

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

RECORDATION FORM COVER SHEET TRADEMARKS ONLY

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

Tab Settings

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

1. Name of conveying party(ies): ECOSMART TECHNOLOGIES, INC. 318 Seaboard Lane, Suite 208 Franklin, TN 37067

2. Name and address of receiving party(ies) Name: William C. O'Neil, Jr. Internal Address: Street Address: 5035 Hill Place Drive City: Nashville State: TN Zip: 37025

3. Nature of conveyance: Security Agreement Execution Date: March 3, 2003

If assignee is not domiciled in the United States, a domestic representative designation is attached: No

4. Application number(s) or registration number(s): A. Trademark Application No.(s) None

B. Trademark Registration No.(s) 2577444; 2545701; 2362741; 2304524; 2619654; 2685732; 2257564

5. Name and address of party to whom correspondence concerning document should be mailed: Nancy Bouch, Senior Legal Assistant Internal Address: Wilson Sonsini Goodrich & Rosati Street Address: 650 Page Mill Road 1117-2B-P7 City: Palo Alto State: CA Zip: 94303

6. Total number of applications and registrations involved: 7 7. Total fee (37 CFR 3.41) \$ 190.00 8. Deposit account number: 23-2415 (Ref#: 19901.024)

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. Nancy Bouch Signature Date 04/04/2003

Total number of pages including cover sheet, attachments, and document: 15 Mail documents to be recorded with required cover sheet information to: Commissioner of Patents & Trademarks, Box Assignments Washington, D.C. 20231

TRADEMARK REEL: 002634 FRAME: 0821

ECOSMART TECHNOLOGIES, INC.**SECURITY AGREEMENT**

This Security Agreement (as amended, modified or otherwise supplemented from time to time, this "**Security Agreement**") dated as of March 3, 2003, is executed by EcoSMART Technologies, Inc., a Delaware corporation (together with its successors and assigns, "**Company**"), in favor of William C. O'Neil, Jr. ("**Investor**").

RECITALS

A. Company and Investor have entered into a Note and Warrant Purchase Agreement dated as of the date hereof (the "**Purchase Agreement**") pursuant to which the Company has issued to Investor a promissory note dated as of the date hereof (as amended, modified or otherwise supplemented from time to time, the "**Note**") in the aggregate principal amount of One Million Dollars (\$1,000,000.00).

B. In order to induce Investor to extend the credit evidenced by the Note, Company has agreed to enter into this Security Agreement and to grant Investor the security interest in the Collateral described below.

AGREEMENT

NOW, THEREFORE, in consideration of the above recitals and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Company hereby agrees with Investor as follows:

1. **Definitions and Interpretation.** When used in this Security Agreement, the following terms have the following respective meanings:

"**Business Day**" means each day of the year on which banking institutions are not required or authorized to close in the City of Nashville, Tennessee.

"**Collateral**" has the meaning given to that term in Section 2 hereof.

"**Obligations**" means all loans, advances, debts, liabilities and obligations, howsoever arising, owed by Company to Investor of every kind and description (whether or not evidenced by any note or instrument and whether or not for the payment of money), now existing or hereafter arising under or pursuant to the terms of the Note and the other Transaction Documents, including all interest, fees, charges, expenses, attorneys' fees and costs and accountants' fees and costs chargeable to and payable by Company hereunder and thereunder, in each case, whether direct or indirect, absolute or contingent, due or to become due, and whether or not arising after the commencement of a proceeding under Title 11 of the United States Code (11 U.S.C. Section 101 et seq.), as amended from time to time (including post-petition interest), and whether or not allowed or allowable as a claim in any such proceeding.

