

09-25-2002

U.S. Department of Commerce
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TRADEMARK

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9/20/02



102232003

TO: The Commissioner of Patents and Trademarks: Please record the attached original document(s) or copy(ies).

Submission Type

- New
- Resubmission (Non-Recordation)
Document ID#
- Correction of PTO Error
Reel # Frame #
- Corrective Document
Reel # Frame #

Conveyance Type

- Assignment
- License
- Merger
- Nunc Pro Tunc Assignment
- Security Agreement
- Change of Name
- Other

Effective Date
Month 11 Day 26 Year 2001

FILED IN THE OFFICE OF THE COMMISSIONER OF PATENTS AND TRADEMARKS
SEP 20 2002
WASHINGTON, D.C.

Conveying Party(ies)

Mark if additional names of conveying parties attached

Name **ARSENAL DIGITAL SOLUTIONS WORLDWIDE, INC.**

Effective Date
Month Day Year

Formerly

11/26/2001

- Individual
- General Partnership
- Limited Partnership
- Corporation
- Association
- Other
- Citizenship/State of Incorporation/Organization **Delaware**

Receiving Parties

Mark if additional names of receiving parties attached

Name **COVESTCO-SETEURA, LLC**

Composed of

Address (line 1) **Covestco-Seteura, LLC
c/o Jura Trust
Abtswingertweg 1
Postfach 519
Attn: Albin A. Johann**

Address (line 2)

Address (line 3)

Vaduz

Liechtenstein

FL-9490

City

State/Country

Zip Code

- Individual
- General Partnership
- Limited Partnership
- Association
- Corporation
- If document to be recorded is an assignment and the receiving party is not domiciled in the United States, an appointment of a domestic representative should be attached. (Designation must be a separate document from Assignment)
- Other **Limited liability company**
- Citizenship/State of Incorporation/Organization

09/24/2002 6TOM11 00000182 75670026

FOR OFFICE USE ONLY

01 FC:481 40.00 OP
02 FC:482 75.00 OP

Domestic Representative Name and Address Enter for the first Receiving Party Only.

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

Correspondent Name and Address

Area Code and Telephone Number

303-454-2410

Name (line 1) **Michael W. Shepherd**

Address (line 1) **Hogan & Hartson LLP**

Address (line 2) **1200 17th Street, Suite 1500**

Address (line 3) **Denver, CO 80202**

Address (line 4)

Pages Enter the total number of pages of the attached conveyance document including any attachments

#

Trademark Application Number(s) or Registration Number(s)

Mark if additional numbers attached

Enter either the Trademark Application Number or the Registration Number (DO NOT ENTER BOTH numbers for the same property).

Trademark Application Number(s)

Registration Number(s)

Number of Properties

Enter the total number of properties involved

#

Fee Amount

Fee Amount for Properties Listed (37 CFR 3.41):

\$

Method of payment:

Enclosed

Deposit Account

Deposit Account

(Enter for payment by deposit account or if additional fees can be charged to the account.)

Deposit Account Number: #

Authorization to charge additional fees:

Yes

No

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. Charges to deposit account are authorized, as indicated herein.

Michael W. Shepherd

Michael W. Shepherd

19 September 2002

Name of Person Signing

Signature

Date

RECORDATION FORM COVER SHEET
CONTINUATION
TRADEMARKS ONLY

Conveying Party(ies)

Mark if additional names of conveying parties attached

Enter Additional Conveying Party

Name

Effective
Month Day Year

Formerly

Individual General Partnership Limited Partnership Corporation Association

Other

Citizenship/State of Incorporation/Organization

Receiving Party

Mark if additional names of receiving parties attached

Enter Additional Receiving Party

Name **Task Holdings Limited**

DBA/AK/A/T/A

Composed of

Address (line 1) **12 East 49th Street, 36th Floor**

Address (line 2)

Address (line 3) **New York**
City

New York/US
State/Country

10017
Zip Code

Individual General Partnership Limited Partnership Association

Corporation If document to be recorded is an assignment and the receiving party is not domiciled in the United States, an appointment of a domestic representative should be attached. (Designation must be a separate document from Assignment)

Other

Citizenship/State of Incorporation/Organization

Trademark Application Number(s) or Registration Number(s)

Mark if additional numbers attached

Enter either the Trademark Application Number or the Registration Number (DO NOT ENTER BOTH numbers for the same property).

Trademark Application Number(s)

Registration Number(s)

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SECURITY AGREEMENT

THIS SECURITY AGREEMENT (this "Security Agreement") is made and entered into as of November __, 2001 (the "Effective Date") by and among Arsenal Digital Solutions Worldwide, Inc., a Delaware corporation ("Debtor"), Arsenal Digital Solutions USA, Inc., (formerly known as Vertical MarkIT Corporation and referred to herein as "Arsenal USA"), One Room Systems, Inc. ("ORSI"), FileFrenzy.com, Inc. ("FileFrenzy"), and Access Data Direct, L.L.C. ("ADD"; collectively with Arsenal USA, ORSI and FileFrenzy, the "Guarantors" and each a "Guarantor"), Covestco-Seteura, LLC ("Covestco") and Task Holdings Limited ("Task" and together with Covestco, the "Secured Parties" and each a "Secured Party"). All capitalized terms used in this Security Agreement and not otherwise defined shall have the respective meanings ascribed to them in the Letter of Credit Agreement (as defined below).

1. **Creation of Security Interest; Term.** Debtor and the Guarantors hereby grant to the Secured Parties a first priority security interest in the Collateral described in Section 2 of this Security Agreement to secure performance and payment of all obligations and indebtedness of Debtor and the Guarantors arising from the Senior Secured Promissory Notes (the "Secured Notes" and each a "Secured Note"), of even date herewith, issued to each of the Secured Parties, respectively, by the Debtor, including, but not limited to, the obligations and indebtedness of Debtor and the Guarantors to the Secured Parties described in Section 3 of this Security Agreement, and all of the Obligations (as defined in the Letter of Credit Agreement) of Debtor under the Letter of Credit Agreement (the "Letter of Credit Agreement" and together with the Secured Notes and this Security Agreement, the "Loan Documents") dated October 17, 2001 and effective as of the same date hereof between and among Debtor, the Guarantors and the Secured Parties (collectively, the "Indebtedness"). This Security Agreement shall terminate upon the later of (a) the full performance, payment and satisfaction of the Indebtedness, or (b) there being no Letters of Credit outstanding (and no obligation to procure any Letters of Credit). Until termination of this Agreement, the Secured Parties' security interest in the Collateral, and all proceeds and products thereof, shall continue in full force and effect.

