agent may resign as Collateral Agent upon 30 days' notice to the Lenders and the Borrower. If the Collateral Agent shall resign as Collateral Agent under this Agreement, then the Required Lenders shall appoint from among the Lenders a successor agent for the Lenders, which successor agent shall (unless a Default as described in the Notes with respect to the Borrower shall have occurred and be continuing) be approved by the Borrower (which approval shall not be unreasonably withheld or delayed), whereupon such successor agent shall succeed to the rights, powers and duties of the Collateral Agent, and the term "Collateral Agent" shall mean such successor agent effective upon such appointment and approval, and the former Collateral Agent's rights, powers and duties as Collateral Agent shall be terminated, without any other or further act or deed on the part of such former Collateral Agent or any of the parties to this Security Agreement or any holders of the Loans. If no successor agent has accepted appointment as Collateral Agent by the date that is 30 days following a retiring Collateral Agent's notice of resignation, the retiring Collateral Agent's resignation shall nevertheless thereupon become effective and the Lenders shall assume and perform all of the duties of the Collateral Agent hereunder until such time, if any, as the Lenders appoint a successor agent as provided for above. After any retiring Collateral Agent's resignation as Collateral Agent, the provisions of this Section 11 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Collateral Agent under this Security Agreement, the Note Purchase Agreement and any other related documents.

SECTION 12. Collateral Agent Appointed Borrower's Attorney-in-Fact.

Borrower hereby irrevocably appoints the Collateral Agent as Borrower's attorney-in-fact, with full authority in the place and stead of Borrower and in the name of Borrower, the Collateral Agent or otherwise, to, after the occurrence and during the continuance of a Default, take any action and to execute any instrument which the Collateral Agent may deem necessary or advisable to accomplish the purposes of this Security Agreement, including, without limitation:

(a) to obtain and adjust insurance required to be paid to the Collateral Agent pursuant to Section 7;

(b) to ask, demand, collect, sue for, recover, compromise, receive and give acquittance and receipts for moneys due and to become due under or in respect of any of the Collateral;

(c) to receive, endorse, assign, and collect any and all checks, notes, drafts and other negotiable and non-negotiable instruments, documents and chattel paper, in connection with clause (a) or (b) above, and Borrower waives notice of presentment, protest and non-payment of any instrument, document or chattel paper so endorsed or assigned;

(d) to file any claims or take any action or institute any proceedings which the Collateral Agent may deem necessary or desirable for the collection of any of the Collateral or otherwise to enforce the rights of the Collateral Agent with respect to any of the Collateral;

(e) to sell, transfer, assign or otherwise deal in or with the Collateral or the proceeds or avails thereof, as full and effectually as if the Collateral Agent were the absolute owner thereof;

(f) to perform or cause the performance of any obligation of the Borrower hereunder;

(g) to receive, open and dispose of all mail addressed to the Borrower and to notify postal authorities to change the address for delivery thereof to such address as the Secured Party may designate; and

(h) to transmit to customers indebted on Accounts notice of the Secured Party's interest therein and to notify customers indebted on Accounts to make payment directly to the Secured Party for the Borrower's account.

Borrower hereby ratifies and approves all acts other than those which result from the Collateral Agent's gross negligence or willful misconduct, of the Collateral Agent, as its attorney in-fact, pursuant to this Section 12, and the Collateral Agent, as its attorney in-fact, will not be liable for any acts of commission or omission, nor for any error of judgment or mistake of fact or law other than those which result from the Collateral Agent's gross negligence or willful misconduct. This power, being coupled with an interest, is irrevocable so long as this Security Agreement remains in effect.

Borrower also authorizes the Collateral Agent, at any time after the occurrence and during the continuance of a Default, to communicate in its own name with any party to any contract, agreement or instrument included in the Collateral with regard to the assignment of such contract, agreement or instrument and other matters relating thereto.

SECTION 13. Collateral Agent May Perform. If Borrower fails to perform any agreement contained herein, the Collateral Agent may itself perform, or cause performance of, such agreement, and the expenses of the Collateral Agent incurred in connection therewith shall be payable by Borrower under Section 16(b).

SECTION 14. The Collateral Agent's Duties. The powers conferred on the Collateral Agent hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Except for the safe custody of any Collateral in its possession and the accounting for moneys actually received by it hereunder, the Collateral Agent shall not have any duty as to any Collateral or as to the taking of any necessary steps to preserve rights against prior parties or any other rights pertaining to any Collateral.

SECTION 15. Remedies. If any Default shall have occurred, then during the continuance of such Default:

(a) The Collateral Agent has the right, upon written notice to Borrower of its intention to do so, to notify the account debtors or obligors under any Accounts Receivable of the collateral assignment of such Accounts Receivable to Collateral Agent and to direct such account debtors or obligors to make payment of all amounts due or to become due to Borrower thereunder directly to Collateral Agent and, upon such notification and at the expense of Borrower, to enforce collection of any such Accounts Receivable, and to adjust, settle or compromise the amount or payment thereof, in the same manner and to the same extent as Borrower might have done. After receipt by Borrower of the notice from Collateral Agent referred to in the immediately preceding sentence, (1) all amounts and proceeds (including instruments) received by Borrower in respect of the Accounts Receivable shall be received in trust for the benefit of Collateral Agent hereunder, shall be segregated from other funds of Borrower and shall be forthwith paid over to Collateral Agent in the same form as so received (with any necessary endorsement) to be held as Collateral, or be applied as provided by this Section, as determined by Collateral Agent, and (2) Borrower shall not adjust, settle or compromise the amount or payment of any such Receivable, or release wholly or partly any account debtor or obligor thereof, or allow any credit or discount thereon, other than any discount allowed for prompt payment.

(b) The Collateral Agent may exercise in respect of the Collateral, in addition to other rights and remedies provided for herein or otherwise available to it, all the rights and remedies of a Collateral Agent on default under the Uniform Commercial Code (the "Code") (whether or not the Code applies to the affected Collateral) and also may (i) require Borrower to, and Borrower hereby agrees that it will at its expense and upon the request of the Collateral Agent forthwith, assemble all or part of the Collateral as directed by the Collateral Agent and make it available to the Collateral Agent at a place to be designated by the Collateral Agent which is reasonably convenient to both parties and (ii) enter the premises where any of the Collateral is located and take and carry away the same, by any of its representatives, with or without legal process, to Collateral Agent's place of storage, and (iii) without notice except as specified below, sell the Collateral or any part thereof in one or more parcels at public or private sale, at any of the Collateral Agent's offices or elsewhere, for cash, on credit or for future delivery and upon such other terms as the Collateral Agent may deem commercially reasonable. Borrower agrees that, to the extent notice of sale shall be required by law, at least ten (10) days' notice to Borrower of the time and place of any public or private sale is to be made shall constitute reasonable notification. The Collateral Agent shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. The Collateral Agent may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place it was so adjourned.

(c) All cash proceeds received by the Collateral Agent in respect of any sale of, collection from, or other realization upon all or any part of the Collateral may, in the discretion of the Collateral Agent, be held by the Collateral Agent as collateral for,

and/or then or at any time thereafter applied (after payment of any amounts payable to the Collateral Agent pursuant to Section 16) to the payment in full of the Secured Obligations, in each case equally and ratably in accordance with the respective amounts thereof then due and owing or as the Lenders holding the same may otherwise agree. Any surplus of such cash or cash proceeds held by the Collateral Agent and remaining after payment in full of all the Secured Obligations to the Collateral Agent shall be paid over to Borrower. If the proceeds of the sale of the Collateral are insufficient to pay all of the Secured Obligations Borrower agrees to pay upon demand any deficiency to the Collateral Agent.

(d) The Collateral Agent may use (and is hereby granted a license to use), in connection with any assembly, preparation for disposition or disposition of the Collateral, any of the trademarks, copyrights, patents, technical processes, trade names, service marks or trade styles and other intellectual property used by the Borrower, without payment or additional compensation therefor.

(e) The Borrower recognizes that the Collateral Agent may be unable to effect a public sale of all or part of the Collateral consisting of investment property by reason of certain prohibitions contained in the Securities Act of 1933, as amended, or in applicable New York or other states' securities laws as now or hereafter in effect, unless registration or qualification, as the case may be, is accomplished. The Borrower acknowledges that the Collateral Agent may resort to one or more private sales to a single purchaser or a restricted group of purchasers who will be obliged to agree, among other things, to acquire such investment property for their own account, for investment and not with a view to the distribution or resale thereof. The Borrower agrees that private sales may be at prices and other terms less favorable to the Borrower than if such investment property were sold at a public sale and that the Collateral Agent shall have no obligation to delay the sale of any such portion of the Collateral for the period of time necessary to permit the issuer of such investment property to register or qualify such investment property, even if such issuer would, or should, proceed to register or qualify such investment property for public sale. The Borrower agrees that private sales made under the foregoing circumstances shall be deemed to have been made in a "commercially reasonable" manner.

