

02-21-2003



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

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

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

1. Name of conveying party(ies): Cernium, Inc. 146 W. Lockwood St. Louis, MO 63119 2-19-03

2. Name and address of receiving party(ies) Name: Davandy, LLC Internal Address: Street Address: 9909 Clayton Rd Ste. 210 City: St. Louis State: MO Zip: 63124

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

3. Nature of conveyance: Assignment Merger Security Agreement Change of Name Other

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

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

Execution Date: 11/27/2002

4. Application number(s) or registration number(s): A. Trademark Application No.(s) 75/714,224, 75/935,890, 76/133,136

B. Trademark Registration No.(s) 2,290,537

Additional number(s) attached Yes No

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

Name: Mike Mellinger Internal Address: Davandy, LLC Dixon B:

6. Total number of applications and registrations involved: 4

7. Total fee (37 CFR 3.41) \$ 115.00

Enclosed Authorized to be charged to deposit account

Street Address: 9909 Clayton Rd. Ste 210 City: St. Louis State: MO Zip: 60606 63124

8. Deposit account number:

DO NOT USE THIS SPACE

9. Signature.

Sean Patten

[Signature]

1-24-03

Name of Person Signing

Signature

Date

02/20/2003 DBYRNE 0000067 7571424

40.00 OP 75.00 OP

Total number of pages including cover sheet, attachments, and document: 25

01 FC:8521 02 FC:8522

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

TRADEMARK REEL: 002674 FRAME: 0719

Continuation of Item 2-Receiving Parties

James Probstein
9909 Clayton Rd. Ste. LL6
St. Louis, MO 63124
314-995-7239

SECURITY AGREEMENT

This Security Agreement is entered into as of November 27, 2002 by and among Cernium, Inc., a Missouri corporation (the "Debtor"), Open Prairie Ventures I, L.P., an Illinois limited partnership ("OPV"), and the other parties from time to time listed on Exhibit A attached hereto, as the same may be updated or amended to reflect such additional parties (each a "Secured Party" and together with OPV, collectively, the "Secured Parties").

RECITALS

A. Pursuant to the terms of that certain Convertible Note Purchase Agreement, dated the date hereof (the "Purchase Agreement"), the Debtor shall execute and deliver to each of the Secured Parties Notes payable to the order of the applicable Secured Party, as the same may from time to time be amended, restated, modified, extended or renewed (the "Notes").

B. As a condition precedent to the Secured Parties entering into the Purchase Agreement and purchasing the Notes thereunder, the Secured Parties have required that the Debtor execute and deliver this Security Agreement to the Secured Parties.

AGREEMENT

ACCORDINGLY, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. Definitions. All capitalized terms used herein but not otherwise defined shall have the meanings ascribed to them in the Purchase Agreement. All terms defined in the UCC and not otherwise defined herein have the meanings assigned to them in the UCC. In addition, the following terms have the meanings set forth below or in the referenced Section of this Security Agreement:

"Accessions" means all accessions as such term is defined in the UCC to any of the Collateral and all substitutions, renewals, improvements and replacements of and additions thereto.

"Accounts" means all of the Debtor's accounts, as such term is defined in the UCC, including each and every right of the Debtor to the payment of money, whether such right to payment now exists or hereafter arises, whether such right to payment arises out of a sale, lease or other disposition of goods or other property, out of a rendering of services, out of a loan, out of the overpayment of taxes or other liabilities, or otherwise arises under any contract or agreement, whether such right to payment is created, generated or earned by the Debtor or by some other person who subsequently transfers such person's interest to the Debtor, whether such right to payment is or is not already earned by performance, and howsoever such right to payment may be evidenced, together with all other rights and interests (including all Liens) which the Debtor may at any time

have by law or agreement against any account debtor or other obligor obligated to make any such payment or against any property of such account debtor or other obligor; including, without limitation, all present and future accounts, contract rights, loans and obligations receivable, chattel papers, bonds, notes and other debt instruments, tax refunds and rights to payment in the nature of general intangibles.

“Chattel Paper” means all of the Debtor’s chattel paper, as such term is defined in the UCC, now owned or hereafter acquired by the Debtor and, in any event, including, without limitation, all leases, rental agreements, installment sale agreements, conditional sale agreements and other chattel paper relating to or arising out of the sale, rental, lease or other disposition of any of the Collateral.