2. **Collateral.** In order to secure the payment when due of any and all Indebtedness, Debtor and each Guarantor hereby pledge to the Secured Parties and grant to the Secured Parties a security interest in and to the following properties (collectively, the "Collateral"):

(a) All of Debtor's and such Guarantor's inventory (as defined in the Delaware Uniform Commercial Code (the "UCC")), both now owned and hereafter acquired, including, without limitation, all goods, merchandise, raw materials, goods in process, finished goods and other tangible personal property both now owned and hereafter acquired by Debtor or such Guarantor and held for sale or lease or furnished or to be furnished under contracts of service or used or consumed in Debtor's or such Guarantor's business, and all proceeds thereof and any products made or processed from such inventory, as well as all additions and accessions thereto and substitutions and replacements for any thereof;

(b) All of Debtor's and such Guarantor's tangible personal property, both now owned and hereafter acquired, including, without limitation, all equipment, consumer goods, furniture, fixtures, machinery, operating equipment, assembly and production equipment,

engineering and electrical equipment, and all proceeds of any thereof, including, without limitation, all tapes, cards, computer runs and other papers and documents in the possession or under the control of the Debtor or such Guarantor or any computer bureau or service company from time to time acting for the Debtor or such Guarantor, as well as all additions and accessions thereto and substitutions and replacements for any thereof;

(c) All of Debtor's and such Guarantor's intangible personal property, cash on hand and cash in, and deposits with, banks or other financial institutions, whether now owned or hereafter acquired, including, without limitation, all accounts, chattel paper, documents, instruments and general intangibles, as those terms are defined in the UCC in the local law of the jurisdiction where the Collateral is located, as in effect on the date hereof, all contracts, shares of stock, bonds, notes, evidences of indebtedness and other securities, bills, notes and accounts receivable, interests in life insurance policies, trademarks, trade names, patents, patent rights, copyrights, claims, credits, choses in action, licenses, permits, franchises and grants, excluding up to an aggregate of One Million Five Hundred Thousand Dollars (\$1,500,000) in Debtor's accounts receivable;

(d) All rights, title and interests, now owned or hereafter acquired (other than property that may be held by Debtor or such Guarantor pursuant to leases) to all other property and assets, real, personal or mixed;

(e) All awards in respect of any "Taking" (as used herein, a "Taking" shall mean a taking, conveyance or sale of all or any part of the Collateral or any interest therein or right accruing thereto, as a result of, or in lieu or anticipation of, the exercise of the right of appropriation, confiscation, condemnation or eminent domain);

(f) All rents, income and issues arising from or in connection with, and all proceeds of, any of the foregoing; and

(g) All other real, personal and mixed (tangible and intangible) property of every character and wherever situated, now owned and hereafter acquired (other than property that may be held by Debtor or such Guarantor pursuant to leases) by Debtor or such Guarantor.

3. **Payment Obligations of Debtor.**

(a) Debtor and each Guarantor shall pay to the applicable Secured Party any sum or sums due or which may become due pursuant to the applicable Secured Note of Debtor payable to the order of the applicable Secured Party in accordance with the terms of such Secured Note and the terms of this Security Agreement and any and all renewals, rearrangements or extensions of such Secured Note and all of the Obligations under the Letter of Credit Agreement.

(b) Debtor and each Guarantor shall account fully and faithfully to the Secured Parties for proceeds from disposition of the Collateral in any manner and, following an Event of Default (as defined below) hereunder, shall pay or turn over promptly in cash, negotiable instruments, drafts, assigned accounts or chattel paper, all of the proceeds from each sale to be applied to Debtor's and the Guarantors' Indebtedness to the Secured Parties, as applicable, subject, if other than cash, to final payment or collection. Application of such

proceeds to Indebtedness of Debtor and the Guarantors shall be made based on the Pro Rata Share (as defined below) of each Secured Party.

(c) Following an Event of Default hereunder or under a Secured Note or under the Letter of Credit Agreement, Debtor and each Guarantor shall pay to the Secured Parties on demand all reasonable expenses and expenditures (including, but not limited to, reasonable fees and expenses of legal counsel) incurred or paid by the Secured Parties in exercising or protecting their respective interests, rights and remedies under this Security Agreement, plus interest thereon at the lesser of (i) 16% per annum, or (ii) the highest rate of interest then allowed by law.

(d) Debtor and the Guarantors shall pay immediately, without notice, the entire unpaid Indebtedness of Debtor and the Guarantors plus any accrued but unpaid interest, to the Secured Parties whether created or incurred pursuant to this Security Agreement or otherwise, upon an Event of Default.

4. **Representations, Warranties and Agreements of Debtor and the Guarantors.**

(a) All information supplied and statements made by Debtor and each Guarantor in any financial, credit or accounting statement or provided to a Secured Party prior to, contemporaneously with or subsequent to the execution of this Security Agreement are and shall be true, correct, complete, valid and genuine in all material respects as of the date made.

(b) Except for the security interests granted in this Security Agreement and except as identified in Schedule 4(s)(ii), no financing statement covering the Collateral or its proceeds is on file in any public office and there is no lien, security interest or encumbrance in or on the Collateral (except such encumbrances and liens which arise in the ordinary course of business including statutory and inchoate liens that arise by operation of law but for which payment is not past due and both (i) do not materially impair the Debtor's or the Guarantors' ownership or use of the Collateral, and (ii) are junior to and do not adversely affect the security interests granted hereunder to the Secured Parties).

(c) The location where Debtor maintains its chief executive office is 4815 Emperor Boulevard, Suite 110, Durham, North Carolina 27703. The location where Arsenal USA maintains its chief executive office is 4815 Emperor Boulevard, Suite 110, Durham, North Carolina 27703. The location where ORSI maintains its chief executive office is 4815 Emperor Boulevard, Suite 110, Durham, North Carolina 27703. The location where FileFrenzy maintains its chief executive office is 4815 Emperor Boulevard, Suite 110, Durham, North Carolina 27703. The location where ADD maintains its chief executive office is 4815 Emperor Boulevard, Suite 110, Durham, North Carolina 27703.

(d) The Collateral shall remain in Debtor's and each Guarantor's possession or control, as applicable, at all times at Debtor's or such Guarantor's risk of loss until (i) sold, licensed or otherwise disposed of in the ordinary course of business, provided that the Secured Parties shall be granted a first priority security interest in the proceeds and other consideration received for such Collateral, or (ii) as authorized in writing by Covestco.

(e) Until an Event of Default, Debtor and each Guarantor, as applicable, may use the Collateral in any lawful manner not inconsistent with this Security Agreement or with the terms or conditions of any policy of insurance thereon and may also sell, license or otherwise dispose of the Collateral in the ordinary course of business. The Secured Parties' security interest shall attach to all proceeds of sales, licenses and other dispositions of the Collateral.

