

1-31-92

RECORDATION FORM COVER SHEET
TRADEMARKS ONLY

Patent and Trademark Office
Attorney Docket No: MMS1518523

To the Director - U.S. Patent and Trademark Office: Please record the attached original documents or copy thereof.

1. Name of conveying party(ies):
 MedManage Systems, Inc.
 Individuals Association
 General Partnership Limited Partnership
 Corporation-State of Delaware
 Other _____
 Additional name(s) of conveying party(ies) attached? Yes No

2. Name and address of receiving party(ies):
 Name: Prism Venture Partners III, L.P.
 Address: 100 Lowder Brook Drive, Suite 2500
 City: Westwood State: MA ZIP: 02090
 Individual(s) citizenship ** _____
 Association State of _____
 General Partnership State of _____
 Limited Partnership State of Delaware
 Corporation-State State of _____
 Other _____
 If assignee is not domiciled in the United States, a domestic representative designation is attached: Yes No
 (Designation must be a separate document from Assignment)
 Additional name(s) & address(es) attached? Yes No

3. Nature of conveyance:
 Assignment Merger
 Security Agreement Change of Name
 Other _____
 Execution date: July 10, 2003

4. Application number(s) or registration number(s):
 A. Trademark Application No. 78/211,936
 Additional numbers attached? Yes No

B. Trademark Registration Nos. 2,376,270; 2,633,567; 2,714,991; 2,714,992
 Additional numbers attached? Yes No

5. Name and address of party to whom correspondence concerning document should be mailed.
 Cindy L. Caditz, Esq.
 CHRISTENSEN O'CONNOR
 JOHNSON KINDNESS^{PLLC}
 1420 Fifth Avenue, Suite 2800
 Seattle, WA 98101-2347
 206.682.8100

6. Total number of applications and registrations involved: 5
 7. Total fee (37 CFR 3.41):..... \$ 140.00
 8. The Director is authorized to charge any fees that may be required or credit any overpayment to Deposit Account Number 03-1740.

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.
Cindy L. Caditz
 Name of Attorney or Agent
 Direct Dial 206.695.1715

Cindy L. Caditz Signature July 10, 2003 Date
 Total number of pages including cover sheet, attachments and document: 8

OMB No. 0651-0011 (exp. 4/94)

I hereby certify that this correspondence is being transmitted via facsimile to the U.S. Patent and Trademark Office, Assignment Division, at facsimile number 703-306-5995 on the below date.

Date: July 10, 2003

Jeffrey Harbert

CH \$140.00 031740 78211936

ADDITIONAL NAME AND ADDRESS OF RECEIVING PARTY(IES)

Prism Venture Partners III-A, L.P.
100 Lowder Brook Drive, Suite 2500
Westwood, MA 02090

Limited Partnership: State of Delaware

MEDMANAGE SYSTEMS, INC.**SECURITY AGREEMENT**

MedManage Systems, Inc., a Delaware corporation (hereinafter called "Debtor"), hereby grants to the persons who execute a counterpart to this Agreement and whose names are set forth in Schedule I to the Purchase Agreement (as defined below), including Purchasers purchasing Notes (as defined below) after the date hereof (hereinafter collectively referred to as the "Purchasers"), as of the 10th day of July, 2003, to secure the payment to Purchasers of all amounts owing from time to time hereafter pursuant to the Secured Promissory Notes (the "Notes") issued to the Purchasers (such indebtedness under the Notes hereinafter called the "Obligations") pursuant to that certain Secured Promissory Note Purchase Agreement of even date herewith between the Debtor and the Purchasers (the "Purchase Agreement"), a security interest in the following property of the Debtor and any and all additions, substitutions, accessions and proceeds thereto or thereof (all of the same being hereinafter called the "Collateral"): (i) Accounts; (ii) Chattel Paper; (iii) Documents; (iv) Equipment; (v) Fixtures; (vi) General Intangibles (including, without limitation trademarks, service marks, trade names and any applications therefor or registrations, recordings, divisions, continuations, continuations-in-part, renewals, reissues or extensions thereof); (vii) Goods; (viii) Instruments; (ix) Inventory; (x) insurance claims and proceeds; (xi) books and records, computer programs, databases and other computer materials of the Debtor pertaining to any and all of the foregoing; and (xii) to the extent not otherwise included, Proceeds and products of any and all of the foregoing. The aforementioned capitalized terms which comprise the definition of Collateral shall have the meaning prescribed in the Uniform Commercial Code in effect in the state of Washington (the "Uniform Commercial Code").