“Collateral” means all personal property of the Debtor, including, without limitation, all Accounts, Chattel Paper, deposit accounts, Documents, Equipment, General Intangibles, Goods, Gross Revenues, Instruments, Inventory, Investment Property, letter-of-credit rights, letters of credit, all sums on deposit in any Collateral Account, and any items in any Lockbox; Accessions and Records together with (i) all substitutions and replacements for and products of any of the foregoing; (ii) all accessories, attachments, parts, equipment and repairs now or hereafter attached or affixed to or used in connection with any goods; (iii) all warehouse receipts, bills of lading and other documents of title now or hereafter covering such goods; (iv) any money, or other assets of the Debtor that now or hereafter come into the possession, custody, or control of any Secured Party; and (v) proceeds of any and all of the foregoing.

“Documents” means all of the Debtor’s documents, as such term is defined in the UCC, now owned or hereafter acquired by the Debtor, and in any event, including, without limitation, all warehouse receipts, bills of lading and similar documents of title relating to goods in which the Debtor at any time has an interest, whether now or at any time or times hereafter issued to the Debtor or any Secured Party by any person or entity, and whether covering any portion of the Debtor’s inventory or otherwise.

“Equipment” means all of the Debtor’s equipment, as such term is defined in the UCC, whether now owned or hereafter acquired, including but not limited to all present and future machinery, vehicles, furniture, fixtures, manufacturing equipment, shop equipment, office and recordkeeping equipment, parts, tools, supplies, and including specifically the goods described in any equipment schedule or list herewith or hereafter furnished to the Secured Parties by the Debtor.

“Event of Default” has the meaning given in Section 6.

“Factoring Transaction” means any financial transaction whereby a party either (i) lends money to the Debtor secured by a Lien on one or more specified Accounts of the Debtor or (ii) purchases one or more specified Accounts of the Debtor for a purchase price based on the outstanding balance of such Accounts, or a percentage thereof.

“General Intangibles” means all of the Debtor’s general intangibles, as such term is defined in the UCC, whether now owned or hereafter acquired, including all present and future Intellectual Property Rights, customer or supplier lists and contracts, manuals, operating instructions, permits, franchises, the right to use the Debtor’s name, and the goodwill of the Debtor’s business.

“Goods” means all of the Debtor’s goods, as such term is defined in the UCC, now owned or hereafter acquired by the Debtor, and in any event, including, without limitation, all promissory notes and other instruments of any kind or nature whatsoever, whether negotiable or non-negotiable.

“Instruments” means all of the Debtor’s instruments, as such term is defined in the UCC, now owned or hereafter acquired by the Debtor, and in any event, including, without limitation, all promissory notes and other instruments of any kind or nature whatsoever, whether negotiable or non-negotiable.

“Intellectual Property Rights” means all actual or prospective rights arising in connection with any intellectual property or other proprietary rights, including all rights arising in connection with copyrights, patents, service marks, trade dress, trade secrets, trademarks, trade names or mask works.

“Inventory” means all of the Debtor’s inventory, as such term is defined in the UCC, whether now owned or hereafter acquired, whether consisting of whole goods, spare parts or components, supplies or materials, whether acquired, held or furnished for sale, for lease or under service contracts or for manufacture or processing, and wherever located.

“Investment Property” means all of the Debtor’s investment property, as such term is defined in the UCC, whether now owned or hereafter acquired, including, without limitation, all securities, security entitlements, securities accounts, commodity contracts, commodity accounts, stocks, bonds, mutual fund shares, money market shares and U.S. Government securities.

“Lien” means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including, without limitation, any conditional sale or other title retention agreement or lease in the nature thereof), any sale of receivables with recourse against the Debtor or any affiliate, any filing or agreement to file a financing statement as debtor under the Uniform Commercial Code or any similar statute other than to reflect ownership by a third party of property leased to the Debtor under a lease which is not in the nature of a conditional sale or title retention agreement, or any subordination arrangement in favor of another Person (other than any subordination arising in the ordinary course of business).

“Obligations” means each and every debt, liability and obligation of every type and description which the Debtor may now or at any time hereafter owe to the Secured Parties under the Purchase Agreement.