(f) Debtor and each Guarantor will promptly notify the Secured Parties in writing of any change in the location of its chief executive office as set forth in paragraph 4(c) of this Security Agreement.

(g) Debtor and each Guarantor shall pay prior to delinquency all material taxes, charges, liens and assessments against the Collateral except those Debtor or such Guarantor is contesting in good faith and for which adequate accruals have been made, and upon Debtor's or such Guarantor's failure to do so after ten days' prior written notice, the Secured Parties may, at the option of Covestco, pay any of them (pro rata based on each Secured Party's Pro Rata Share) and Covestco shall be the sole judge of the legality or validity thereof and the amount necessary to discharge the same. Such payment shall become part of the Indebtedness secured by this Security Agreement and shall be paid (pro rata based on each Secured Party's Pro Rata Share) to the Secured Parties by Debtor and the Guarantors immediately and without demand, with interest thereon at the rate set forth in paragraph 3(c) hereof.

(h) Debtor and each Guarantor will have and maintain insurance at all times with respect to all Collateral against risks of fire, theft and such other risks as Covestco may reasonably require (but in no event shall Debtor or such Guarantor be obligated to insure such collateral in an amount greater than the replacement value thereof), including extended coverage, and in the case of motor vehicles, including collision coverage. Within ten days after the date hereof, Debtor and each Guarantor shall amend such insurance policies to contain a standard mortgagee's endorsement providing for payment of any loss to the Secured Parties and to provide for thirty (30) days' written minimum cancellation notice to the Secured Parties. Debtor and each Guarantor shall furnish the Secured Parties evidence of compliance with the foregoing insurance provisions before December 1, 2001. Following an Event of Default, Covestco, on behalf of the Secured Parties, may act as attorney for Debtor and the Guarantors in obtaining, adjusting, settling and canceling such insurance and endorsing any drafts drawn by insurers of the Collateral. The Secured Parties may apply any proceeds of such insurance which may be received by them, respectively, in payment on account of the obligations secured hereby, whether due or not.

(i) Debtor and each Guarantor shall, at its own expense, do, make, procure, execute and deliver all acts, things, writings and assurances as Covestco, on behalf of the Secured Parties, may at any time reasonably request to protect, assure or enforce the Secured Parties' interests, rights and remedies created by, provided in or emanating from this Security Agreement, including with respect to filings with the Patent and Trademark Office. Debtor and each Guarantor will execute financing statements and take whatever other actions are reasonably requested by the Secured Party to perfect and continue the Secured Parties' security interests in the Collateral. Upon the reasonable request of Covestco, on behalf of the Secured Parties, the Debtor and each Guarantor will deliver to a representative designated by Covestco, on behalf of the Secured Parties, any and all of the documents evidencing or constituting the Collateral (if

applicable), and the Debtor and each Guarantor will note the Secured Parties' interests upon any and all of such documents if not delivered to such designated representative for possession by it. Debtor and each Guarantor hereby agrees that a carbon, photographic, photostatic or other reproduction of this Security Agreement or of a financing statement is sufficient as a financing statement where permitted by law.

(j) Except in the ordinary course of business, Debtor and each Guarantor shall not sell, lend, license, rent, lease or otherwise dispose of the Collateral or any interest therein except as authorized in this Security Agreement or in writing by Covestco, on behalf of the Secured Parties, and Debtor and each Guarantor shall keep the Collateral, including the proceeds thereof, free from unpaid charges, including taxes, and from liens, encumbrances and security interests other than those of the Secured Parties (except such encumbrances and liens which arise in the ordinary course of business and both (i) do not materially impair the Debtor's and such Guarantor's ownership or use of the Collateral, and (ii) are junior to and do not adversely affect the security interests granted hereunder to the Secured Parties or taxes or other charges not yet due).

(k) Debtor and the Guarantors shall keep accurate and complete records of the Collateral and its proceeds.

(l) Debtor and each Guarantor, as applicable, are the owners of the Collateral free of all liens, claims and encumbrances, except as created by this Security Agreement, the security interests identified in Schedule 4(s)(ii) and the security interests granted in favor of the Secured Parties and granted under leases backed by a Letter of Credit (except such encumbrances and liens which arise in the ordinary course of business and both (i) do not materially impair the Debtor's or such Guarantor's ownership or use of the Collateral, and (ii) are junior to and do not adversely affect the security interests granted hereunder to the Secured Parties).

(m) As to that portion of the Collateral which is accounts, Debtor and each Guarantor jointly and severally represent, warrant and agree with respect to each such account that:

(i) The account arose from the performance of services by Debtor or such Guarantor which have been performed or from the lease or the absolute sale of goods by Debtor or such Guarantor in which Debtor or such Guarantor had the sole and complete ownership, and the goods have been shipped or delivered to the account debtor.

(ii) The account is not subject to any prior or subsequent assignment, claim, lien or security interest other than those of the Secured Parties.

(iii) The account is not subject to set-off, counterclaim, defense, allowance or adjustment other than discounts for prompt payment shown on the invoice, or to dispute, objection or complaint by the account debtor concerning his liability on the account, and the goods, the sale or lease of

which gave rise to the account, have not been returned, rejected, lost or damaged.

(iv) The account arose in the ordinary course of Debtor's or such Guarantor's business, and no notice of bankruptcy, insolvency or financial embarrassment of the account debtor has been received by Debtor or such Guarantor.

(n) All books or records relating to the Collateral are located at 4815 Emperor Boulevard, Suite 110, Durham, North Carolina 27703 or at the locations indicated on Schedule 4(n) attached hereto.

(o) All of the Collateral is located at 4815 Emperor Boulevard, Suite 110, Durham, North Carolina 27703.

(p) Schedule 4(p) sets forth the names and addresses of all persons or entities other than the Debtor or any Guarantor, such as lessees, consignees, or warehousemen, that have possession or are intended to have possession of any of the Collateral.

(q) Schedule 4(q) sets forth each location or place of business previously maintained by the Debtor or any Guarantor at any time during the past five years in a state in which the Debtor or any Guarantor has previously maintained a location or place of business at any time during the past four months.

(r) Schedule 4(r) sets forth each location at which, or other person or entity with which, any of the Collateral consisting of inventory has been previously held at any time during the past four months.

(s) Attached hereto as Schedule 4(s)(i) is a true copy of a file search report from the Uniform Commercial Code filing officer in each jurisdiction identified in Schedules 4(c), (n), (o), (p), (q), and (r). Attached hereto as Schedule 4(s)(ii) is a true copy of each financing statement or other filing identified in such file search reports.

(t) Attached hereto as Schedule 4(t) is a schedule setting forth the filing offices in each jurisdiction identified in Schedules 4(c), (n), (o), and (p) where Uniform Commercial Code financing statements are required to be filed in order to perfect the security interests of the Secured Parties in all Collateral in which a security interest may be perfected by filing, including, without limitation, Collateral consisting of fixtures.