"Permitted Liens" means (a) Liens for taxes not yet delinquent or Liens for taxes being contested in good faith and by appropriate proceedings for which adequate reserves have been established; (b) Liens in respect of property or assets imposed by law which were incurred in the ordinary course of business, such as carriers', warehousemen's, materialmen's and mechanics' Liens and other similar Liens arising in the ordinary course of business which are not delinquent or remain payable without penalty or which are being contested in good faith and by appropriate proceedings; (c) Liens incurred or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security, and mechanics' Liens, carriers' Liens and other Liens to secure the performance of tenders, statutory obligations, contract bids, government contracts, performance and return of money bonds and other similar obligations incurred in the ordinary course of business, whether pursuant to statutory requirements, common law or consensual arrangements; (d) Liens in favor of the Investor; (e) Liens securing obligations under a capital lease if such Liens do not extend to property other than the property leased under such capital lease; (f) Liens upon any equipment acquired or held by Company or any of its subsidiaries to secure the purchase price of such equipment or indebtedness incurred solely for the purpose of financing the acquisition of such equipment, so long as such Lien extends only to the equipment financed, and any accessions, replacements, substitutions and proceeds (including insurance proceeds) thereof or thereto; (g) Liens in favor of customs and revenue authorities arising as a matter of law to secure payments of customs duties in connection with the importation of goods, (h) Liens which constitute rights of setoff of a customary nature or bankers' liens, whether arising by law or by contract; (i) Liens on insurance proceeds in favor of insurance companies granted solely as security for financed premiums; and (j) Leases or subleases and licenses or sublicenses granted in the ordinary course of Company's business.

"UCC" means the Uniform Commercial Code as in effect in the State of Tennessee from time to time.

All capitalized terms not otherwise defined herein shall have the respective meanings given in the Note. Unless otherwise defined herein, all terms defined in the UCC have the respective meanings given to those terms in the UCC.

2. **Grant of Security Interest.** As security for the Obligations, Company hereby pledges to Investor and grants to Investor a security interest of first priority in all right, title and interests of Company in and to the property described in Attachment 1 hereto, whether now existing or hereafter from time to time acquired (collectively, the "Collateral").

3. **General Representations and Warranties.** Company represents and warrants to Investor that (a) Company is the owner of the Collateral (or, in the case of after-acquired Collateral, at the time Company acquires rights in the Collateral, will be the owner thereof) and that no other Person has (or, in the case of after-acquired Collateral, at the time Company acquires rights therein, will have) any right, title, claim or interest (by way of Lien or otherwise) in, against or to the Collateral, other than Permitted Liens; (b) upon the filing of UCC-1 financing statements in the appropriate filing offices, Investor has (or in the case of after-acquired Collateral, at the time Company acquires rights therein, will have) a first priority perfected security interest in the Collateral to the extent that a security interest in the Collateral

can be perfected by such filing, except for Permitted Liens; (c) all Inventory has been (or, in the case of hereafter produced Inventory, will be) produced in compliance with applicable laws, including the Fair Labor Standards Act; (d) all accounts receivable and payment intangibles are genuine and enforceable against the party obligated to pay the same; (e) the originals of all documents evidencing all accounts receivable and payment intangibles of Company and the only original books of account and records of Company relating thereto are, and will continue to be, kept at the chief executive office of Company set forth on Schedule B or at such other locations as Company may establish in accordance with Section 5(d), and (f) all information set forth in Schedules A and B hereto is true and correct.

4. **Representations and Warranties Regarding Intellectual Property.** Company represents and warrants to Investor that: (a) Company does not own any patents, trademarks or copyrights registered in, or the subject of pending applications in, the Patent and Trademark Office or the Copyright Office or any similar offices or agencies in any other country or any political subdivision thereof, other than those described on Schedule A hereto; (b) Company has, except for Permitted Liens, the sole, full and unencumbered right, title and interest in and to the trademarks shown on Schedule A and the goods and services covered by the registrations thereof and, to the extent registered, such registrations are valid and enforceable and in full force and effect; (c) Company has, except for Permitted Liens, the sole, full and unencumbered right, title and interest in and to each of the patents shown on Schedule A and the registrations thereof are valid and enforceable and in full force and effect; (d) Company has, except for Permitted Liens, the sole, full and unencumbered right, title and interest in and to each of the copyrights shown on Schedule A and according to the records of the Copyright Office, each of said copyrights is valid and enforceable and in full force and effect; (e) there is no claim by any third party that any patents, trademarks or copyrights are invalid and unenforceable or do or may violate the rights of any Person; (f) all licenses (other than non-exclusive licenses to end-users) of patents, trademarks, copyrights and trade secrets which Company has granted to any Person are set forth in Schedule A hereto; (g) all licenses of patents, trademarks, copyrights and trade secrets which any Person has granted to Company are set forth on Schedule A hereto; (h) Company has obtained from each employee who may be considered the inventor of patentable inventions (invented within the scope of such employee's employment) an assignment to Company of all rights to such inventions, including patents; and (i) Company has taken all reasonable steps necessary to protect the secrecy and the validity under applicable law of all material trade secrets.