SECTION 16. Indemnity and Expenses.

(a) Borrower agrees to indemnify and defend the Collateral Agent from and against any and all claims, losses and liabilities growing out of or resulting from this Security Agreement (including, without limitation, enforcement of this Security Agreement), except claims, losses or liabilities resulting from the Collateral Agent's gross negligence or willful misconduct.

(b) Borrower will upon demand pay to the Collateral Agent the amount of any and all reasonable expenses, including the fees and out of pocket disbursements of its counsel and of any experts and agents, which the Collateral Agent may incur in connection with (1) the negotiation or preparation of, or closing under, and the perfection of (including any filing or recording fees) any and all Liens contemplated by this Security

Agreement and any other related documents, (2) the custody, preservation, use or operation of, or the sale of, collection from, or other realization upon, any of the Collateral, and (3) the interpretation, performance or enforcement of any of the rights of the Collateral Agent. Without limiting in any manner the generality of the foregoing, each Grantor will pay all reasonable out-of-pocket costs and expenses of the Collateral Agent or any Lender upon failure by such Grantor to perform or observe any of the provisions of the Notes or this Security Agreement or upon demand in connection with the bankruptcy or other insolvency proceeding involving such Grantor or its stockholders; in each case, including without limitation, the reasonable fees and out-of-pocket expenses of counsel for the Collateral Agent or any Lender and of any consultants or expert witnesses retained by the Collateral Agent or any Lender, with respect to any aspect of the Secured Obligations or otherwise relating to the transactions contemplated hereby. All amounts payable by the Borrower under this Section 16(b) shall be paid together with interest thereon, from the date incurred by the Collateral Agent or the relevant Lender until paid, calculated on the basis of a year of 360 days and for the actual number of days elapsed, at the highest rate of interest then applicable to any of the Secured Obligations. The Collateral Agent shall not be liable to Borrower for damages as a result of delays, temporary withdrawals of the Equipment from service or other causes other than those caused by the Collateral Agent's gross negligence or willful misconduct.

SECTION 17. Amendments; Etc. No amendment or waiver of any provision of this Security Agreement nor consent to any departure by Borrower herefrom shall in any event be effective unless the same shall be in writing and signed by the Collateral Agent (with the consent of the Lenders as specified in Section 11 hereof), and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

SECTION 18. Notices. All notices and other communications required or permitted hereunder shall be in writing and shall be (i) mailed by registered or certified mail, postage prepaid, (ii) delivered by reliable overnight courier service, or (iii) otherwise delivered by hand or by messenger, addressed, if to the Collateral Agent, to:

Pequot Private Equity Fund III, L.P.
c/o Pequot Capital Management, Inc.
500 Nyala Farm Road,
Westport, Connecticut 06880,
Attention: Amber Tencic,

with a copy to:

Aryeh Davis
c/o Pequot Capital Management, Inc.
153 East 53rd Street
Citicorp Center, 35th Floor
New York, NY 10022

or at such other address as the Collateral Agent shall have furnished to Borrower in writing, or, if to Borrower, to:

RSoft Design Group, Inc.,
19 Christopher Way, Eatontown, New Jersey 07724,
Attention: Chief Executive Officer,

or at such other address as Borrower shall have furnished to the Collateral Agent in writing. All such notices and communications shall be effective upon receipt.

SECTION 19. Continuing Security Interest; Transfer of Note. This Security Agreement shall create a continuing security interest in the Collateral and shall (1) remain in full force and effect until payment in full of the Secured Obligations, (2) be binding upon Borrower, its successors and assigns, and (3) inure to the benefit of the Collateral Agent and its successors. Without limiting the generality of the foregoing clause (3), the Collateral Agent may resign and a successor agent may become vested with the rights, powers and duties of the Collateral Agent pursuant to Section 11(j). Upon the payment in full of the Secured Obligations, the security interest granted hereby shall automatically terminate and all rights to the Collateral shall revert to Borrower. Upon any such termination, the Collateral Agent will, at Borrower's expense, execute and deliver to Borrower such documents as Borrower shall reasonably request to evidence such termination.

SECTION 20. Governing Law; Terms. This Security Agreement shall be governed by and construed in accordance with the laws of the State of New York, except to the extent that the validity or perfection of the security interest hereunder, or remedies hereunder, in respect of any particular Collateral are governed by the laws of a jurisdiction other than the State of New York. Unless otherwise defined herein, in the Notes or in the Note Purchase Agreement, terms used in Article 9, as in effect on the date hereof, of the Uniform Commercial Code in the State of New York are used herein as therein defined.

SECTION 21. Miscellaneous. This Security Agreement is in addition to and not in limitation of any other rights and remedies the Collateral Agent may have by virtue of any other instrument or agreement heretofore, contemporaneously herewith or hereafter executed by Borrower or by law or otherwise. If any provision of this Security Agreement is contrary to applicable law, such provision shall be deemed ineffective without invalidating the remaining provisions hereof. If and to the extent that applicable Law confers any rights in addition to any of the provisions of this Security Agreement, the affected provision shall be considered amended to conform thereto. The Collateral Agent shall not by any act, delay, omission or otherwise be deemed to have waived any of its rights or remedies hereunder. A waiver by the Collateral Agent of any right or remedy hereunder on any one occasion, shall not be construed as a bar to or waiver of any such right or remedy which the Collateral Agent would have had on any future occasion nor shall the Collateral Agent be liable for exercising or failing to exercise any such right or remedy. This Security Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument and

the parties hereto may execute this Security Agreement by signing any such counterpart.

SECTION 22. Amendment to Original Security Agreement. Pursuant to Section 17 of the Original Security Agreement relating to Amendments thereof, this Agreement has been executed by the Collateral Agent (with the consent of the lenders signatory to the Original Security Agreement).

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

BORROWER:

RSOFT DESIGN GROUP, INC.

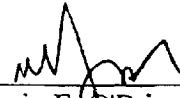
By: _____

Robert Scarmozzino
Robert Scarmozzino
Chief Executive Officer

COLLATERAL AGENT:

PEQUOT PRIVATE EQUITY FUND III,
L.P., as Collateral Agent

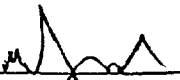
By: Pequot Capital Management, Inc.,
its Investment Manager

By: 
~~Kevin E. O'Brien, General Counsel~~
Richard Joslin, SVP

LENDERS:


PEQUOT PRIVATE EQUITY FUND III,
L.P.

By: Pequot Capital Management, Inc.,
its Investment Manager

By: 
~~Kevin E. O'Brien, General Counsel~~
Richard Joslin, SVP

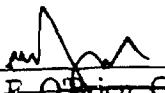
PEQUOT OFFSHORE PRIVATE EQUITY
PARTNERS III, L.P.

By: Pequot Capital Management, Inc.,
its Investment Advisor

By: 
~~Kevin E. O'Brien, General Counsel~~
Richard Joslin, SVP

PEQUOT VENTURE PARTNERS II, L.P.

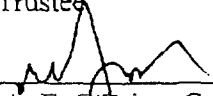
By: Pequot Capital Management, Inc.,
its Investment Manager

By: 
~~Kevin E. O'Brien, General Counsel~~
Richard Joslin, SVP

Signature Page to Amended and Restated Security Agreement


PVP II RSOFTRON NOTE GRANTOR TRUST

By: Pequot Capital Management, Inc.,
its Trustee

By: 
~~Kevin E. O'Brien, General Counsel~~
Richard Joslin, SVP

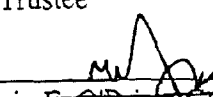
PVP II RSOFTRON WTS GRANTOR TRUST

By: Pequot Capital Management, Inc.,
its Trustee

By: 
~~Kevin E. O'Brien, General Counsel~~
Richard Joslin, SVP

PVP II RSOFTRON PROM NOTE GRANTOR TRUST

By: Pequot Capital Management, Inc.,
its Trustee

By: 
~~Kevin E. O'Brien, General Counsel~~
Richard Joslin, SVP

Signature Page to Amended and Restated Security Agreement

SCHEDULE I
to Security Agreement

Place of Business and Locations of Collateral

Chief Place of Business
and Chief Executive Office:

19 Christopher Way
Eatontown, New Jersey 07724

Locations of Equipment:

Same as above

Locations of Inventory:

Same as above

Location of Records Evidencing
Accounts Receivable and other Collateral:

Same as above

SCHEDULE II
to Security Agreement

Patents and Trademarks

Patent Applications and Provisional Patent Applications (U.S. and Foreign)

<i>Description</i>	<i>Application #</i>	<i>Date Filed</i>
Method for Designing Rings in a Telecommunications Network	09/915,443	July 26, 2001
Method and Apparatus for Planning and Designing Telecommunications Networks	60/349,910	Jan. 18, 2002
Method for Designing Rings in a Telecommunications Network	PCT/US01/23404	July 26, 2001

Trademark/Service mark Applications

<i>Mark</i>	<i>Application #</i>	<i>Date Filed</i>
NDTI	Application # 76/255,004	May 10, 2001
WE CONVERT NETWORK PROBLEMS INTO PROFITABLE SOLUTIONS	Application # 76/281,018	July 6, 2001
METROWAND	Application # 76/364,915	Jan. 31, 2002
BROADBANDSWAT	Application # 76/364,914	Jan. 31, 2002
WIRELESSSWAT	Application # 76/364,913	Jan. 31, 2002

SCHEDULE III
to Security Agreement

Existing Commercial Tort Claims

None.