(u) Debtor and each of the Guarantors hereby acknowledge and agree that in terms of payments in respect of the Secured Notes and from the proceeds of any Collateral, each Secured Party shall be treated ratably in accordance with its share (the "Pro Rata Share") of the aggregate dollar amount outstanding under the Secured Notes at any given time based upon a fraction, (i) the numerator of which shall be equal to the outstanding dollar amount of the Secured Note held by such Secured Party at such time and (ii) the denominator of which shall be equal to the aggregate dollar amount outstanding under both of the Secured Notes at such time. Debtor and each Guarantor shall execute and deliver such additional documents and take such additional action as may be necessary or desirable in the reasonable opinion of Covestco, on

behalf of the Secured Parties, to effectuate the provisions and purposes of the provisions of Section 7 hereof.

5. **Events of Default.** Debtor and the Guarantors, jointly, shall be in default under this Security Agreement upon the happening of any condition or event set forth below (each, an "Event of Default"):

(a) An Event of Default (as defined in the Secured Notes) under either Secured Note.

(b) An Event of Default or Default (each as defined in the Letter of Credit Agreement) under the Letter of Credit Agreement.

(c) Default by Debtor or any Guarantor in punctual performance of any of the obligations, covenants, terms or provisions contained or referred to in this Security Agreement, as amended, replaced or modified if such default shall continue unremedied for a period of ten (10) days following written notice of default by the Secured Parties to Debtor or such Guarantor.

(d) Loss, theft, substantial damage, destruction, sale (except as authorized in this Security Agreement) or encumbrance to or of any portion of the Collateral (except such encumbrances and liens which arise in the ordinary course of business and both (i) do not materially impair the Debtor's or the applicable Guarantor's ownership or use of the Collateral and (ii) are junior to and do not adversely affect the security interests granted hereunder to the Secured Parties), or the making of any levy, seizure or attachment thereof or thereon.

(e) Any statement of the financial condition of Debtor or any Guarantor or of any other guarantor, surety or endorser of any liability of Debtor or such Guarantor to a Secured Party submitted to a Secured Party by Debtor or such Guarantor or any such guarantor, surety or endorser proves to be false in any material respect.

6. **Secured Parties' Rights and Remedies.**

(a) **Rights Exclusive of Default.** Upon reasonable notice to Debtor or any Guarantor:

(i) Each Secured Party, at its expense, may enter Debtor's or such Guarantor's premises at any reasonable time during Debtor's or such Guarantor's usual business hours without interruption of Debtor's or such Guarantor's business and without any breach of the peace to inspect the Collateral and Debtor's or such Guarantor's books and records pertaining to the Collateral, and Debtor or such Guarantor shall assist such Secured Party in making any such inspection.

(ii) Covestco, on behalf of the Secured Parties, may execute, sign, endorse, transfer or deliver in the name of Debtor or such Guarantor, notes, checks, drafts or other instruments for the payment of money and receipts, certificates of origin, applications for certificates of title or any other documents, necessary to evidence, perfect or upon an Event of

Default realize upon the security interest and obligations created by this Security Agreement.

(iii) At its option, Covestco, on behalf of the Secured Parties, may agree to discharge taxes, liens or security interests or other encumbrances at any time levied or placed on the Collateral, may pay for the insurance on the Collateral and may pay for the maintenance and preservation of the Collateral. Debtor or such Guarantor agrees to reimburse Covestco on demand for any payment made, or expense incurred by Covestco pursuant to the foregoing authorization, plus interest thereon at the rate set forth in paragraph 3(c) hereof, and will indemnify and hold Covestco harmless from and against liability in connection therewith.

(b) Rights in Event of Default. In addition to any other rights which the Secured Parties may have at law or hereunder, upon the occurrence of an Event of Default, and at any time thereafter, Covestco, on behalf of the Secured Parties, may:

(i) Declare all obligations secured hereby immediately due and payable and each Secured Party shall have the rights and remedies of a "secured party" under the UCC in effect in the local jurisdiction where the Collateral is located, including, without limitation, the right to sell, lease or otherwise dispose of any or all of the Collateral and the right to take possession of the Collateral, and for that purpose Covestco may enter any premises on which the Collateral or any part thereof may be situated and remove the same therefrom, so long as the same may be accomplished without a breach of the peace. Covestco may require Debtor or any Guarantor to assemble the Collateral and make it available to Covestco at a place to be designated by Covestco which is reasonably convenient to the party and thereafter hold the Collateral absolutely free from any claim or right whatsoever, including any right or equity of redemption (statutory or otherwise) of the Debtor or any Guarantor, and such demand, notice and right or equity being hereby expressly waived and released. Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Covestco will send Debtor or the applicable Guarantor reasonable notice of the time and place of any public sale thereof or of the time after which any private sale or other disposition thereof is to be made. The requirement of sending reasonable notice shall be met if such notice is given to Debtor or the applicable Guarantor at least five days before the time of the sale or disposition. Expenses of retaking, holding, preparing for sale, selling or the like shall include Covestco's reasonable fees and expenses (including, but not limited to, reasonable fees and expenses of legal counsel), and Debtor and each Guarantor agrees to pay such reasonable fees and expenses, plus interest thereon at the rate set forth in paragraph 3(c) hereof. Debtor and each Guarantor shall remain liable for any deficiency hereunder or under the Secured Notes;

(ii) Notify the account of debtors or obligors of any accounts, chattel paper, negotiable instruments or other evidences of indebtedness remitted by Debtor and each Guarantor to the Secured Parties as proceeds to pay Covestco, on behalf of the Secured Parties, directly;

(iii) Demand, sue for, collect or make any compromise or settlement with reference to the Collateral as Covestco, on behalf of the Secured Parties, in its sole discretion, chooses; and

(iv) Remedy any default and may waive any default without waiving or being deemed to have waived any other prior or subsequent default.

(c) Private Sale. The Secured Parties shall not incur any liability as a result of a private sale of the Collateral, or any part thereof, at any sale pursuant to Section 6(b) hereof conducted in good faith. Debtor and each Guarantor hereby waive any claims against the Secured Parties arising by the reason of the fact that the price at which the Collateral may have been sold at such private sale was less than the price that might have been obtained at a public sale or was less than the aggregate amount of the Indebtedness, even if Covestco, on behalf of the Secured Parties, accepts the first offer received and does not offer the Collateral to more than one offeree.

(d) Deficiency. If the proceeds of sale, collection or other realization of or upon the Collateral pursuant to this Section 6 are insufficient to cover the costs and expenses of such realization and the payment in full of the Indebtedness, Debtor and each Guarantor shall jointly remain liable for any deficiency.