“Permitted Liens” means (i) liens with respect to taxes not yet due and payable or which are being contested in good faith by appropriate proceedings and for which appropriate reserves have been established in accordance with generally accepted accounting principles, (ii) mechanics’, materialmen’s or contractors’ liens or encumbrances or any similar lien or restriction, (iii) purchase money security interests for the purchase of goods to be used in the Company’s business secured solely by the goods so purchased, (iv) the Security Interest, (v) covenants, restrictions, rights, easements and minor irregularities in title which do not materially interfere with the Debtor’s business or operations as presently conducted, (vi) Liens securing any Factoring Transaction, and (vii) Liens in existence on the date hereof as set forth on Schedule 1.

“Person” means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization, a governmental entity or any department, agency or political subdivision thereof or any other entity.

“Records” means all of the Debtor’s books, records, computer records, computer disks, ledger cards, programs and other computer materials, customer and supplier lists, invoices, orders and other property and general intangibles at any time evidencing or relating to any of the Collateral.

“Required Secured Parties” means, at any time, Secured Parties holding Notes representing a majority of the aggregate unpaid principal balance of all Notes then outstanding; provided, however, that if there are two or fewer Secured Parties, Required Secured Parties shall mean all Secured Parties.

“Security Interest” has the meaning given in Section 2.

“UCC” means Uniform Commercial Code as in effect from time to time in the State of Illinois.

2. Security Interest; Factoring.

(a) The Debtor hereby grants the Secured Parties a security interest (the “Security Interest”), *pari passu*, in the Collateral to secure payment of the Obligations.

(b) The Secured Parties acknowledge and agree that the Debtor shall have the right to engage in Factoring Transactions. Any Lien on any Account granted by the Debtor in connection with any Factoring Transaction shall rank senior in right of payment to any Lien granted to any Secured Party hereunder. Any Security Interest on any Account granted to any Secured Party pursuant to this Agreement shall terminate automatically upon the sale of such Account pursuant to any Factoring Transaction. Each Secured Party hereby agrees to take any and all actions as may be required to effectuate

any Factoring Transaction, including, but not limited to, releasing its Security Interest in such Accounts and filing UCC amendments reflecting such release.

3. Representations, Warranties and Agreements. The Debtor hereby represents, warrants and agrees as follows:

(a) **Title.** The Debtor (i) has absolute title to each item of Collateral in existence on the date hereof, free and clear of all Liens except Permitted Liens, (ii) will have, at the time the Debtor acquires any rights in Collateral hereafter arising, absolute title to each such item of Collateral free and clear of all Liens except Permitted Liens, (iii) will keep all Collateral free and clear of all Liens except Permitted Liens, and (iv) will defend the Collateral against all claims or demands of all persons other than the Secured Parties. The Debtor will not sell or otherwise dispose of the Collateral or any interest therein, outside the ordinary course of business, without the prior written consent of the Required Secured Parties.

(b) **Chief Executive Office; Identification Number.** The Debtor's chief executive office and principal place of business is located at the address set forth under its signature below. The Debtor's federal employer identification number is correctly set forth under its signature below.

(c) **Location of Collateral.** As of the date hereof, the tangible Collateral (other than Evaluation Equipment (as defined below)) is located only in the states and at the addresses, as identified on Exhibit B attached hereto. The Debtor will not permit any tangible Collateral (other than Evaluation Equipment) to be located in any state (and, if county filing is required, in any county) in which a financing statement covering such Collateral is required to be, but has not in fact been, filed in order to perfect the Security Interest. "Evaluation Equipment" means equipment placed by the Debtor at a prospective client site in order to enable a prospective client to evaluate its performance for purposes of determining whether to purchase the Debtor's products.

(d) **Changes in Name, Constituent Documents, Location.** The Debtor will not change its name, articles of incorporation or bylaws or jurisdiction of organization, without the prior written consent of the Required Secured Parties. The Debtor will not change its business address, without prior written notice to the Secured Parties.

(e) **Fixtures.** The Debtor will not permit any tangible Collateral to become part of or to be affixed to any real property without first assuring to the reasonable satisfaction of the Required Secured Parties that the Security Interest will be prior and senior to any Lien then held or thereafter acquired by any mortgagee of such real property or the owner or purchaser of any interest therein.