SCHEDULE IV
to Security Agreement

Security Agreement between Borrower, LuAnn E. Scarmozzino, Robert Scarmozzino and
Brent Whitlock

(See attached).

NETWORK DESIGN TOOLS, INC.

SECURITY AGREEMENT

This SECURITY AGREEMENT dated as of December 21, 2001 ("Security Agreement"), is made by and among NETWORK DESIGN TOOLS, INC., a Delaware corporation (the "Company"), the parties listed on the signature page hereto (each a "Secured Party" and collectively the "Secured Parties") and LuAnn E. Scarmozzino as agent for the Secured Parties (the "Agent").

PRELIMINARY STATEMENTS.

1. The Company, the Secured Parties, RSoft, Inc., a New York corporation ("RSoft") and RSoft Acquisition Corp., a New York corporation (the "Merger Subsidiary") are parties to an Agreement and Plan of Merger, dated as of the date hereof (as modified and supplemented and in effect from time to time, the "Merger Agreement"), which provides for, subject to the terms and conditions thereof, a promissory note to be issued and delivered to each Secured Party by the Company, in an aggregate principal amount of \$2,500,000.00 (as amended, modified or otherwise supplemented from time to time, each a "Note" and collectively, the "Notes"). Capitalized terms used in this Security Agreement and not otherwise defined herein shall have the meanings set forth in the Notes or in the Merger Agreement.

2. It is a condition precedent to the obligation of the Secured Parties to enter into the Merger Agreement that the Company, among other things, shall have secured the repayment of all outstanding principal and interest on the Notes, and all other amounts payable under the terms of the Notes when due and owing by entering into this Security Agreement.

NOW, THEREFORE, in consideration of the premises and in order to induce the Secured Parties to enter into the Merger Agreement, the Company hereby agrees as follows:

SECTION 1. Grant of Security. Subject to subordination by any security interest granted to a Receivables Lender or Receivables Lenders to secure Senior Receivables Debt as specified in Section 8(b) of the Notes, the Company hereby grants to each of the Secured Parties and to the Agent for the pro rata benefit of the Secured Parties a security interest in and on all of the Company's right, title and interest in and to all of the following, whether now owned or hereafter acquired or existing (the "Collateral"):

(a) All "equipment" (as that term is defined in the Uniform Commercial Code of the applicable jurisdiction, as amended from time to time (the "UCC"), in all of its forms, wherever located including, without limitation, all machinery and other goods, furniture, furnishings, fixtures, office supplies and all other similar types of tangible

personal property and assets which are used or are or were purchased for use in the operation or furtherance of the Company's business and all parts thereof and all accessions thereto, together with all parts, fittings, special tools, alterations, substitutions, replacements and accessions thereto, except to the extent that any of the foregoing constitute Inventory (as defined below) (any and all such equipment, parts and accessions being the "Equipment");

(b) All "inventory" (as that term is defined in the UCC) in all of its forms, wherever located, including, but not limited to, (i) all goods held for sale or lease or to be furnished under a contract of service, or that have been furnished under a contract of service or have been leased by the Company as lessor, (ii) all raw materials and work in progress, finished goods, and materials used or consumed in manufacture or production or otherwise used or consumed in the Company's business, (iii) goods in which the Company has an interest in mass or a joint or other interest or right of any kind (including, without limitation, goods in which the Company has an interest or right as consignee), (iv) goods which are returned to or repossessed by the Company or with respect to which the Company has a right of return or repossession and (v) all goods held for sale, license or lease or to be furnished under a contract of service, or that have been furnished under a contract of service or have been licensed by the Company as licensor or leased by the Company as lessor and all accessions thereto and products thereof and all documents and documents of title relating to or covering any of the foregoing or any other assets ("Documents") (any and all such inventory, accessions, products and Documents being the "Inventory");

(c) Whether or not earned by performance and whether or not constituting a right to payment, all "accounts", "accounts receivable", "money" and "general intangibles" (as those terms are defined in the Uniform Commercial Code), cash equivalents, contract rights, chattel paper, instruments, acceptances, drafts, general intangibles, payment intangibles, letter-of-credit rights, letters of credit, commercial torts claims, deposit accounts, consignments, promissory notes and other obligations of any kind, whether or not arising out of or in connection with the sale, lease, license, assignment or other disposition of goods or other property or the rendering of services (including, without limitation, health-care-insurance receivables), together with all ledger sheets, files, records and documents relating to any of the foregoing, including all computer records, programs, storage media and computer software useful or required in connection therewith (the "Receivables"), and all rights now or hereafter existing in and to all security agreements, leases, guaranties and other contracts or supporting obligations securing or otherwise relating to any such Receivables, and any and all such leases, security agreements and other contracts (the "Related Contracts"); and

(d) (i) All United States or other patents and applications for patents and all licenses thereof (other than the licenses referred to in clause (v) below), including, without limitation those listed on Exhibit A (collectively, the "Patents");

(ii) All United States or other trademarks, service marks, trade names, logos, registrations and applications for trademarks and service marks, filed and unfiled, together with the good will of the business connected with the use of, and

symbolized by, all such trademarks, service marks, trade names, logos, registrations and applications and all licenses of United States or other trademarks and service marks, including, without limitation, those listed on Exhibit B (collectively, the "Trademarks");

(iii) All United States or other copyrights, registered and unregistered, published and unpublished, under or pursuant to the domestic law of all countries and any applicable convention or treaty, including all rights of reproduction, publication, modification, derivation and the like owned or used by the Company (other than the licenses referred to in clause (v) below), including, without limitation, those listed on Exhibit C (collectively, the "Copyrights") and good will relating to the same;

(iv) All reissues, divisions, continuations, renewals, extensions and continuations-in-part of the items referred to in the preceding clauses (i)-(iii);

(v) All licenses, sublicenses or other agreements granted to the Company with respect to any of the items referred to in the preceding clauses (i)-(iv) other than those licenses, sublicenses or other agreements granted to the Company which cannot be pledged hereby without causing the Company to be in breach or in contravention of any term of any such licenses, sublicenses or other agreements ("Excluded Licenses") including, without limitation, those set forth on Exhibit D;

(vi) The right to sue for past, present and future infringements and dilutions of the foregoing; and all rights corresponding to all of the foregoing throughout the world, including utility models, utility patents, patents of addition, confirmation patents, registration patents, petty patents, registered designs, and all priority and convention rights in connection with any of the foregoing;

(e) All inventions, processes, production methods, proprietary information, know-how and trade secrets used or useful in the business of the Company, all rights in and to any improvements or modifications thereof, and all licenses, sublicenses or other agreements granted to the Company with respect to any of the foregoing, in each case whether now or hereafter owned, used, or granted, by any party; all information, customer lists, identification of suppliers, data, plans, blueprints, specifications, designs, drawings, recorded knowledge, surveys, engineering reports, test reports, manuals, materials standards, processing standards, performance standards, catalogues, computer and automatic machinery software and programs, and the like pertaining to present or future operations by the Company in, on or about any of its plants, facilities or warehouses; all field repair data, sales data and other information relating to sales or service of products now or hereafter manufactured on or about any of its plants or facilities; and all accounting information pertaining to operations in, on or about any of its plants or facilities and all media in which or on which is now or hereafter recorded or stored any of the foregoing information, knowledge, records or data and all computer programs used for the compilation or printout of such information, knowledge, records or data;

(f) All licenses and sublicenses given, granted or conveyed by the

Company, to the full extent of and subject to the Company's rights therein, subject to the proviso in Section (d)(v) above; and all products and proceeds of any and all of the foregoing (including, without limitation, proceeds which constitute property of the types described in clauses (a)-(e) of this Section 1 and proceeds of infringement suits) and, to the extent not otherwise included, all (i) payments under insurance (whether or not the Agent is the loss payee thereof) with respect to any of the foregoing Collateral, or any indemnity, warranty or guaranty, payable by reason of loss or damage to or otherwise with respect to any of the foregoing Collateral, (ii) license royalties and (iii) cash;

(g) All of the issued and outstanding shares of capital stock at any time owned by the Company, directly or indirectly, including but not limited 1000 shares of common stock, with a par value of \$0.01 per share, issued by the Merger Subsidiary, together with all certificates representing the same and together with all new, substituted and additional securities (and certificates representing the same) issued at any time with respect to such shares (collectively and severally, the "Pledged Shares") and all now existing and hereafter arising rights of the Company with respect thereto, including all rights to cash and noncash dividends, distributions of cash or other property, interests, rights, profits and other property (including securities) at any time received, receivable or otherwise distributed in respect of the Pledged Shares ("Distributions"); and

(h) All books and records relating to the foregoing Collateral and all products, proceeds and accessions of any and all of the foregoing Collateral (including, without limitation, proceeds which constitute property of any type, including, without limitation, accounts, chattel paper, claims and causes of action, deposit accounts, documents, general intangibles, goods, instruments, investment property, letter-of-credit rights, letters of credit, support obligations, money and oil, gas, or other minerals before extraction and, to the extent not otherwise included, all payments under insurance (whether or not the Secured Parties are the loss payees thereof), or any indemnity, warranty or guaranty, payable by reason of loss or damage to or otherwise with respect to any of the foregoing items.