5. **Covenants Relating to Collateral.** Company hereby agrees (a) to perform all acts that may be necessary to maintain, preserve, protect and perfect the Collateral, the Lien granted to Investor therein and the perfection and priority of such Lien, except for Permitted Liens; (b) not to use or permit any Collateral to be used (i) in violation in any material respect of any applicable law, rule or regulation, or (ii) in violation of any policy of insurance covering the Collateral; (c) to pay promptly when due all taxes and other governmental charges, all Liens and all other charges now or hereafter imposed upon or affecting any Collateral; (d) without thirty (30) calendar days' written notice to Investor, (i) not to change Company's name or place of business (or, if Company has more than one place of business, its chief executive office) or the office in which Company's records relating to accounts receivable and payment intangibles are kept, (ii) not to change Company's state of incorporation, (iii) not to keep Collateral consisting

of chattel paper at any location other than its chief executive office set forth in item 1 of Schedule B hereto, and (iv) not to keep Collateral consisting of equipment or inventory at any location other than the locations set forth in item 4 of Schedule B hereto, (e) to procure, execute and deliver from time to time any endorsements, assignments, financing statements and other writings reasonably deemed necessary or appropriate by Investor to perfect, maintain and protect its Lien hereunder and the priority thereof and to deliver promptly to Investor all originals of Collateral consisting of instruments; (f) to appear in and defend any action or proceeding which may affect its title to or Investor's interest in the Collateral; (g) if Investor gives value to enable Company to acquire rights in or the use of any Collateral, to use such value for such purpose; (h) to keep separate, accurate and complete records of the Collateral and to provide Investor with such records and such other reports and information relating to the Collateral as Investor may reasonably request from time to time; (i) not to surrender or lose possession of (other than to Investor), sell, encumber, lease, rent, or otherwise dispose of or transfer any Collateral or right or interest therein, and to keep the Collateral free of all Liens except Permitted Liens; provided that Company may sell, lease, transfer, license or otherwise dispose of any of the Collateral in the ordinary course of business consisting of (i) the sale of inventory, (ii) sales of worn-out or obsolete equipment, and (iii) non-exclusive licenses and similar arrangements for the use of the property of Company; (j) if requested by Investor, to type, print or stamp conspicuously on the face of all original copies of all Collateral consisting of chattel paper a legend satisfactory to Investor indicating that such chattel paper is subject to the security interest granted hereby; (k) to collect, enforce and receive delivery of the accounts receivable and payment intangibles (provided, however, that Company shall not factor or otherwise sell, transfer or otherwise dispose of any accounts receivable or payment intangibles without Investor's prior written consent); (l) to comply with all material requirements of law relating to the production, possession, operation, maintenance and control of the Collateral (including the Fair Labor Standards Act); and (m) to permit Investor and his representatives the right, at any time during normal business hours, upon reasonable prior notice, to visit and inspect the properties of Company and its corporate, financial and operating records, and make abstracts therefrom, and to discuss Company's affairs, finances and accounts with its directors, officers and independent public accountants.

6. Covenants Regarding Intellectual Property. Company hereby agrees:

(a) Company will perform all acts and execute all documents, including notices of security interest for each relevant type of intellectual property in forms suitable for filing with the Patent and Trademark Office or the Copyright Office, that may be necessary or desirable to record, maintain, preserve, protect and perfect Investor's interest in the Collateral, the Lien granted to Investor in the Collateral and the first priority of such Lien;

(b) Except to the extent that Investor gives his prior written consent:

(i) Company (either itself or through licensees) will continue to use its trademarks in connection with each and every trademark class of goods or services applicable to its current line of products or services as reflected in its current catalogs, brochures, price lists or similar materials in order to maintain such trademarks in full force and effect free from any claim of abandonment for nonuse, and Company will not (and will not permit any licensee thereof to)

do any act or knowingly omit to do any act whereby any material trademark may become invalidated;

(ii) Company will not do any act or omit to do any act whereby any material patent registrations may become abandoned or dedicated to the public domain or the remedies available against potential infringers weakened and shall notify Investor immediately if it knows of any reason or has reason to know that any patent registration may become abandoned or dedicated; and

(iii) Company will not do any act or omit to do any act whereby any material copyrights may become abandoned or dedicated to the public domain or the remedies available against potential infringers weakened and shall notify Investor immediately if it knows of any reason or has reason to know that any copyright may become abandoned or dedicated to the public domain.