Debtor hereby warrants and covenants that:

1. Except for the security interests granted hereby and those granted pursuant to (a) the Master Equipment Lease No. 300681 (and the schedules and supplements thereto) by and between the Company and Pentech Financial Services, Inc. dated as of August 1, 2000 (as such Master Equipment Lease may be amended from time to time), and (b) the Security Agreement, dated as of April 28th, 2000, by and between the Company and Integrated Communications Systems, Inc. (a division of MCI WorldCom Communications, Inc.), Debtor is the owner of its interest in the Collateral free from all encumbrances and will defend the same against the claims and demands of all persons. Debtor will not pledge, mortgage or create, or suffer to exist, a security interest in the Collateral in favor of any person other than the Purchasers which is on a par with or senior to the security interest hereby created, and will not sell or transfer the Collateral or any interest therein without the prior written consent of the holder or holders of at least 100% in interest of the outstanding principal amount of the Obligations, except pursuant to licenses and other transactions in the ordinary course of the Debtor's business. Notwithstanding anything to the contrary stated herein, as to that portion of the Collateral described above which may be acquired after the date hereof, the security interest granted hereby shall be subordinate to any purchase money or similar security interests, or rights or claims of third parties in such Collateral which exist at the time it is acquired by Debtor.

2. Any action taken by the Purchasers pursuant to Section 7 hereof shall be taken on behalf of all Purchasers, only with the consent of the holder or holders of at least a majority in interest of the outstanding principal amount of the Obligations (the "Requisite Purchasers"). Debtor may assume the consent by all Purchasers to any action taken by any Purchaser in accordance with the preceding sentence. In the event of a dispute between any of the Purchasers, Debtor shall not be liable to the other Purchasers for any action taken by Debtor pursuant to this Agreement at the request of any Purchaser or Purchasers in accordance with the terms of this Section 2. Each Purchaser hereby agrees that its interests in the Collateral shall be of equal priority with that of the other Purchasers, shall be secured on a pari passu basis, and shall be proportionate to the outstanding balance of the Debtor's Obligation to each Purchaser at the time the Obligations are payable. Each Purchaser undertakes to provide the other Purchasers with timely notice of and a full accounting for any action taken hereunder.

3. Debtor will immediately notify each Purchaser in writing of any change in address from that shown in this Agreement and shall do, make, execute and deliver all such additional and further acts, things, deeds, assurances and instruments as each Purchaser may reasonably require more completely to vest in and assure to each Purchaser its rights hereunder or in any of the Collateral.

4. Debtor will keep the Collateral at all times insured by such insurance as the Purchasers may from time to time reasonably require. All policies of insurance shall provide for not less than ten days' notice of cancellation or change in form to each Purchaser and, if requested by any Purchaser, shall be delivered to and held by it until the Obligations have been fully performed.

5. Debtor will keep the Collateral in good order and repair, and will not use the same in violation of law or any policy of insurance thereon. The Purchasers may inspect the Collateral at any reasonable time, wherever located. Debtor will pay promptly when due all taxes and assessments upon the Collateral or for its use or operation or upon this agreement.

6. In its discretion and after five (5) business days' prior notice to Debtor, any Purchaser may discharge taxes and other encumbrances at any time then due or placed on the Collateral, and place and pay for insurance thereon and pay any necessary filing fees. Debtor agrees to reimburse any Purchaser on demand for any and all expenditures so made, and until paid, the amount thereof shall be a debt secured by the Collateral. The Purchasers shall have no obligation to Debtor to make any such expenditures nor shall the making thereof relieve Debtor of any default. Upon any default under the Obligation, the Purchasers may act as attorney for Debtor in making, adjusting and settling claims under any insurance covering the Collateral.

7. Debtor may have possession and use of the Collateral until default. Upon a failure by the Company to pay any amount due to the Purchasers upon demand therefor made under the terms of the Notes, the Purchasers may declare (subject to the provisions of Section 2) the Obligations to be immediately due and payable, and the Purchasers shall then have in any jurisdiction where enforcement hereof is sought, in addition to all other rights and remedies, the

rights and remedies of a secured party under the Uniform Commercial Code of Washington, including without limitation thereto the right to take immediate possession of the Collateral, and for this purpose the Purchasers may, so far as Debtor can give authority therefor, enter upon any premises on which the Collateral, or any part thereof, may be situated, and remove the same therefrom. Debtor will upon demand make the Collateral available to the Purchasers at a place and time designated by the Purchasers which is reasonably convenient to both parties. The Purchasers will give Debtor at least five days' prior written notice of the time and place of any public sale of the Collateral or of the time after which any private sale thereof is to be made. From the proceeds of the sale, the Purchasers shall be entitled to retain (i) all sums secured hereby, (ii) their reasonable expenses of retaking, holding, preparing for sale and selling, and (iii) reasonable legal expenses incurred by them in connection herewith and with such sale; and any and all remaining proceeds shall be remitted to and shall become the property of Debtor. No waiver by any Purchaser of any default shall be effective unless in writing, nor shall any waiver operate as a waiver of any other default or of the same default on another occasion.