7. Intercreditor Arrangement.

(a) The Secured Parties agree, (i) as to the certain rights and priorities of each with respect to the Indebtedness and with respect to their respective liens upon and security interest in the Collateral and (ii) as to provide for the orderly sharing between the Secured Parties of the proceeds of such Collateral upon any foreclosure thereon or other disposition thereof, to the intercreditor arrangement set forth in this Section 7.

(b) Payments Held in Trust/Turnover; Application of Payments.

(i) In the event that any payment or distribution of assets of Debtor, whether in cash, property or securities, which is prohibited by any of the Loan Documents, shall be received by a Secured Party in contravention of such Loan Document, such payment or distribution shall be held in trust for the benefit of and shall be paid over to or delivered to the other Secured Party for application in accordance with the terms hereof.

(ii) All payments of principal, interest, fees and expenses after the issuance of the Secured Notes, and proceeds of the Collateral shall be

apportioned ratably between the Secured Parties, in accordance with each Secured Party's Pro Rata Share.

(c) Permitted Liens and Relative Priorities. As between the Secured Parties, and notwithstanding the terms (including the description of Collateral), dating, execution, or delivery of any document, instrument, or agreement; the time, order, method, or manner of granting, attachment or perfection of any security interest or lien; the time of filing or recording of any financing statements, assignments, deeds of trust, mortgages, or any other documents, instruments, or agreements under the UCC or any other applicable law, and any provision of the UCC or any other applicable law to the contrary, the Secured Parties agree that Covestco not individually, but on behalf of both of the Secured Parties, shall have a security interest in and lien upon the Collateral.

For purposes of the foregoing allocation of priorities, any claim of a right to a setoff shall be treated in all respects as a security interest and no claimed right of setoff shall be asserted to defeat or diminish the rights or priorities provided for herein.

(d) No Alteration of Priority. The lien and security interest priorities provided in Section 7(c) hereof shall not be altered or otherwise affected by any amendment, modification, supplement, extension, renewal, restatement or refinancing of any of the Indebtedness nor by any action or inaction which either Secured Party may take or fail to take in respect of the Collateral. Each Secured Party consents to Debtor's granting to each other Secured Party the liens and security interests reflected in Section 7(c) hereof.

(e) Nonavoidability and Perfection. The provisions of this Section 7 are intended solely to govern the respective priorities as between the Secured Parties. Each Secured Party agrees that it will not directly or indirectly take any action to contest or challenge the validity, legality, perfection, priority, availability, or enforceability of the liens of the other Secured Party upon the Collateral or seek to have the same avoided, disallowed, set aside, or otherwise invalidated in any judicial proceeding or otherwise. In the event that Task breaches or causes to be breached the terms of the preceding sentence, resulting (directly or indirectly) in the avoidance or imperfection of Covestco's lien or security interest held on behalf of both of the Secured Parties in some or all of the Collateral, then the priority of the lien or security interest of the Secured Parties in any such affected Collateral shall continue to be governed by the terms of Section 7(c) hereof irrespective of the avoidance or imperfection of Covestco's lien or security interest held on behalf of both of the Secured Parties.

(f) Management of Collateral. Notwithstanding anything to the contrary contained in either of the Secured Notes (with respect to provisions addressing management of Collateral only):

(i) Until the Indebtedness has been paid in full and subject to the remaining provisions of this Section 7: (i) Covestco, on behalf of the Secured Parties, shall have the exclusive right to manage, perform, and enforce the terms of the Loan Documents with respect to the Collateral and to exercise and enforce all privileges and rights thereunder in its reasonable discretion and its exercise of its business judgment, including,

without limitation, the exclusive right to enforce or settle insurance claims with respect to Collateral, take or retake control or possession of Collateral and to hold, prepare for sale, process, sell, lease, dispose of, or liquidate Collateral; (ii) Task shall not exercise or take any action in furtherance of the sale, foreclosure, realization upon, or the repossession or liquidation of any of the Collateral, including, without limitation: (A) the exercise of any remedies or rights of a "Secured Creditor" under Article 9 of the UCC, such as, without limitation, the notification of account debtors; (B) the exercise of any remedies or rights as a mortgagee or beneficiary (or by the trustee on behalf of the beneficiary), including, without limitation, the appointment of a receiver, or the commencement of any foreclosure proceedings or the exercise of any power of sale, including, without limitation, the placing of any advertisement for the sale of any Collateral; (C) the exercise of any remedies available to a judgment creditor; or (D) any other remedy available in respect of the Collateral available to Task under any of the Loan Documents (the "Secured Party Remedies") with respect to Collateral; and (iii) any and all proceeds of Collateral which shall come into the possession, control, or custody of any Secured Party will be deemed to have been received for the account of both of the Secured Parties, and, if not received by Covestco, shall be immediately paid over to Covestco for application in accordance with the provisions hereof. Task waives any and all rights to affect the method or challenge the appropriateness of any action by Covestco with respect to the Collateral other than actions arising out of the gross negligence or willful misconduct of Covestco, and waives any claims or defenses it may have against Covestco, including any such claims or defenses based on any actions or omissions of any such person in connection with the perfection, maintenance, enforcement, foreclosure, sale, liquidation or release of any lien or security interest therein, or any modification or waiver of the Loan Documents specifically relating to the management of the Collateral other than those arising out of the gross negligence or willful misconduct of Covestco.

(ii) The rights and priorities set forth in this Section 7 shall remain binding irrespective of the terms of any plan of reorganization in any proceeding commenced by or against Debtor or any Guarantor under any provision of the United States Bankruptcy Code (11 U.S.C. § 101, et seq.), as amended, and any successor statute (the "Bankruptcy Code") or under any other federal or state bankruptcy or insolvency law, including assignments for the benefit of creditors, formal or informal moratoria, compositions, extensions generally with its creditors, or proceedings seeking reorganization, arrangement, or other similar relief, and all converted or succeeding cases in respect thereof (the "Bankruptcy Case") or other provisions of the Bankruptcy Code or any similar federal or state statute.

(g) Sale of Collateral. Until the Indebtedness has been paid in full: (a) only Covestco on behalf of the Secured Parties shall have the right to restrict or permit, or approve or disapprove, the sale, transfer or other disposition of the Collateral; and (b) Task will, immediately upon the request of Covestco, release or otherwise terminate its lien and security interest upon the Collateral, to the extent such Collateral is sold or otherwise disposed of by Debtor or any Guarantor with the consent of Covestco, and Task will immediately deliver such release documents as Covestco may require in connection therewith, provided, that the proceeds of any given sale shall be applied to the Indebtedness of each Secured Party in accordance with its Pro Rata Share.