(c) Company will promptly (and in any event within ten (10) Business Days') notify Investor upon the filing, either by Company or through any agent, employee, licensee or designee, of (i) an application for the registration of any patent, trademark or copyright with the Patent and Trademark Office or the Copyright Office or any similar office or agency in any other country or any political subdivision thereof, (ii) any assignment of any patent or trademark, which Company may acquire from a third party, with the Patent and Trademark Office or any similar office or agency in any other country or any political subdivision thereof, or (iii) any assignment of any copyright, which Company may acquire from a third party, with the Copyright Office or any similar office or agency in any other country or any political subdivision thereof. Upon the request of Investor, Company shall execute and deliver any and all assignments, agreements, instruments, documents and papers as Investor may request to evidence Investor's security interest in such patent, trademark (and the goodwill and general intangibles of Company relating thereto or represented thereby) or copyright, and Company authorizes Investor to amend an original counterpart of the applicable notice of security interest executed pursuant to Section 5(a) of this Security Agreement without first obtaining Company's approval of or signature to such amendment and to record such document with the Patent and Trademark Office or Copyright Office, as applicable;

(d) Company will take all necessary steps in any proceeding before the Patent and Trademark Office, the Copyright Office or any similar office or agency in any other country or any political subdivision thereof, to diligently prosecute or maintain, as applicable, each application and registration of the patents, trademarks and copyrights, including filing of renewals, affidavits of use, affidavits of incontestability and opposition, interference and cancellation proceedings (except to the extent that dedication, abandonment or invalidation is permitted hereunder);

(e) While any Obligations are outstanding, Company shall (i) make application to the Patent and Trademark Office to register any material unpatented but patentable inventions developed by Company or its employees (within the scope of their employment), unless Company, in the exercise of its reasonable business judgment, deems any such patent not to have any significant commercial value or determines that its rights thereunder are better preserved as a trade secret; (ii) make application to the Patent and Trademark Office to register

any registerable but unregistered material trademarks used by Company in connection with its products or services; and (iii) make application to the Copyright Office to register any material unregistered copyright to which Company has rights;

(f) Company shall (i) use proper statutory notice in connection with its use of the patents, trademarks and copyrights, (ii) maintain consistent standards of quality in its manufacture of products sold under the trademarks or provision of services in connection with the trademarks, and (iii) take all steps necessary to protect the secrecy and the validity under applicable law of all material trade secrets;

(g) Company agrees that if it learns of any use by any Person of any term or design likely to cause confusion with any trademark, Company shall promptly notify Investor of such use and of all steps taken and to be taken to remedy any infringement of any trademark; and

(h) Company shall maintain with each employee who may have access to the trade secrets of Company an agreement by which such employee agrees not to disclose such trade secrets and with each employee who may be the inventor of patentable inventions (invented within the scope of such employee's employment) an invention assignment agreement requiring such employee to assign all rights to such inventions, including patents and patent applications, to Company and further requiring such employee to cooperate fully with Company, its successors in interest, including Investor, and their counsel, in the prosecution of any patent application or in any litigation involving the invention, whether such cooperation is required during such employee's employment with Company or after the termination of such employment.

7. **Authorized Action by Investor.** Company hereby irrevocably appoints Investor as its attorney-in-fact (which appointment is coupled with an interest) and agrees that Investor may perform (but Investor shall not be obligated to and shall incur no liability to Company or any third party for failure so to do) any act which Company is obligated by this Security Agreement to perform, and to exercise such rights and powers as Company might exercise with respect to the Collateral, including the right to (a) collect by legal proceedings or otherwise and endorse, receive and receipt for all dividends, interest, payments, proceeds and other sums and property now or hereafter payable on or on account of the Collateral; (b) enter into any extension, reorganization, deposit, merger, consolidation or other agreement pertaining to, or deposit, surrender, accept, hold or apply other property in exchange for the Collateral; (c) make any compromise or settlement, and take any action it deems advisable, with respect to the Collateral; (d) insure, process and preserve the Collateral; (e) pay any indebtedness of Company relating to the Collateral; and (f) execute UCC financing statements and other documents, instruments and agreements required hereunder; provided, however, that Investor shall not exercise any such powers granted pursuant to subsections (a) through (c) prior to the occurrence of an Event of Default and shall only exercise such powers during the continuance of an Event of Default. Company agrees to reimburse Investor upon demand for any reasonable costs and expenses, including attorneys' fees, Investor may incur while acting as Company's attorney-in-fact hereunder, all of which costs and expenses are included in the Obligations. It is further agreed and understood between the parties hereto that such care as Investor gives to the safekeeping of his own property of like kind shall constitute reasonable care of the Collateral when in Investor's possession; provided, however, that Investor shall not be required to make

any presentment, demand or protest, or give any notice and need not take any action to preserve any rights against any prior party or any other person in connection with the Obligations or with respect to the Collateral.