SECTION 2. Security for Obligations. The Collateral secures all the Company's payment obligations now or hereafter existing under the Notes or this Security Agreement whether for principal, interest, fees, expenses costs or otherwise (the "Secured Obligations").

SECTION 3. The Company Remains Liable. Anything herein to the contrary notwithstanding, (a) the Company shall remain liable under the contracts and agreements included in the Collateral to the extent set forth therein to perform all of its duties and obligations thereunder to the same extent as if this Security Agreement had not been executed, (b) the exercise by the Agent or any of the Secured Parties of any of the rights hereunder shall not release the Company from any of its duties or obligations under the contracts and agreements included in the Collateral, and (c) neither the Agent nor any of the Secured Parties shall have any obligation or liability under the contracts and agreements included in the Collateral by reason of this Security Agreement, and nor shall the Agent or any of the Secured Parties be obligated to perform any of the obligations or

duties of the Company thereunder or to take any action to collect or enforce any claim for payment assigned hereunder.

SECTION 4. Representations and Warranties. The Company represents and warrants to the Agent and each Secured Party as follows:

(a) All of the Equipment and Inventory (i) was acquired in the ordinary course of business and (ii) is located at the places specified in Schedule I hereto. The chief place of business and chief executive office of the Company and the office where the Company keeps its records concerning Receivables are located at the address specified on Schedule I hereto. The Company is incorporated in the State of Delaware.

(b) All of the Receivables are genuine and calculated in good faith consistent with the past practices of the Company, and subject to no counterclaim, deduction or setoff, with immaterial exceptions amounting in the aggregate to no more than the amounts shown and adequately provided for in the financial statements which have been delivered to each Security Party. All such Receivables have been generated in the ordinary course of business and reflect a bona fide obligation for the payment of goods or services provided by the Company. All originals of all chattel paper which evidence Receivables have been delivered to each Secured Party. None of the Receivables is evidenced by a promissory note or other instrument.

(c) Subject to the subordination of any security interest in Receivables granted herein by the Company to secure Senior Receivables Debt as specified in Section 8(b) of the Notes and except for the security interest created by this Security Agreement, the Company owns the Collateral free and clear of any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any agreement to give any of the foregoing, any conditional sale or other title retention agreement, any lease in the nature thereof and the filing of or agreement to give any financing statement under the UCC (collectively, "Liens"). Subject to the foregoing, no effective financing statement or other instrument similar in effect covering all or any part of the Collateral is on file in any recording office, except for financing statements filed in favor of the Agent and each Secured Party relating to this Security Agreement.

(d) The Company is the sole record, legal and beneficial owner of and has good and marketable title to the Pledged Shares. All the Pledged Shares have been duly and validly issued and are fully paid and nonassessable. There are no outstanding options, warrants or other agreements (including without limitation shareholders agreements or voting trusts) with respect to the Pledged Shares.

(e) The Company conducts no business under any name or trade name other than its proper corporate name.

(f) The Company has exclusive possession and control of the Equipment and Inventory.

(g) All of the material Related Contracts are in full force and effect, and

the Company and, to the Company's knowledge, the other persons to each such Related Contract have performed in all material respects their respective obligations under each such Related Contract.

(h) The Company has full power, authority and legal right to execute deliver and perform this Security Agreement.

(i) Subject to the subordination of any security interest in Receivables granted herein granted by the Company to secure Senior Receivables Debt as specified in Section 8(b) of the Notes, this Security Agreement creates a valid first priority lien on and security interest in the Collateral, securing the payment and performance of the Secured Obligations, and all other actions necessary or desirable to perfect and protect such security interest will be duly taken promptly after the Closing Date, including the filing of financing statements under the UCC with the appropriate offices and the delivery to the Agent of certificates representing the Pledged Shares, together with undated stock powers duly executed in blank by the Company.

(j) The Company will take all necessary actions to and make all notices to or filings with, any governmental or regulatory agency or authority that is required (1) for the grant by the Company of the security interest granted hereby, (2) for the execution, delivery or performance of this Security Agreement by the Company or (3) for the perfection of or the exercise by the Agent or the Secured Parties of their respective rights and remedies hereunder.

SECTION 5. Further Assurances.

(a) The Company agrees that from time to time, at the expense of the Company, the Company will promptly execute and deliver all further instruments and documents, and take all further action, that may be necessary or desirable, or that the Agent or any Secured Party may reasonably request, in order to perfect and protect any security interest granted or purported to be granted hereby or to enable the Agent or any Secured Party to exercise and enforce their rights and remedies hereunder with respect to any Collateral. Without limiting the generality of the foregoing, the Company will: (1) mark conspicuously each document and agreement included in the Collateral and, at the request of the Agent or any Secured Party, each of its records pertaining to the Collateral with a legend, in form and substance satisfactory to the requesting Agent or Secured Party indicating that such Collateral is subject to the security interest granted hereby; (2) if any Receivable shall be evidenced by a promissory note or other instrument or chattel paper, deliver and pledge such promissory note or other instrument or chattel paper duly endorsed and accompanied by duly executed instruments of transfer or assignment, all in form and substance satisfactory to the Agent; and (3) execute and file such financing or continuation statements, or amendments thereto, and such other instruments or notices, as may be necessary or desirable, or as the Agent may request, in order to perfect and preserve the security interest granted or purported to be granted hereby.

(b) The Company hereby authorizes the Agent and the Secured Parties

to file one or more financing or continuation statements, and amendments thereto, relative to all or any part of the Collateral without the signature of the Company where permitted by law. A carbon, photographic or other reproduction of this Security Agreement or any financing statement covering the Collateral or any part thereof shall be sufficient as a financing statement where permitted by law.

(c) The Company will furnish to the Agent and the Secured Parties from time to time statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as the Agent or any Secured Party may reasonably request, all in reasonable detail.

(d) The Company will defend the Collateral against all claims and demands of all persons (other than a Secured Party) claiming an interest therein. The Company will pay promptly when due all property and other taxes, assessments and governmental charges or levies imposed upon, and all claims (including claims for labor, materials and supplies) against, the Collateral, except to the extent where there is a good faith contest to the validity thereof. In connection with any such good faith contest the Company will, at the request of Agent, promptly provide a bond, cash deposit or other security reasonably satisfactory to protect the security interest of the Agent should such good faith contest be unsuccessful.

(e) The Company agrees that it will take no action which would violate or be inconsistent with any of the terms of any Note or this Security Agreement, or which would have the effect of impairing the position or interests of the Agent or any Secured Party under any Note or this Security Agreement.

SECTION 6. As to Equipment and Inventory. The Company shall:

(a) Keep the Equipment and Inventory (other than Inventory sold in the ordinary course of business) at the places therefor specified in Schedule I hereto or, upon 30 days' prior written notice to the Agent, at such other places in jurisdictions where all action required by Section 5 shall have been taken with respect to the Equipment and Inventory;

(b) Pay promptly when due all property and other taxes, assessments and governmental charges or levies imposed upon, and all claims (including claims for labor, materials and supplies) against, the Equipment and Inventory except to the extent the validity thereof is being contested in good faith;

(c) Permit Agent and each Secured Party or any representative thereof to have access to the Equipment and Inventory for purposes of inspection during normal business hours and upon reasonable notice to the Company;

(d) Promptly notify the Agent and each Secured Party in writing of any material loss or damage to the Equipment or Inventory;

(e) Not sell, assign, lease, mortgage, transfer or otherwise dispose of any interest in the Equipment and Inventory, (except Inventory sold in the ordinary course of

business); and

(f) Not use or permit the Equipment or Inventory to be used for any unlawful purpose or in violation of any law or for hire;

SECTION 7. Insurance.