(f) **Rights to Payment.** Each right to payment and each Instrument, Document, Chattel Paper and other agreement constituting or evidencing Collateral is (or will be when arising, issued or assigned to the Secured Parties) the valid, genuine and

legally enforceable obligation, subject to no defense, setoff or counterclaim (other than those arising in the ordinary course of business), of the account debtor or other obligor named therein or in the Debtor's records pertaining thereto as being obligated to pay such obligation. The Debtor will neither agree to any material modification or amendment nor agree to any forbearance, release or cancellation of any such obligation, and will not subordinate any such right to payment to claims of other creditors of such account debtor or other obligor, without the prior written consent of the Required Secured Parties.

(g) **Commercial Tort Claims.** Promptly upon knowledge thereof, the Debtor will deliver to the Secured Parties notice of any commercial tort claims it may bring against any person, including the name and address of each defendant, a summary of the facts, an estimate of the Debtor's damages, copies of any complaint or demand letter submitted by the Debtor, and such other information as the Lender may request. Upon request by any Secured Party, the Debtor will grant the Secured Parties a security interest in all commercial tort claims it may have against any person.

(h) **Miscellaneous Covenants.** The Debtor will:

(i) keep all tangible Collateral in good repair, working order and condition, normal depreciation excepted, and will, from time to time, replace any worn, broken or defective parts thereof;

(ii) promptly pay all taxes and other governmental charges levied or assessed upon or against any Collateral or upon or against the creation, perfection or continuance of the Security Interest;

(iii) at all reasonable times, permit any Secured Party or its representatives to examine or inspect any Collateral, wherever located, and to examine, inspect and copy the Debtor's books and records pertaining to the Collateral and its business and financial condition and to send and discuss with account debtors and other obligors requests for verifications of amounts owed to the Debtor;

(iv) keep accurate and complete records pertaining to the Collateral and pertaining to the Debtor's business and financial condition and submit to the Secured Parties such periodic reports concerning the Collateral and the Debtor's business and financial condition as the Required Secured Parties may from time to time reasonably request;

(v) promptly notify the Secured Parties of any loss of or material damage to any Collateral or of any adverse change, known to the Debtor, in the prospect of payment of any sums due on or under any Instrument, Chattel Paper or Account constituting Collateral;

(vi) if any Secured Party at any time so requests (after the occurrence of an Event of Default), promptly deliver to such Secured Party any

Instrument, Document or Chattel Paper constituting Collateral, duly endorsed or assigned by the Debtor;

(vii) at all times keep all tangible Collateral insured against risks of fire (including so-called extended coverage), theft, collision (in case of Collateral consisting of motor vehicles) and such other risks and in such amounts as the Required Secured Parties may reasonably request, with any such policies containing a lender loss payable endorsement acceptable to the Required Secured Parties;

(viii) from time to time execute such financing statements as the Required Secured Parties may reasonably require in order to perfect the Security Interest and, if any Collateral consists of a motor vehicle, execute such documents as may be required to have the Security Interest properly noted on a certificate of title;

(ix) pay when due or reimburse any Secured Party on demand for all costs of collection of any of the Obligations and all other out-of-pocket expenses (including in each case all reasonable attorneys' fees) incurred by such Secured Party in connection with the creation, perfection, satisfaction, protection, defense or enforcement of the Security Interest or the creation, continuance, protection, defense or enforcement of this Security Agreement or any or all of the Obligations, including expenses incurred in any litigation or bankruptcy or insolvency proceedings;

(x) execute, deliver or endorse any and all instruments, documents, assignments, security agreements and other agreements and writings which the Required Secured Parties may at any time reasonably request in order to secure, protect, perfect or enforce the Security Interest and the Secured Parties' rights under this Security Agreement; and

(xi) not use or keep any Collateral, or permit it to be used or kept, for any unlawful purpose or in violation of any federal, state or local law, statute or ordinance.