8. Litigation and Other Proceedings.

(a) Company shall have the right and obligation to commence and diligently prosecute such suits, proceedings or other actions for infringement or other damage, or reexamination or reissue proceedings, or opposition or cancellation proceedings as are reasonable to protect any of the patents, trademarks, copyrights or trade secrets. No such suit, proceeding or other actions shall be settled or voluntarily dismissed, nor shall any party be released or excused of any claims of or liability for infringement, without the prior written consent of Investor, which consent shall not be unreasonably withheld.

(b) Upon the occurrence and during the continuation of an Event of Default, Investor shall have the right but not the obligation to bring suit or institute proceedings in the name of Company or Investor to enforce any rights in the Collateral, including any license thereunder, in which event Company shall at the request of Investor do any and all lawful acts and execute any and all documents reasonably required by Investor in aid of such enforcement. If Investor elects not to bring suit to enforce any right under the Collateral, including any license thereunder, Company agrees to use all reasonable measures, whether by suit, proceeding or other action, to cause to cease any infringement of any right under the Collateral by any Person and for that purpose agrees to diligently maintain any action, suit or proceeding against any Person so infringing necessary to prevent such infringement.

9. Default and Remedies.

(a) Default. Company shall be deemed in default under this Security Agreement upon the occurrence and during the continuance of an Event of Default (as defined in the Note).

(b) Remedies. Upon the occurrence and during the continuance of any such Event of Default, Investor shall have the rights of a secured creditor under the UCC, all rights granted by this Security Agreement and by law, including the right to: (i) require Company to assemble the Collateral and make it available to Investor at a place to be designated by Investor; and (ii) prior to the disposition of the Collateral, store, process, repair or recondition it or otherwise prepare it for disposition in any manner and to the extent Investor deems appropriate and in connection with such preparation and disposition, without charge, use any trademark, trade name, copyright, patent or technical process used by Company. Company hereby agrees that ten (10) Business Days' notice of any intended sale or disposition of any Collateral is reasonable. In furtherance of Investor's rights hereunder, Company hereby grants to Investor an irrevocable, non-exclusive license (exercisable without royalty or other payment by Investor, but only in connection with the exercise of remedies hereunder) to use, license or sublicense any patent, trademark, trade name, copyright or other intellectual property in which Company now or hereafter has any right, title or interest together with the right of access to all media in which any of the foregoing may be recorded or stored.

(c) Application of Collateral Proceeds. The proceeds and/or avails of the Collateral, or any part thereof, and the proceeds and the avails of any remedy hereunder (as well as any other amounts of any kind held by Investor at the time of, or received by Investor after, the occurrence of an Event of Default) shall be paid to and applied as follows:

(i) First, to the payment of reasonable costs and expenses, including all amounts expended to preserve the value of the Collateral, of foreclosure or suit, if any, and of such sale and the exercise of any other rights or remedies, and of all proper fees, expenses, liability and advances, including reasonable legal expenses and attorneys' fees, incurred or made hereunder by Investor;

(ii) Second, to the payment to Investor of the amount then owing or unpaid on the Note (to be applied first to accrued interest and second to outstanding principal);

(iii) Third, to the payment of other amounts then payable to Investor under any of the Transaction Documents; and

(iv) Fourth, to the payment of the surplus, if any, to Company, its successors and assigns, or to whomsoever may be lawfully entitled to receive the same.

10. Miscellaneous.

(a) Notices. Except as otherwise provided herein, all notices, requests, demands, consents, instructions or other communications to or upon Company or Investor under this Security Agreement shall be in writing and faxed, mailed or delivered to each party to the facsimile number or its address set forth below (or to such other facsimile number or address as the recipient of any notice shall have notified the other in writing). All such notices and communications shall be effective (a) when sent by Federal Express or other overnight service of recognized standing, on the Business Day following the deposit with such service; (b) when mailed, by registered or certified mail, first class postage prepaid and addressed as aforesaid through the United States Postal Service, upon receipt; (c) when delivered by hand, upon delivery; and (d) when faxed, upon confirmation of receipt.