(a) The Company shall, at its own expense, maintain insurance with respect to the Equipment and Inventory in such amounts, against such risks, in such form and with such insurers, as shall be reasonably satisfactory to the Agent and the Secured Parties from time to time. Each policy for liability insurance shall provide for all losses to be paid to Agent or the Secured Parties as their respective interests may appear.

(b) Reimbursement under any liability insurance maintained by the Company pursuant to this Section 7 may be paid directly to the person who shall have incurred liability covered by such insurance. In case of any loss involving damage to Inventory when subsection (c) of this Section 7 is not applicable, the Company shall make or cause to be made the necessary repairs to or replacements of such Equipment or Inventory, and any proceeds of insurance maintained by the Company pursuant to this Section 7 shall be paid to the Company as reimbursement for the costs of such repairs or replacements.

(c) Upon the occurrence of an Event of Default, all insurance proceeds in respect of such Inventory shall be paid to the Agent and applied on a pro rata basis to payment of the amounts due to the Secured Parties under the Notes and hereunder.

SECTION 8. As to Receivables.

(a) The Company shall keep the Receivables (except the originals of all chattel paper which evidences such Receivables, which shall have been delivered to each Secured Party) at its chief place of business and chief executive office and the office where it keeps its records concerning the Receivables, at the location therefor specified in Schedule I hereto or, upon 30 days' prior written notice to the Agent and to each Secured Party, at such other locations in a jurisdiction where all action required by Section 5 shall have been taken with respect to Receivables. The Company will hold and preserve such records and will permit representatives of the Agent and each Secured Party to inspect and make abstracts from such records.

(b) Except as otherwise provided in this subsection (b), the Company shall continue to collect, at its own expense, all amounts due or to become due to the Company under the Receivables. In connection with such collections, the Company may take (and, at the discretion of the Agent, shall take) such action as the Company or the Agent may deem necessary or advisable to enforce collection of the Receivables; provided, however, that the Agent, acting on behalf of the Secured Parties, shall have the right at any time, upon the occurrence and during the continuance of an Event of Default and upon prior written consent of the Secured Parties holding at least two-thirds in interest of the Secured Obligations (the "Requisite Consent") and notification to the Company by the Agent of its intention to do so, to notify the account debtors or obligors

under any Receivables of the assignment of such Receivables to the Secured Parties and to direct such account debtors or obligors to make payment of all amounts due or to become due to the Company thereunder directly to the Agent and, upon such notification and at the expense of the Company, to enforce collection of any such Receivables, and to adjust, settle or compromise the amount or payment thereof, in the same manner and to the same extent as the Company might have done. After receipt by the Company of the notice from the Agent referred to in the proviso to the preceding sentence, (1) all amounts and proceeds (including instruments) received by the Company in respect of the Receivables shall be received in trust for the benefit of the Secured Parties hereunder, shall be segregated from other funds of the Company and shall be forthwith paid over to the Agent in the same form as so received (with any necessary endorsement) to be held as cash collateral, or be applied as provided by Section 13(b), as determined by the Secured Parties, and (2) the Company shall not adjust, settle or compromise the amount or payment of any Receivable, or release wholly or partly any account debtor or obligor thereof, or allow any credit or discount thereon.

(c) The Company shall take reasonable steps necessary to protect the Secured Parties' interest in the Collateral under applicable federal, state, or local statutes, ordinances or regulations and deliver to the Agent appropriately endorsed, any instrument connected with any Receivable, arising out of contracts between the Company and the United States, any state or any department, agency or instrumentality of any of them.

(d) All rights of the Agent and the Secured Parties and obligations of the Company under this Section (d) are subject to the subordination provisions in Section 8 of the Notes.

SECTION 9. Transfer and Other Liens. The Company shall not and shall use its best efforts to prevent any of its subsidiaries from:

(a) Selling, assigning (by operation of law or otherwise), leasing, pledging, granting any security interest, licensing or otherwise disposing of any of its assets or properties (including, without limitation, the Collateral) except for the license of intellectual property in the ordinary course of business (including, without limitation items 1-4 set forth on Exhibit D) and the sale of inventory in the ordinary course of business.

(b) Except for (i) the security interest created by this Security Agreement, and (ii) any security interests created by the Company in Receivables to secure any Senior Debt as set forth in Section 8(b) of the Notes, creating or suffering to exist any Lien upon or with respect to any of the Collateral to secure debt of any person.

SECTION 10. Agent Appointed Attorney-in-Fact; Indemnification by the Secured Parties. The Company and each Secured Party hereby irrevocably appoint the Agent as its attorney-in-fact, with full authority in the place and stead of the Company and in the name of the Company, the Secured Parties or otherwise, to, after the occurrence and during the continuance of an Event of Default, take any action and to execute any instrument which the Agent, upon obtaining the Requisite Consent, may

deem necessary or advisable to accomplish the purposes of this Security Agreement, including, without limitation:

(a) to obtain and adjust insurance claims, payments or proceeds;

(b) to ask, demand, collect, sue for, recover, compromise, receive and give acquittance and receipts for moneys due and to become due under or in respect of any of the Collateral;

(c) to receive, endorse, assign, and collect any and all checks, notes, drafts and other negotiable and non-negotiable instruments, documents and chattel paper, in connection with clause (a) or (b) above, and the Company waives notice of presentment, protest and non-payment of any instrument, document or chattel paper so endorsed or assigned;

(d) to file any claims or take any action or institute any proceedings which the Agent, may deem necessary or desirable for the collection of any of the Collateral or otherwise to enforce the rights of the Secured Parties with respect to any of the Collateral;

(e) to sell, transfer, assign or otherwise deal in or with the Collateral or the proceeds or avails thereof, as fully and effectually as if the Secured Parties were the absolute owner thereof; and

(f) upon written notice to the Company to do all things with respect to the Collateral which is reasonably necessary or desirable to carry out the purposes of this Security Agreement.

The Company and each Secured Party hereby ratifies and approves all acts, other than those which result from the Agent's gross negligence or willful misconduct, as its attorney-in-fact, pursuant to this Section 10; and the Agent, as its attorney-in-fact, will not be liable for any acts of commission or omission, or for any error of judgment or mistake of fact or law other than those which result from such Agent's gross negligence or willful misconduct. This power, being coupled with an interest, is irrevocable so long as this Security Agreement remains in effect.

The Company also authorizes the Agent, at any time and from time to time, after the occurrence and during the continuance of an Event of Default, to communicate in its own name with any party to any contract, agreement or instrument included in the Collateral with regard to the assignment of such contract, agreement or instrument and other matters relating thereto.

Each Secured Party agrees to reimburse and indemnify the Agent ratably in proportion to its interest in the Secured Obligations (i) for any expenses incurred by the Agent on behalf of the Secured Parties, in connection with the preparation, execution, delivery, administration and enforcement of the Notes and this Security Agreement and (ii) for any liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind and nature whatsoever which may be

imposed on, incurred by or asserted against the Agent in any way relating to or arising out of the Notes or this Security Agreement or any other document delivered in connection therewith or the transactions contemplated thereby, or the enforcement of any of the terms thereof or of any such other documents, provided that no Secured Party shall be liable for any of the foregoing to the extent any of the foregoing is found to have arisen solely from the gross negligence of willful misconduct of the Agent.

SECTION 11. Agent May Perform. If the Company fails to perform any agreement contained herein, the Agent, upon obtaining the Requisite Consent, upon notice to the Company may itself perform, or cause performance of, such agreement, and the expenses of the Agent incurred in connection therewith shall be payable by the Company under Section 13(b). The exercise by the Agent or the Secured Parties of or failure to so exercise any authority granted hereinabove shall in no manner affect the Company's liability to the Agent or to the Secured Parties hereunder.

SECTION 12. The Agent and Secured Parties' Duties. The powers conferred on the Agent and Secured Parties hereunder are solely to protect their interest in the Collateral and shall not impose any duty upon them to exercise any such powers. Except for the safe custody of any Collateral in its possession and the accounting for moneys actually received by it hereunder, the Agent and the Secured Parties shall not have any duty as to any Collateral or as to the taking of any necessary steps to preserve rights against prior parties or any other rights pertaining to any Collateral.