8. Subject to all of the terms hereof, Debtor waives demand, notice, protest, notice of acceptance of this Agreement, notice of loans made, credit extended, collateral received or delivered or other action taken in reliance hereon and all other demands and notices of any description. With respect both to the Obligations and the Collateral, Debtor assents to any extension or postponement of the time of payment or any other indulgence, to any substitution, exchange or release of collateral, to the addition or release of any party or person primarily or secondarily liable, to the acceptance of partial payment thereon and the settlement, compromising or adjusting of any thereof, all in such manner and at such time or times as the Requisite Purchasers may deem advisable. No Purchaser shall be deemed to have waived any of its rights upon or under any Obligation or the Collateral unless such waiver be in writing and signed by the Requisite Purchasers in which case such waiver shall be binding upon all Purchasers. No delay or omission on the part of any Purchaser in exercising any right shall operate as a waiver of such right or any other right. A waiver on any one occasion shall not be construed as a bar to or waiver of any right on any future occasion. All rights and remedies of the Purchasers relating to the Obligations or the Collateral, whether evidenced hereby or by any other instrument or papers, shall be cumulative and may be exercised separately or concurrently.

9. Debtor will execute and deliver to the Purchasers all financing statements pursuant to the Uniform Commercial Code, and any other documents required by the Purchasers to perfect the security interest hereunder or to effectuate the purposes of this Agreement, and will pay the reasonable costs of filing the same. Debtor expressly consents to the filing of financing statements in such jurisdictions as the Purchasers deem appropriate.

10. This Agreement and the security interest granted herein shall terminate upon termination of and payment in full of the Obligations. Upon such termination, the Purchasers shall execute and deliver to Debtor appropriate termination statements pursuant to the Uniform Commercial Code, and any other documents necessary in order to terminate the security interest granted hereunder and Prism Venture Partners III, L.P. is hereby designated as agent for the Purchasers to terminate the security interest pursuant to this Agreement. Neither Prism Venture Partners III, L.P., in its capacity as agent under this Section 10, nor any of its general partners,

officers, directors, employees or agents shall be under any liability to any of the Purchasers, to any future holder of any interest in the Obligations, or to the Debtor or other pledgor or obligor for any action or failure to act taken or suffered in good faith.

11. All rights and obligations of the parties hereunder shall inure to the benefit of, and shall be binding upon, their respective successors and assigns (including, but not limited to, any assignee of any Obligation). This Agreement and all rights and obligations hereunder, including matters of construction, validity and performance, shall be governed by the laws of the state of Washington without regard to conflict of laws principles. This Agreement is intended to take effect as a sealed instrument. This Agreement may be executed in counterparts which, when taken together shall constitute one Agreement.

12. Any provision in this Agreement to the contrary notwithstanding, changes in or additions to this Agreement may be made, and compliance with any covenant or provision set forth in this Agreement may be omitted or waived, if the Company shall obtain consent thereto in writing from the Requisite Purchasers.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, Debtor and the Purchasers have caused this Agreement to be executed by its duly authorized officers as of the date first above written.

Signed and Sealed in the Presence of MEDMANAGE SYSTEMS, INC.

By: [Signature]
Title: ACTING CFO

Name:
Title:

PURCHASERS

PRISM VENTURE PARTNERS III, L.P.
By: Prism Investment Partners III, L.P.
its General Partner

By: Prism Venture Partners III, L.L.C.
its General Partner

By: _____
Name:
Title: Managing Director

PRISM VENTURE PARTNERS III-A, L.P.
By: Prism Investment Partners III, L.P.
its General Partner

By: Prism Venture Partners III, L.L.C.
its General Partner

By: _____
Name:
Title: Managing Director

IN WITNESS WHEREOF, Debtor and the Purchasers have caused this Agreement to be executed by its duly authorized officers as of the date first above written.

Signed and Sealed in the Presence of MEDMANAGE SYSTEMS, INC.

By: _____
Title:

Name:
Title:

PURCHASERS

PRISM VENTURE PARTNERS III, L.P.
By: Prism Investment Partners III, L.P.
its General Partner

By: Prism Venture Partners III, L.L.C.
its General Partner

By: _____
Name:
Title: Managing Director

PRISM VENTURE PARTNERS III-A, L.P.
By: Prism Investment Partners III, L.P.
its General Partner

By: Prism Venture Partners III, L.L.C.
its General Partner

By: _____
Name:
Title: Managing Director