Investor: William C. O'Neil, Jr.
5035 Hill Place Drive
Nashville, Tennessee 37205
Telephone: (615) 353-2144
Facsimile: (615) 353-2145

with a copy to: Harwell Howard Hyne Gabbert & Manner, P.C.,
315 Deaderick Street, Suite 1800
Nashville, Tennessee 37238
Attention: Michael R. Hill, Esq.
Telephone: (615) 256-0500
Facsimile: (615) 251-1059

Company: EcoSMART Technologies, Inc.
318 Seaboard Lane, Suite 202
Franklin, Tennessee 37067
Attention: President
Telephone: (615) 261-7300
Facsimile: (615) 261-7301

with a copy to: Wilson Sonsini Goodrich & Rosati
650 Page Mill Road
Palo Alto, California 94304-1050
Attention: Steven L. Berson, Esq.
Telephone: (650) 493-9300
Facsimile: (650) 493-6811

(b) Nonwaiver. No failure or delay on Investor's part in exercising any right hereunder shall operate as a waiver thereof or of any other right nor shall any single or partial exercise of any such right preclude any other further exercise thereof or of any other right.

(c) Amendments and Waivers. This Security Agreement may not be amended or modified, nor may any of its terms be waived, except by written instruments signed by Company and Investor. Each waiver or consent under any provision hereof shall be effective only in the specific instances for the purpose for which given.

(d) Assignments. This Security Agreement shall be binding upon and inure to the benefit of Investor and Company and their respective successors and assigns; provided, however, that Company may not sell, assign or delegate rights and obligations hereunder without the prior written consent of Investor.

(e) Cumulative Rights, etc. The rights, powers and remedies of Investor under this Security Agreement shall be in addition to all rights, powers and remedies given to Investor by virtue of any applicable law, rule or regulation of any governmental authority, any Transaction Document or any other agreement, all of which rights, powers, and remedies shall be cumulative and may be exercised successively or concurrently without impairing Investor's rights hereunder. Company waives any right to require Investor to proceed against any person or entity or to exhaust any Collateral or to pursue any remedy in Investor's power.

(f) Payments Free of Taxes, Etc. All payments made by Company under the Transaction Documents shall be made by Company free and clear of and without deduction for any and all present and future taxes, levies, charges, deductions and withholdings. In addition, Company shall pay upon demand any stamp or other taxes, levies or charges of any jurisdiction with respect to the execution, delivery, registration, performance and enforcement of this Security Agreement. Upon request by Investor, Company shall furnish evidence satisfactory to Investor that all requisite authorizations and approvals by, and notices to and filings with, governmental authorities and regulatory bodies have been obtained and made and that all requisite taxes, levies and charges have been paid.

(g) Partial Invalidity. If at any time any provision of this Security Agreement is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions of this Security Agreement nor the legality, validity or enforceability of such provision under the law of any other jurisdiction shall in any way be affected or impaired thereby.

(h) Expenses. Company shall pay on demand all reasonable fees and expenses, including reasonable attorneys' fees and expenses, incurred by Investor in connection with custody, preservation or sale of, or other realization on, any of the Collateral or the enforcement or attempt to enforce any of the Obligations which is not performed as and when required by this Security Agreement.

(i) Construction. Each of this Security Agreement and the other Transaction Documents is the result of negotiations among, and has been reviewed by, Company, Investor and their respective counsel. Accordingly, this Security Agreement and the other Transaction Documents shall be deemed to be the product of all parties hereto, and no ambiguity shall be construed in favor of or against Company or Investor.

(j) Entire Agreement. This Security Agreement taken together with the other Transaction Documents constitute and contain the entire agreement of Company and Investor and supersede any and all prior agreements, negotiations, correspondence, understandings and communications among the parties, whether written or oral, respecting the subject matter hereof.

(k) Other Interpretive Provisions. References in this Security Agreement and each of the other Transaction Documents to any document, instrument or agreement (i) includes all exhibits, schedules and other attachments thereto, (ii) includes all documents, instruments or agreements issued or executed in replacement thereof, and (iii) means such document, instrument or agreement, or replacement or predecessor thereto, as amended, modified and supplemented from time to time and in effect at any given time. The words "hereof," "herein" and "hereunder" and words of similar import when used in this Security Agreement or any other Transaction Document refer to this Security Agreement or such other Transaction Document, as the case may be, as a whole and not to any particular provision of this Security Agreement or such other Transaction Document, as the case may be. The words "include" and "including" and words of similar import when used in this Security Agreement or any other Transaction Document shall not be construed to be limiting or exclusive.