(h) Sections 9-504 and 9-505 Notice and Waiver of Marshalling. Each Secured Party hereby acknowledges that this Security Agreement shall constitute notice of the other Secured Party's respective interests in the Collateral as provided by Sections 9-504 and 9-505 (provided that if Covestco seeks to exercise any rights under Section 9-505, it shall provide Task with the notices required thereunder) of the UCC and each of the Secured Parties waives any right to compel the other Secured Party to marshal any of the Collateral or to seek payment from any particular assets of Debtor, any Guarantor or from any third party.

(i) Bankruptcy Issues.

(i) Except as provided in this Section 7(i), this Section 7 shall continue in full force and effect after the commencement of a Bankruptcy Case and shall apply with full force and effect with respect to all Collateral acquired by Debtor or any Guarantor, and to each Secured Party's Indebtedness incurred by Debtor or any Guarantor, subsequent to such commencement.

(ii) If Debtor or any Guarantor shall become subject to a Bankruptcy Case, Covestco may permit the use of cash collateral or to provide post-petition financing to Debtor or any Guarantor. No objection will be raised by Task to Covestco's motion for relief from the automatic stay in any proceeding under the Bankruptcy Code to foreclose on and sell the Collateral.

(iii) In any Bankruptcy Case by or against Debtor or any Guarantor,

(A) Covestco may, and is hereby irrevocably authorized and empowered (in its own name or in the name of the Secured Parties or otherwise), but shall have no obligation, to, (1) demand, sue for, collect and receive every payment or distribution in respect of the Indebtedness and give acquittance therefor and (2) file claims and proofs of claim in respect of all of the Indebtedness and take such other action (including, without limitation, voting all of the Indebtedness or enforcing any security interest or other lien securing payment of all of the Indebtedness) as Covestco may reasonably deem necessary or advisable for the exercise or enforcement of any of the rights or interests of the Secured Parties; and

(B) Task will duly and promptly take such action as Covestco may reasonably request (1) to collect the Indebtedness and to file appropriate claims or proofs of claim with respect thereto, (2) to execute and deliver to Covestco such powers of attorney, assignments or other instruments as Covestco may request in order to enable it to enforce any and all claims with respect to, and any security interests and other liens securing payment of, the Indebtedness, and (3) to collect and receive any and all payments or distributions which may be payable or deliverable upon or with respect to the Indebtedness for application to the Secured Parties in accordance with this Security Agreement.

(j) Notice of Default and Certain Events. Each Secured Party shall send written notice to the other Secured Party upon the occurrence of any default or event of default under a Loan Document; provided that, so long as any Indebtedness is owed to Covestco, Task shall not declare a default or event of default without Covestco's prior written consent.

(k) Bailment. With respect to any Collateral in which a security interest may be perfected under the UCC or other relevant law only by possession ("Possessory Collateral"), Covestco will act as pledgeholder for the Secured Parties until the payment in full in cash of the Indebtedness. Task acknowledges and agrees that: (i) Covestco makes no representation or warranty whatsoever as to the nature, extent, description, validity or priority of any Possessory Collateral or the security interests in or liens upon any Possessory Collateral; (ii) while any Possessory Collateral is held by Covestco, Covestco shall not have any liability to, and shall be held harmless by, the parties, for any losses, damages, claim, or liability of any kind to the extent arising out of the holding of such Possessory Collateral, other than losses, damages, claims, or liabilities arising out of Covestco's gross negligence or willful misconduct; (iii) Covestco need not act as a pledgeholder for Task with respect to any Collateral in which a security interest may be perfected by means other than possession; (iv) Task shall immediately deliver to Covestco any Possessory Collateral that is now or in the future comes into their possession to be held by Covestco pursuant to the terms hereof; and (v) the priority of the Secured Parties' security interests in and liens upon the Possessory Collateral shall be governed by the terms of this Security Agreement.

(l) Authority of Agents/Trustees. Each of the Secured Parties agrees that any assignment or transfer of an interest in any of the Indebtedness held by it shall be made expressly subject to the terms and conditions of this Security Agreement.

8. Miscellaneous.

(a) Notices. Any notice required or permitted by this Security Agreement shall be in writing and shall be deemed effectively given: (i) upon personal delivery to the party to be notified; (ii) when sent by confirmed facsimile or electronic transmission if received during normal business hours of the recipient on a business day, or if not, then on the next business day; or (iii) one (1) business day after deposit with a nationally recognized overnight courier, specifying next business day delivery, with written verification of receipt (or, in the case of non-U.S. residents, two (2) business days after deposit with an internationally recognized overnight courier, specifying international priority delivery, with written verification of receipt). All communications shall be sent to the Debtor, each Guarantor and each Secured Party at the addresses set forth on the signature pages hereof or at such other address as the Debtor, such

Guarantor or such Secured Party may designate by ten (10) days' advance written notice to the other parties hereto.

(b) Construction. "Secured Party" "Debtor" and "Guarantor", as used in this instrument, include the administrators, successors, representatives, receivers, trustees and assigns of such party.

(c) Headings. The headings appearing in this instrument have been inserted for convenience of reference only and shall be given no substantive meaning or significance whatever in construing the terms and provisions of this instrument.

(d) Governing Law. The law governing this secured transaction shall be that of the State of Delaware in force at the date of this instrument.

(e) Further Assurances. All property acquired by Debtor after the date hereof, which by the terms hereof is required or intended to be subjected to the lien of this Security Agreement, shall, immediately upon the acquisition thereof and without further mortgage, conveyance or assignment, become subject to the lien of this Security Agreement as fully as though now owned by Debtor or the Guarantors and specifically described herein. Nevertheless, Debtor and the Guarantors will do all such further acts and execute, acknowledge and deliver all such further conveyances, mortgages, financing statements and assurances as Covestco, on behalf of the Secured Parties, shall reasonably require for accomplishing the purposes of this Security Agreement.

(f) Rights Cumulative; No Waiver. The rights and remedies of the Secured Parties hereunder are cumulative, and the exercise (or waiver) of any one or more of the remedies provided for herein shall not be construed as a waiver of any of the other rights and remedies of the Secured Parties. No delay on the part of the holder of this Security Agreement in the exercise of any power or right under this Security Agreement or under any other instrument executed pursuant hereto shall operate as a waiver thereof, nor shall a single or partial exercise of any power or right preclude other or further exercise thereof or the exercise of any other power or right.