SECTION 13. Remedies. Upon the occurrence and continuance of an Event of Default, subject to any mandatory requirements of applicable law then in effect, and in addition to any rights now or hereafter existing under applicable law:

(a) The Agent may, upon obtaining the Requisite Consent and on behalf of the Secured Parties, exercise in respect of the Collateral, in addition to other rights and remedies provided for herein or otherwise available to the Secured Parties, all the rights and remedies of a secured party on default under the UCC (whether or not the UCC applies to the affected Collateral) and also may (i) require the Company to, and the Company hereby agrees that it will at its expense and upon the request of the Agent forthwith, assemble all or part of the Collateral as directed by the Agent and make it available to the Agent at a place to be designated by the Agent which is reasonably convenient to both parties and (ii) enter the premises where any of the Collateral is located and take and carry away the same, by any of its representatives, with or without legal process, to the Agent's place of storage, and (iii) without notice except as specified below, sell the Collateral or any part thereof in one or more parcels at public or private sale, at any of the Agent's offices or elsewhere, for cash, on credit or for future delivery and upon such other terms as the Agent may deem commercially reasonable. The Company agrees that, to the extent notice of sale shall be required by law, at least five (5) days' notice to the Company of the time and place of any public or private sale is to be made shall constitute reasonable notification. The Agent shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. The Agent may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and

place it was so adjourned. Notwithstanding anything to the contrary in this Security Agreement, none of the actions to be taken by the Agent in this Section 13(a) shall be permitted without obtaining the Requisite Consent.

(b) All cash proceeds received by the Secured Parties from the Agent in respect of any sale of, collection from, or other realization upon all or any part of the Collateral may, in the discretion of the Secured Parties, be held by the Agent for the benefit of the Secured Parties as collateral for, and/or then or at any time thereafter applied (after payment of any amounts payable to the Agent or the Secured Parties pursuant to Section 18) in whole or in part by the Secured Parties against, all or any part of Secured Obligations in such order as the Secured Parties shall elect. Any surplus of such cash or cash proceeds held by the Secured Parties and remaining after payment in full of all the Secured Obligations to the Secured Parties shall be paid over to the Company. If the proceeds of the sale of the Collateral are insufficient to pay all of the Secured Obligations, such proceeds shall be shared among the Secured Parties on a pro rata basis in proportion to their respective interests in the Secured Obligations. The Company agrees to pay upon demand from the Agent any deficiency to the Secured Parties.

(c) The Agent may take any or all of the following actions upon obtaining the Requisite Consent: (i) declare the entire right, title and interest of the Company in and to each of the Trademarks, together with all trademark rights and rights of protection to the same, vested, in which event such rights, title and interest shall immediately vest, in the Secured Parties, in which case the Company agrees to execute an assignment in form and substance satisfactory to the Secured Parties, of all its rights, title and interest in and to the Trademarks to the Secured Parties; (ii) take and use or sell the Trademarks and the good will of the Company's business symbolized by the Trademarks and the right to carry on the business and use the Company's assets in connection with which the Trademarks have been used; and (iii) direct the Company to refrain, in which event the Company shall refrain, from using the Trademarks in any manner whatsoever, directly or indirectly, and execute such other and further documents that the Agent may request to further confirm this and to transfer ownership of the Trademarks and registrations and any pending trademark application in the United States Patent and Trademark Office to the Secured Parties.

(d) The Agent may take any or all of the following actions upon obtaining the Requisite Consent: (i) declare the entire right, title and interest of the Company in each of the Patents and Copyrights (other than the Excluded Licenses) vested, in which event such right, title and interest shall immediately vest in the Secured Parties, in which case the Company agrees to execute an assignment in form and substance satisfactory to the Agent of all its right, title and interest to such Patents and Copyrights to the Secured Parties; (ii) take and practice or sell such Patents and Copyrights; (iii) direct the Company to refrain, in which event the Company shall refrain, from practicing such Patents and Copyrights directly or indirectly, and (iv) the Company shall execute such other and further documents as the Agent may request further to confirm this and to transfer ownership of such Patents and Copyrights to the Secured Parties.

(e) The Company recognizes that the Agent may be unable to effect a public sale of any or all of the Pledged Shares by reason of certain prohibitions contained in the Securities Act of 1933 (the "Securities Act"), as amended, and applicable state securities laws, but may be compelled to resort to one or more private sales thereof to a restricted group of purchasers who will be obliged to agree, among other things, to acquire such securities for their own account for investment and not with a view to the distribution or resale thereof. The Company acknowledges and agrees that any such private sale may result in prices and other terms less favorable to the seller than if such sale were a public sale and agrees that such result will not by itself create a presumption that such private sale has not been made in a commercially reasonable manner. The Agent shall be under no obligation to delay a sale of any of the Pledged Shares for the period of time necessary to permit the Company to register such securities for public sale under the Securities Act, or under applicable state securities laws, even if the Company would agree to do so.

SECTION 14. Special Provisions Concerning Trademarks

(a) The Company hereby agrees not to divest itself of any right under a Trademark absent prior written approval of the Agent, which the Agent shall not provide before obtaining the Requisite Consent.

(b) The Company agrees, promptly upon learning thereof, to notify the Agent and each Secured Party in writing of the name and address of, and to furnish such pertinent information that may be available with respect to, any party who may be infringing or otherwise violating any of the Company's rights in and to any significant Trademark, or with respect to any party claiming that the Company's use of any significant Trademark violates any property right of that party.

(c) To the extent such Trademarks are material to its business, the Company agrees to use its significant Trademarks in interstate commerce during the time in which this Security Agreement is in effect, sufficiently to preserve such Trademarks as trademarks or service marks registered under the laws of the United States.

(d) To the extent such Trademarks are material to its business, the Company shall, at its expense, diligently process all documents required by the Trademark Act of 1946, 15 U.S.C. §§ 1051 etc., to maintain trademark registration, including but not limited to affidavits of use and applications for renewals of registration in the United States Patent and Trademark Office for all of its Trademarks pursuant to 15 U.S.C. §§ 1058(a), 1059 and 1065, and shall pay all fees and disbursements in connection therewith, and shall not abandon any such filing of affidavit of use or any such application of renewal prior to the exhaustion of all administrative and judicial remedies without prior written consent of the Agent which the Agent shall not provide before obtaining the Requisite Consent. The Company agrees to notify the Agent and each Secured Party six (6) months prior to the dates on which the affidavits of use or the applications for renewal registration are due whether or not the affidavit of use or the renewal is being processed.

(e) If any trademark registration issues hereafter to the Company as a result of any application now or hereafter pending before the United States Patent and Trademark Office, within thirty (30) days of receipt of such certificate the Company shall deliver a copy of such certificate.

SECTION 15. Special Provisions Concerning Patents and Copyrights.

(a) Except for licenses granted in the ordinary course of business including, without limitation, those set forth on Exhibit D, the Company hereby agrees not to divest itself of any right under a Patent or material Copyright absent prior written approval of the Agent, which the Agent shall not provide before obtaining the Requisite Consent.

(b) The Company agrees, promptly upon learning thereof, to furnish the Agent and each Secured Party in writing with all pertinent information available to the Company with respect to any infringement or other violation of the Company's rights in any Patent or Copyright material to the Company's business, or with respect to any claim that practice of any significant Patent or Copyright violates any property right of that party. The Company further agrees, absent direction of the Agent to the contrary, to use commercially reasonable efforts to prosecute any person infringing any Patent or Copyright material to the Company's business.

(c) At its own expense, to the extent such Patents are material to its business, the Company shall make timely payment of all post-issuance fees required pursuant to 35 U.S.C. § 41 to maintain in force rights under each Patent.

(d) At its own expense, to the extent such Patents are material to its business, the Company shall diligently prosecute all applications for United States patents, and shall not abandon any such application prior to exhaustion of all administrative and judicial remedies, absent written consent of the Agent.

(e) Within thirty (30) days of acquisition of a United States Patent or Copyright, or of filing of an application for a United States Patent or Copyright, the Company shall deliver to the Agent a copy of said Patent or Copyright, as the case may be.

SECTION 16. Special Provisions Concerning Pledged Shares.

(a) All certificates representing or evidencing the Pledged Shares shall be delivered to and held by the Agent on behalf of the Secured Parties pursuant hereto and shall be accompanied by duly executed instruments of transfer or assignment in blank. Unless and until there shall have occurred and be continuing an Event of Default and the Company shall be entitled to exercise all voting rights attaching to any and all Pledged Shares owned by it, and to give consents, waivers or ratifications in respect thereof; provided that no vote shall be cast or any consent, waiver or ratification given or any action taken which would violate, result in breach of any covenant contained in, or be inconsistent with any of the terms of this Security Agreement or any other Transaction Document, or which would have the effect of impairing the position or interests of the

Secured Parties therein. All such rights of the Company to vote and to give consents, waivers and ratifications shall cease if an Event of Default shall occur and be continuing (unless waived by the Secured Parties as provided in the Notes) and Section 13 hereof shall become applicable.