(l) Governing Law. This Security Agreement shall be governed by and construed in accordance with the laws of the State of Tennessee without reference to conflicts of law rules (except to the extent governed by the UCC).

(m) Counterparts. This Security Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall be deemed to constitute one instrument.

[The remainder of this page is intentionally left blank]

IN WITNESS WHEREOF, Company has caused this Security Agreement to be executed as of the day and year first above written.

ECOSMART TECHNOLOGIES, INC.

By: Steven M. Bessette
Steven M. Bessette
President and Chief Executive Officer

AGREED:

William C. O'Neil, Jr.
William C. O'Neil, Jr.

SIGNATURE PAGE TO SECURITY AGREEMENT

**ATTACHMENT I
TO SECURITY AGREEMENT**

All right, title, interest, claims and demands of Company in and to the following property:

(i) All goods and equipment now owned or hereafter acquired, including, without limitation, all laboratory equipment, computer equipment, office equipment, machinery, fixtures, vehicles, and any interest in any of the foregoing, and all attachments, accessories, accessions, replacements, substitutions, additions, and improvements to any of the foregoing, wherever located;

(ii) All inventory now owned or hereafter acquired, including, without limitation, all merchandise, raw materials, parts, supplies, packing and shipping materials, work in process and finished products including such inventory as is temporarily out of Company's custody or possession or in transit and including any returns upon any accounts or other proceeds, including insurance proceeds, resulting from the sale or disposition of any of the foregoing and any documents of title representing any of the above, and Company's books relating to any of the foregoing;

(iii) All contract rights, general intangibles, health care insurance receivables, payment intangibles and commercial tort claims, now owned or hereafter acquired, including, without limitation, all patents, patent rights (and applications and registrations therefor), trademarks and service marks (and applications and registrations therefor), inventions, copyrights (and applications and registrations therefor), trade names, trade styles, software and computer programs, trade secrets, methods, processes, know how, drawings, specifications, descriptions, and all memoranda, notes, and records with respect to any research and development, goodwill, license agreements, franchise agreements, blueprints, drawings, purchase orders, customer lists, route lists, infringements, claims, computer programs, computer disks, computer tapes, literature, reports, catalogs, design rights, income tax refunds, payments of insurance and rights to payment of any kind and whether in tangible or intangible form or contained on magnetic media readable by machine together with all such magnetic media;

(iv) All now existing and hereafter arising accounts, contract rights, royalties, license rights and all other forms of obligations owing to Company arising out of the sale or lease of goods, the licensing of technology or the rendering of services by Company (subject, in each case, to the contractual rights of third parties to require funds received by Company to be expended in a particular manner), whether or not earned by performance, and any and all credit insurance, guaranties, and other security therefor, as well as all merchandise returned to or reclaimed by Company and Company's books relating to any of the foregoing;

(v) All documents, cash, deposit accounts, letters of credit, letter of credit rights, supporting obligations, certificates of deposit, instruments, chattel paper, electronic chattel paper, tangible chattel paper and investment property, including, without limitation, all securities, whether certificated or uncertificated, security entitlements, securities accounts, commodity contracts and commodity accounts, and all financial assets held in any securities account or otherwise, wherever located, now owned or hereafter acquired and Company's books relating to the foregoing; and

(vi) Any and all claims, rights and interests in any of the above and all substitutions for, additions and accessions to and proceeds thereof, including, without limitation, insurance, condemnation, requisition or similar payments and the proceeds thereof.

**SCHEDULE A
TO
SECURITY AGREEMENT**

Patents

Title	Patent Number
Non-hazardous pest control	6,004,569
Non-hazardous pest control	6,114,384
Non-hazardous pest control	6,183,767
Non-hazardous pest control	6,395,789
Herbicidal compositions containing plant essential oils and mixtures or blends thereof	6,506,707

Trademarks

Mark	Registration Number
BIOGANIC	2,577,444
BIOGANIC w/design	2,545,701
ECOSMART w/design	2,362,741
HEXA-HYDROXYL	2,304,524
SHOOSBUG	2,619,654
HEXACIDE	2,685,732
ECOPCO	2,257,564

Copyrights

Work	Registration Number
None	