(g) Successors and Assigns. The rights and obligations of the Secured Parties, the Guarantors and the Debtor hereunder may not be transferred or assigned by any party without the prior written consent of the Secured Parties and Debtor, except the Secured Parties may transfer or assign their respective rights and obligations under this Security Agreement to any of their respective subsidiaries, affiliates, stockholders, members or managers, partners or limited partners, affiliated funds or any other fund or investment entity of such Secured Party without such consent and in such case the assignee shall be entitled to all of the rights, privileges and remedies granted in this Security Agreement to such Secured Party provided that the transfer does not violate applicable securities laws and is in connection with a concurrent assignment or transfer of the applicable Secured Note to such assignee or transferee; and in such event none of Debtor or any of the Guarantors will assert any claims or defenses, other than a defense that it has performed its obligations under the Loan Documents, it may have against such Secured Party against the assignee, except those granted in this Security Agreement. Any assignee of Debtor, any Guarantor or a Secured Party shall agree in writing prior to the effectiveness of such

assignment to be bound by the provisions hereof. All of the stipulations, promises and agreements in this Security Agreement made by Debtor or any of the Guarantors shall bind the successors and permitted assigns of Debtor or such Guarantor, whether so expressed or not, and inure to the benefit of the successors and permitted assigns of Debtor or such Guarantor and each Secured Party.

(h) Severability. If one or more provisions of this Security Agreement are held to be unenforceable under applicable law, the parties agree to renegotiate such provision(s) in good faith, in order to maintain or achieve the economic position enjoyed by each party as close as possible to that under the provision(s) rendered unenforceable. In the event that the parties cannot reach a mutually agreeable and enforceable replacement for such provision(s), then (i) such provision(s) shall be excluded from this Security Agreement, (ii) the balance of this Security Agreement shall be interpreted as if such provision(s) were so excluded and (iii) the balance of this Security Agreement shall be enforceable in accordance with its terms.

(i) Amendment and Waiver. Any term of this Security Agreement may be amended or waived only with the written consent of the Debtor and Covestco, on behalf of the Secured Parties. Any amendment or waiver effected in accordance with this Section 7(i) shall be binding upon the Debtor, each Guarantor, each Secured Party, and each transferee of the Secured Notes. Any waiver by the Debtor, the Guarantors or Covestco, on behalf of the Secured Parties, of a breach of any provision of this Security Agreement shall not operate as or be construed to be a waiver of any other breach of such provision or of any breach of any other provision of this Security Agreement. The failure of the Debtor, any Guarantor or Covestco, on behalf of the Secured Parties, to insist upon strict adherence to any term of this Security Agreement on one or more occasions shall not be considered a waiver or deprive that party of the right thereafter to insist upon strict adherence to that term or any other term of this Security Agreement.

(j) Entire Agreement. The Loan Documents constitute the full understanding between the parties hereto with respect to the subject matter hereof, and no statements, written or oral, made prior to or at the signing hereof shall vary or modify the terms hereof.

(h) Rights of Subrogation. At such time as none of the Debtor or any Guarantor shall owe any Obligations to Covestco, Task shall be entitled to exercise any rights otherwise exercisable by, and any benefits otherwise conferred upon, Covestco under this Security Agreement.

IN WITNESS WHEREOF, the undersigned parties have executed this Security Agreement on and as of the Effective Date.

DEBTOR:

**ARSENAL DIGITAL SOLUTIONS WORLDWIDE,
INC.**

By: _____

Steven L. Horan, Executive Vice
President
4815 Emperor Blvd., Suite 110
Durham, North Carolina 27703

GUARANTORS:

ARSENAL DIGITAL SOLUTIONS USA, INC.

By: _____

[NAME]
[TITLE]
4815 Emperor Blvd., Suite 110
Durham, North Carolina 27703

ONE ROOM SYSTEMS, INC.

By: _____

[NAME]
[TITLE]
4815 Emperor Blvd., Suite 110
Durham, North Carolina 27703

FILEFRENZY.COM, INC.

By: _____

[NAME]
[TITLE]
4815 Emperor Blvd., Suite 110
Durham, North Carolina 27703

ACCESS DATA DIRECT, L.L.C.

By: Geoffrey L. Sinn
[NAME] Geoffrey L. Sinn
[TITLE] CEO and President
4815 Emperor Blvd., Suite 110
Durham, North Carolina 27703

SECURED PARTIES:

COVESTCO-SETEURA, LLC

By: _____
[NAME]
[TITLE]

TASK HOLDINGS LIMITED

By: _____
[NAME]
[TITLE]

ADDRESSES FOR SECURED PARTIES

Covestco-Seteura, LLC
c/o Jura Trust
Abtswingertweg 1
Postfach 519
FL-9490 Vaduz
Liechtenstein
Attn: Albin A. Johann
Facsimile: 423-233-3934

ACCESS DATA DIRECT, L.L.C.

By:

[NAME]

[TITLE]

4815 Emperor Blvd., Suite 110
Durham, North Carolina 27703

SECURED PARTIES:

COVESTCO-SETEURA, LLC

By:



[NAME]

[TITLE]

TASK HOLDINGS LIMITED

By:

[NAME]

[TITLE]

TRADEMARK

REEL: 002587 FRAME: 0722

ACCESS DATA DIRECT, L.L.C.

By: Geoffrey L. Sinn
[NAME] Geoffrey L. Sinn
[TITLE] CEO and President
4815 Emperor Blvd., Suite 110
Durham, North Carolina 27703

SECURED PARTIES:

COVESTCO-SETEURA, LLC

By: _____
[NAME]
[TITLE]

TASK HOLDINGS LIMITED

Alasdair J.K. Fein
By: ALASDAIR J.K. FEIN
[NAME] DIRECTOR
[TITLE]

ADDRESSES FOR SECURED PARTIES

Covestco-Seteura, LLC
c/o Jura Trust
Abtswingertweg 1
Postfach 519
FL-9490 Vaduz
Liechtenstein
Attn: Albin A. Johann
Facsimile: 423-233-3934

With copies to:

Dr. Richard J. Haas Partners
Dukes Court
32 Duke Street St. James's
London SW1Y 6DF England
Attn: Robert Haas, Michael Russell and Robert Peeler
Facsimile: 44-207-321-5244

Barnard & Co., LLC
535 Madison Avenue, 25th Floor
New York, New York 10022
Attn: Joel D. Koblentz
Facsimile: 212-653-8460

Hogan & Hartson, LLP
1200 Seventeenth Street, Suite 1500
Denver, Colorado 80202
Attn: Mark L. Heimlich
Facsimile: 303-899-7333

Task Holdings Limited
c/o Task (USA) Inc.
12 East 49th Street
36th Floor
New York, NY 10017
Attention: Alasdair J.K. Pein
With copies to:

Morrison Cohen Singer & Weinstein, LLP
750 Lexington Avenue
New York, New York 10022
Attention: Brian B. Snarr, Esq.
Facsimile: 212-735-8708

Paul Krzysicka
Lys Royal
2, Rue Tony
Neuman Luxembourg
12241 Luxembourg

SCHEDULE 4(p) TO SECURITY AGREEMENT

List any person or entity other than the Debtor or any Guarantor that has possession or is intended to have possession of any of the Collateral.