(b) Unless and until an Event of Default shall have occurred and be continuing, all cash dividends or other amounts payable in respect of the Pledged Shares shall be paid to the Company; provided that all dividends or other amounts payable in respect of the Pledged Shares which are reasonably determined by the Agent to represent in whole or in part an extraordinary, liquidating or other distribution in return of capital shall be paid, to the extent so determined to represent an extraordinary, liquidating or other distribution in return of capital, to the Agent on behalf of the Secured Parties and retained by it as part of the Collateral (unless such cash dividends are applied to repay the Secured Obligations). The Agent shall also be entitled to receive directly on behalf of the Secured Parties, and to retain as part of the Collateral:

(i) all other or additional stock, or other securities or property (other than cash) paid or distributed by way of dividend or otherwise in respect of the Pledged Shares;

(ii) all other or additional stock or other securities or property (including cash) paid or distributed in respect of the Pledged Shares by way of stock-split, spin-off, split-up, reclassification, combination of shares or similar rearrangement; and

(iii) all other or additional stock or other securities or property (including cash) which may be paid in respect of the Collateral by reason of any consolidation, merger, exchange of stock, conveyance of assets, liquidation or similar corporate reorganization.

All dividends, distributions or other payments which are received by the Company contrary to the provisions of this Section 16 shall be received in trust for the benefit of the Secured Parties, shall be segregated from other property or funds of the Company and shall be forthwith paid over to the Agent on behalf of the Secured Parties as Collateral in the same form as so received (with any necessary endorsements).

SECTION 17. Waiver of Claims. Except as otherwise provided in this Security Agreement, the Company hereby waives, to the extent permitted by applicable law, notice and judicial hearing in connection with the Agent's or any Secured Party's disposition of any of the Collateral, including, without limitation, any and all prior notice and hearing for any prejudgment remedy or remedies and any such right which the Company would otherwise have under any applicable law, and the Company hereby waives, to the extent permitted by law:

(a) all damages (direct, consequential or otherwise) occasioned by the enforcement of the Agent's or any Secured Party's rights under this Security Agreement, or any other Transaction Document, including the taking of possession of any Collateral

or the giving of notice to any account debtor or the collection of any Receivable, except any damages which are the direct result of the Agent's or any Secured Party's gross negligence or willful misconduct;

(b) all other requirements as to the time, place and terms of sale or other requirements with respect to the enforcement of the Agents or any Secured Party's rights hereunder; and

(c) all rights of appraisal, valuation, stay, extension or moratorium now or hereafter in force under any applicable law in order to prevent or delay the enforcement of this Security Agreement or the absolute sale of the Collateral or any portion thereof, and the Company, for itself, insofar as it or they now or hereafter lawfully may, hereby waives the benefit of all such laws.

Any lawful sale of, or the lawful grant of options to purchase, or any other lawful realization upon, any Collateral shall operate to divest all right, title, interest, claim and demand, either at law or in equity, of the Company therein and thereto, and shall be a perpetual bar both at law and in equity against the Company and against any and all persons claiming or attempting to claim the Collateral so sold, optioned or realized upon, or any part thereof, from, through and under the Company.

SECTION 18. Indemnity and Expenses.

(a) For a period of two year following the termination of this Security Agreement, the Company agrees to indemnify, reimburse and hold the Agent and each Secured Party, and their respective successors, assigns, employees, agents and servants (hereinafter in this Section 18 referred to individually as "Indemnitee," and collectively as "Indemnitees") harmless from any and all liabilities, obligations, losses, damages, penalties, claims, demands, actions, suits, judgments and any and all reasonable out-of-pocket costs and expenses (including reasonable attorneys' fees and expenses) (for the purposes of this Section 18(a) the foregoing are collectively called "expenses") of whatsoever kind and nature imposed on, asserted against or incurred by any of the Indemnitees in any way relating to or arising out of this Security Agreement, or any document executed and delivered in connection with this Security Agreement or any such document, or in any way relating to or arising out of the manufacture, ownership, ordering, purchase, delivery, control, acceptance, lease, financing, possession, operation, condition, sale, return or other disposition, or use of the Collateral (including, without limitation, latent or other defects, whether or not discoverable), the violation of the laws of any country, state or other governmental body or unit, any tort (including, without limitation, claims arising or imposed under the doctrine of strict liability, or for on account of injury to or the death of any person (including any Indemnitee), or property damage), or contract claim; provided that no Indemnitee shall be indemnified pursuant to this Section 18(a) for losses, damages or liabilities to the extent caused by the gross negligence or willful misconduct of an Indemnitee or an affiliate of such Indemnitee. If any claim is asserted against any Indemnitee, such Indemnitee shall promptly notify the Company and each Indemnitee may, and if requested by the Company shall, in good faith, contest the validity, applicability and amount of such claim with counsel

(reasonably acceptable to the Company) selected by such Indemnitee. The Company agrees that upon written notice by any Indemnitee of the assertion of such a liability, obligation, loss, damage, penalty, claim, demand, action, judgment or suit, the Company shall assume full responsibility for the defense thereof, and therefore the Company shall not be required to pay the fees and expenses, if any, of legal counsel to any Indemnitee, other than reasonable costs of investigation. Each Indemnitee agrees to use its best efforts to promptly notify the Company of any such assertion of which such Indemnity has knowledge. In addition, in connection with any claim covered by this Section 18(a) against more than one Indemnitee, all such Indemnitees shall be represented by the same legal counsel selected by such Indemnitees; provided, however, that if such legal counsel determines in good faith that representing all such Indemnitees would or could result in a conflict of interest under the laws or ethical principles applicable to such legal counsel or that a defense or counterclaim is available to an Indemnitee that is not available to all such Indemnitees, then to the extent reasonably necessary to avoid such a conflict of interest or to permit unqualified assertion of such a defense or counterclaim, each Indemnitee shall be entitled to separate representation by a legal counsel selected by that Indemnitee.

(b) Without limiting the application of Section 18(a) or (b), the Company agrees to pay, or reimburse the Agent for (if the Agent shall have incurred fees, costs or expenses because the Company shall have failed to comply with its obligations under this Security Agreement) any and all out-of-pocket fees, costs and expenses of whatever kind or nature incurred in connection with the creation, preservation or protection of the Secured Parties' Liens on, and security interest in, the Collateral, including, without limitation, all fees and taxes in connection with the recording or filing of instruments and documents in public offices, payment or discharge of any taxes or Liens upon or in respect of the Collateral, premiums for insurance with respect to the Collateral and all other fees, costs and expenses in connection with protecting, maintaining or preserving the Collateral and the Company's interest therein, whether through judicial proceedings or otherwise, or in defending or prosecuting any actions, suits or proceedings arising out of or relating to the Collateral.

(c) Without limiting the application of Section 18 (a) or (b), the Company agrees to pay, indemnify and hold each Indemnitee harmless from and against any loss, costs, damages and expenses which such Indemnitee may suffer, expend or incur in direct consequence of or growing out of any material misrepresentation by the Company in this Security Agreement, or in any statement or writing contemplated by or made or delivered pursuant to this Security Agreement; provided, that no Indemnitee shall be indemnified for or held harmless from and against any loss, costs, damages and expenses to the extent caused by the gross negligence or willful misconduct of an Indemnitee or an affiliate of such Indemnitee.

(d) Any amounts paid by the Indemnitee to the satisfaction of the Secured Obligations as to which such Indemnitee has the right to reimbursement shall constitute Secured Obligations. The indemnity obligations of the Company contained in this Section 18 shall continue in full force and effect notwithstanding the full payment of all the Notes and all of the other Secured Obligations and notwithstanding the discharge

thereof.

SECTION 19. Amendments: Etc. No amendment or waiver of any provision of this Security Agreement nor consent to any departure by the Company herefrom shall in any event be effective unless the same shall be in writing and signed by the Secured Parties, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

SECTION 20. Notices. All notices and other communications required or permitted hereunder shall be in writing and shall be (i) mailed by registered or certified mail, postage prepaid, (ii) delivered by reliable overnight courier service, or (iii) otherwise delivered by hand or by messenger, addressed (A) if to the Secured Parties, to the addresses set forth on the signature page hereto, (B) if to the Company, to Network Design Tools, Inc., 19 Christopher Way, Eatontown, New Jersey 07724, Attention: Chief Executive Officer, with a copy to Dewey Ballantine LLP, 1301 Avenue of the Americas, New York, New York 10019-6092, Attention: E. Ann Gill, Esq., or at such other address as the Company shall have furnished to the Secured Parties in writing or (C) if to the Agent, to RSoft, Inc., 200 Executive Blvd., Ossining, New York 10562, Attention: LuAnn Scarmozzino. All such notices and communications shall be effective upon receipt.