None.

RP-11274-58-241483-01

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SCHEDULE 4(q) TO SECURITY AGREEMENT

List each location previously maintained by the Company or its Subsidiaries within the last five years in a state in which it had previously maintained a location during the last four months.

| | | |
|--|--|---|
| 115 Emperor Boulevard Suite 110 Durham, NC 27703 | 2525 Meridian Parkway Suite 350 Durham, NC 27713 | 1520 Glenwood Avenue Raleigh, NC 27608 |
| 4 Glenwood Avenue Raleigh, NC 27603 | 4928 Linksland Drive Suite 302 Holly Springs, NC 27540 | 3175 Spring Street Redwood City, CA 94063 |
| 101 West University Drive Tucson, AZ 85201-5419 | 22451 Shaw Road Sterling, VA 20166 | 4513 Western Avenue Lisle, IL 60532 |
| 110 th Avenue New York, NY 10019 | 4518 S. Miami Blvd Suite 100 Durham, NC 27703 | 6621 Electronic Drive Suite E Springfield, VA 22151 |
| 2 Pacific Center Blvd. San Diego, CA 92121 | 21561/21571 Beaumeade Cir. Ashburn, VA 20147 | 6031 Rio Grand Avenue Orlando, FL 32809 |
| 1 Delfort Road 145 Gainesville, FL 32256 | 15 Enterprise Avenue North Secaucus, NJ 07094 | 7401 E. Ben White Suite 1000, Building 1 Austin, TX 78744 |
| W Washington Street 600 Medford, OR 97205 | 900 Venture Drive Allen, TX 75013 | 2500 Marsh Lane Carrollton, TX 75006 |
| iverside Parkway Springs, GA 30122 | 350 E. Cermak Road Chicago, IL 60616 | 3333 S 120 th Pl Tukwilla, WA 98168 |
| Andy Place San Jose, CA 95131 | 250 Stockton Avenue San Jose, CA 95126 | 2301 W. 120 th Street Hawthorn, CA 90250 |
| Highway 99 Wood, WA 98037 | 8928 Aero Drive San Diego, CA 92123 | 222 Milwaukee Street Suite 402 Denver, CO 80206 |

SCHEDULE 4(r) TO SECURITY AGREEMENT

List each location at which, or any other entity or person with which, Collateral consisting of inventory has been previously held during the last four months.

To the extent any of the Collateral is inventory, the following locations would be the only locations where inventory was held in the last four months:

115 Emperor Boulevard
Suite 110
Durham, NC 27703

2525 Meridian Parkway
Suite 350
Durham, NC 27713

1520 Glenwood Avenue
Raleigh, NC 27608

SCHEDULE 4(s)(i) TO SECURITY AGREEMENT

Attached is a copy of each UCC search report for each jurisdiction listed in Sections 4(c) and 4(n) and in Schedules 4(o), 4(p), 4(q) and 4(r), which jurisdictions consist of:

Arizona
California
Colorado
Delaware
Florida
Georgia
Illinois
New Jersey
New York
North Carolina
Oregon
Texas
Virginia
Washington

SCHEDULE 4(s)(ii) TO SECURITY AGREEMENT

Attached is a copy of each financing statement or other filing identified in UCC
search reports included under Schedule 4(s)(i).

RP-11274-58-241483-01

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SCHEDULE 4(t) TO SECURITY AGREEMENT

Schedule of filing office in each jurisdiction listed in Sections 4(c) and 4(n) and in Schedules 4(o) and 4(p) where UCC filings are required to perfect the security interest in the Collateral, which jurisdictions consist of:

Colorado
Delaware
Florida (1)
North Carolina

No fixtures are located in the states of Arizona, California, Georgia, Illinois, New Jersey, New York, Oregon, Texas, Virginia or Washington and, consequently, no filings need be made in those states to perfect the security interest in the Collateral.

(1) Filing required because revised UCC is not in effect in Florida until January 1, 2002.

HOGAN & HARTSON
L.L.P.

Writer's Direct Dial:
(303) 454-2410

ONE TABOR CENTER
1200 SEVENTEENTH STREET, SUITE 1500
DENVER, COLORADO 80202
TEL (303) 899-7300
FAX (303) 899-7333
WWW.HHLAW.COM

September 20, 2002

EXPRESS MAIL LABEL NO. EL 954333111 US

Box RECORDATION/FEE
Commissioner of Patents and Trademarks
Box Assignments
Washington, D.C. 20231

Dear Commissioner:

Enclosed for filing is a Trademark Recordation Form Cover Sheet with attached Security Agreement.

The recordation documents are accompanied by a check in the amount of \$115.00 representing the filing fee. Should additional charges be incurred in this matter, please charge them against the Deposit Account of Hogan & Hartson L.L.P., Account No. 08-2550, and reference our client number 86502.0005.

Please direct all correspondence regarding this recordation to:

Hogan & Hartson L.L.P.
Susan Martin
1470 Walnut, Suite 200
Boulder, CO 80302-5341

Kindly date stamp the enclosed self-addressed, postage prepaid, post card and return it to our office via U.S Mail.

Please contact me at (303) 454-2410 with any questions or comments.

Very truly yours,



Michael W. Shepherd

MWS/be
Enclosures

cc: Alec Donaldson (w/o encl)
Bob Peeler (w/o encl)
Mark Heimlich (w/o encl)

WASHINGTON, DC

BERLIN BRUSSELS LONDON PARIS BUDAPEST PRAGUE WARSAW MOSCOW TOKYO
NEW YORK BALTIMORE McLEAN MIAMI DENVER BOULDER COLORADO SPRINGS LOS ANGELES

TRADEMARK
REEL: 002587 FRAME: 0731

Conveying Party: Arsenal Digital Solutions Worldwide, Inc.
Receivig Parties: Covestco-Setecura, LLC & Task Holdings Limited

Certificate of Mailing by Express Mail

I certify that the following documents: 1. Transmittal letter; 2. Recordation Form Cover sheet with attached copy of a Security Agreement; 3. Check in the amount of \$115.00; and 4. Postage prepaid, self-addressed return postcard are being deposited on September 20, 2002 with the U.S. Postal Service "Express Mail Post Office to Addressee" service under C.F.R. 1.10 and is addressed to the Commissioner for Patents & Trademarks, Box Assignments, Washington, D.C. 20231.

Michael W. Shepherd
Signature of Person Mailing Correspondence

Michael W. Shepherd
Typed or Printed Name of Person Mailing Correspondence

EL 954333111 US

Express Mail Mailing Label Number