SECTION 21. Continuing Security Interest; Transfer of Note. This Security Agreement shall create a continuing security interest in the Collateral and shall (1) remain in full force and effect until payment in full of the Secured Obligations, (2) be binding upon the Company, its successors and assigns, and (3) inure to the benefit of the Agent and the Secured Parties and their respective successors, transferees and assigns. Without limiting the generality of the foregoing clause (3), each Secured Party may assign or otherwise transfer all or a portion of its rights and obligations under any Note to any other person and such other person shall thereupon become vested with all the benefits in respect thereof granted to the Secured Parties herein or otherwise. Upon the payment in full of the Secured Obligations, the security interest granted hereby shall terminate and all rights to the Collateral shall revert to the Company. Upon any such termination, the Secured Parties will, at the Company's expense, execute and deliver to the Company such UCC termination statements and such other documentation as the Company shall reasonably request to effect the termination and release of the Liens on the Collateral, including certificates representing the Pledged Shares and any stock powers related thereto.

SECTION 22. Resignation of the Agent. Subject to the appointment and acceptance of a successor agent as provided below, the Agent may resign at any time by giving notice thereof to the Secured Parties and the Company. Upon any such resignation, the Secured Parties shall have the right to appoint a successor agent by the Requisite Consent. If no successor agent shall have been so appointed by the Secured Parties and shall have accepted such appointment within thirty (30) days after the retiring Agent's giving notice of resignation, then the retiring Agent or upon its failure to do so, the Company may, on behalf of the Secured Parties, appoint a successor agent which shall be a bank which has a combined capital and surplus of at least \$100,000,000.00.

Upon the acceptance of any appointment as Agent hereunder by a successor agent, such successor agent shall thereupon succeed to and become vested with all rights, powers, privileges and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and obligations hereunder.

SECTION 23. Governing Law; Terms. This Security Agreement shall be governed by and construed in accordance with the laws of the State of New York, except to the extent that the validity or perfection of the security interest hereunder, or remedies hereunder, in respect of any particular Collateral are governed by the laws of a jurisdiction other than the State of New York. Unless otherwise defined herein or in the Note, terms used in Article 9 of the UCC in the State of New York are used herein as therein defined.

SECTION 24. Miscellaneous. This Security Agreement is in addition to and not in limitation of any other rights and remedies the Secured Parties may have by virtue of any other instrument or agreement heretofore, contemporaneously herewith or hereafter executed by the Company or by law or otherwise. If any provision of this Security Agreement is contrary to applicable law, such provision shall be deemed ineffective without invalidating the remaining provisions hereof. If and to the extent that applicable law confers any rights in addition to any of the provisions of this Security Agreement, the affected provision shall be considered amended to conform thereto. The Secured Parties shall not by any act, delay, omission or otherwise be deemed to have waived any of its rights or remedies hereunder. A waiver by the Secured Parties of any right or remedy hereunder on any one occasion, shall not be construed as a bar to or waiver of any such right or remedy which the Secured Parties would have had on any future occasion nor shall the Secured Parties be liable for exercising or failing to exercise any such right or remedy. This Security Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument and the Party hereto may execute this Security Agreement by signing any such counterpart. Facsimile execution and delivery of this Security Agreement shall be legal, valid and binding execution and delivery for all purposes.

SECTION 25. Forum Selection and Consent to Jurisdiction. Any litigation based hereon, or arising out of, under, or in connection with, this Security Agreement, or any course of conduct, course of dealing, statements (whether oral or written) or actions of the Company or any Secured Party shall be brought and maintained in the federal and state courts located in the Borough of Manhattan of the State of New York; provided, however, that any suit seeking enforcement against any collateral or other property shall be brought, at the Agent's option, in the courts of any jurisdiction where such collateral or other property may be found. The Company hereby expressly and irrevocably submits to the exclusive jurisdiction of such courts for the purpose of any such litigation as set forth above and irrevocably agrees to be bound by any judgment rendered thereby in connection with such litigation subject to any rights of appeal of any judgment rendered by the highest court in the State of New York or the United States District Court for the State of New York, as the case may be. The Company further irrevocably consents to service of process by registered mail, postage prepaid, or by personal service within or without the State of New York. The Company hereby

expressly and irrevocably waives, to the fullest extent permitted by law, any objection which it may have or hereafter may have to the laying of venue of any such litigation brought in any such court referred to above and any claim that any such litigation has been brought in an inconvenient forum. To the extent that the Company has or hereafter may acquire any immunity from jurisdiction of any court or from any legal process (whether through service or notice, attachment prior to judgment, attachment in aid of execution or otherwise) with respect to itself or its property, the Company, to the fullest extent permitted by applicable law, hereby irrevocably waives such immunity in respect of its obligations under this Security Agreement. Nothing in this Section 26 shall affect or impair in any manner or to any extent the right of the Agent or any Secured Party to commence legal proceedings or otherwise proceed against the Company in any state which the Company may otherwise be subject to the jurisdiction of the courts therein and service of process with respect thereto.

SECTION 26. Waiver of Jury Trial. The Company hereby knowingly, voluntarily and intentionally waives any rights they may have to a trial by jury in respect of any litigation based hereon, or arising out of, under, or in connection with, this Security Agreement, or any course of conduct, course of dealing, statements (whether verbal or written) or actions of the Agent, the Secured Parties or the Company. The Company acknowledges and agrees that it has received full and sufficient consideration for this provision and that this provision is a material inducement for Secured Parties entering into the Merger Agreement. In no event shall the Agent or any Secured Party be liable for any consequential damages which may be alleged in connection herewith or the transactions contemplated hereby.

SECTION 27. Termination. Except as set forth in Section 18 hereof, this Security Agreement shall terminate upon the full payment by the Company of the Secured Obligations. The Agent and the Secured Parties agree that from time to time, at their expense, the Agent and the Secured Parties will promptly execute and deliver all further instruments and documents, and take all further action, that may be necessary or desirable, or that the Company may reasonably request, in order to effectuate termination of this Security Agreement and the release of the Collateral therefrom.

[The remainder of this page has been intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused this Security Agreement to be duly executed and delivered as of the date first above written. This instrument may be executed in one or more counterparts, all of which together shall be one and the same instrument.

COMPANY:

NETWORK DESIGN TOOLS, INC.

By: *Gail Lalk*
Name: Gail Lalk
Title: President

AGENT:

By: _____
LuAnn E. Scarmozzino

SECURED PARTIES:

By: _____
LuAnn E. Scarmozzino

By: _____
Robert Scarmozzino

By: _____
Brent Whitlock

(signature page 1 of 2 for Security Agreement)

IN WITNESS WHEREOF, the parties hereto have caused this Security Agreement
executed and delivered as of the date first above written. This instrument may be
or more counterparts, all of which together shall be one and the same instrument.

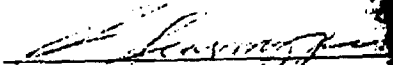
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9

COMPANY:

NETWORK DESIGN TOOLS, INC


By: _____
Name: Gail Lalk
Title: President

AGENT:

By: 
LuAnn E. Scarmozzino

SECURED PARTIES:

By: 
LuAnn E. Scarmozzino

By: 
Robert Scarmozzino

By: 
Brent Whitlock

(signature page 1 of 2 for Security Agreement)

Agreed and acknowledged as to
Section 8:

RSOFT ACQUISITION CORPORATION

By: Gail Lalk
Name: Gail Lalk
Title: President

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(signature page 2 of 2 for Security Agreement)

Execution Copy

**SCHEDULE I
to Security Agreement**

Place of Business and Locations of Collateral

**Chief Place of Business
and Chief Executive Office:**

Network Design Tools, Inc.
19 Christopher Way
Eatontown, NJ 07724

Locations of Inventory:

Network Design Tools, Inc.
19 Christopher Way
Eatontown, NJ 07724

**Location of Records
Evidencing Receivables:**

Network Design Tools, Inc.
19 Christopher Way
Eatontown, NJ 07724

Execution Copy

Exhibit A

PATENTS

1. U.S. patent application filed with the United States Patent and Trademark Office July 26, 2001 (assigned serial number 09/915,443).
2. International patent application filed under the Patent Cooperation Treaty July 26, 2001 (assigned serial number PCT/US01/23404).

Execution Copy

Exhibit B

TRADEMARKS

1. Application for service mark "NDTI" filed with the United States Patent and Trademark Office May 10, 2001 (assigned serial number 76281010)

2. Application for trademark "We Convert Network Problems into Profitable Solutions" filed with the United States Patent and Trademark Office July 6, 2001 (assigned serial number 76255004).

COPYRIGHTS

EXCLUDED LICENSES

- 1) License Agreement between Telcordia and NDTI for the Software Assets and related Know-How dated March 16, 2001;
- 2) Grant Back Agreement between NDTI and Telcordia dated March 16, 2001;
- 3) Interim PCAD License Agreement between NDTI and Telcordia dated March 16, 2001; and
- 4) Master Services and Reseller Agreement between NDTI and Telcordia dated March 16, 2001