(i) ***The Secured Parties' Right to Take Action.*** The Debtor authorizes the Secured Parties to file from time to time where permitted by law, such financing statements against collateral described as "all personal property" as any Secured Party deems necessary or useful to perfect the Security Interest. The Debtor will not amend any financing statements in favor of the Secured Parties. Further, if the Debtor at any time fails to perform or observe any agreement contained in Section 3(h), and if such failure continues for a period of ten (10) days after any Secured Party gives the Debtor written notice thereof (or, in the case of the agreements contained in clauses (vii) and (viii) of Section 3(h), immediately upon the occurrence of such failure, without notice or lapse of time), any Secured Party may (but need not) perform or observe such agreement on behalf and in the name, place and stead of the Debtor (or, at any Secured Party's option, in such

Secured Party's own name) and may (but need not) take any and all other actions which such Secured Party may reasonably deem necessary to cure or correct such failure (including, without limitation, the payment of taxes, the satisfaction of security interests, liens or encumbrances, the performance of obligations under contracts or agreements with account debtors or other obligors, the procurement and maintenance of insurance, the execution of financing statements, the endorsement of instruments and the procurement of repairs or transportation); and, except to the extent that the effect of such payment would be to render any loan or forbearance of money usurious or otherwise illegal under any applicable law, the Debtor shall thereupon pay such Secured Party on demand the amount of all moneys expended and all costs and expenses (including reasonable attorneys' fees) incurred by such Secured Party in connection with or as a result of such Secured Party's performing or observing such agreements or taking such actions, together with interest thereon from the date expended or incurred by such Secured Party at the highest rate then applicable to any of the Obligations. To facilitate the performance or observance by any Secured Party of such agreements of the Debtor, the Debtor hereby irrevocably appoints (which appointment is coupled with an interest) the Secured Parties, or their respective delegates, as attorneys-in-fact of the Debtor with the right (but not the duty) from time to time to create, prepare, complete, execute, deliver, endorse or file, in the name and on behalf of the Debtor, any and all instruments, documents, financing statements, applications for insurance and other agreements and writings required to be obtained, executed, delivered or endorsed by the Debtor under this Section 3 and Section 4.

4. Rights of the Secured Parties. At any time and from time to time, the Secured Parties, or the Required Secured Parties, as the case may be, may take any or all of the following actions:

(a) *Account Verification.* The Required Secured Parties may, at any time and from time to time, whether before or after an Event of Default, send or require the Debtor to send requests for verification of accounts or notices of assignment to account debtors and other obligors. The Required Secured Parties may also at any time and from time to time telephone account debtors and other obligors to verify accounts.

(b) *Collateral Account.* The Required Secured Parties may, at any time and from time to time during the continuance of an Event of Default, establish a collateral account for the deposit of checks, drafts and cash payments made by the Debtor's account debtors. If a collateral account is so established, the Debtor shall promptly deliver to the Secured Parties, for deposit into said collateral account, all payments on Accounts and Chattel Paper received by it. All such payments shall be delivered to the Secured Parties in the form received (except for the Debtor's endorsement where necessary). Until so deposited, all payments on Accounts and Chattel Paper received by the Debtor shall be held in trust by the Debtor for and as the property of the Secured Parties and shall not be commingled with any funds or property of the Debtor. All deposits in said collateral account shall constitute proceeds of Collateral and shall not constitute payment of any Obligation. Unless otherwise agreed in writing, the Debtor shall have no right to withdraw amounts on deposit in any collateral account.

(c) **Lockbox.** The Required Secured Parties may, at any time and from time to time during the continuance of an Event of Default, by notice to the Debtor, require the Debtor to direct each of its account debtors to make payment directly to a special lockbox to be under the control of the Secured Parties. The Debtor hereby authorizes and directs the Secured Parties to deposit all checks, drafts and cash payments received in said lockbox into the collateral account established as set forth above.

(d) **Direct Collection.** The Required Secured Parties may, at any time and from time to time during the continuance of an Event of Default, notify any account debtor, or any other person obligated to pay any amount due, that such Chattel Paper, Account or other right to payment has been assigned or transferred to the Secured Parties for security and shall be paid directly to the Secured Parties. At any time after any Secured Party or the Debtor gives such notice to an account debtor or other obligor, any Secured Party may (but need not), in its own name or in the Debtor's name, demand, sue for, collect or receive any money or property at any time payable or receivable on account of, or securing, any such Chattel Paper, Account, or other right to payment, or grant any extension to, make any compromise or settlement with or otherwise agree to waive, modify, amend or change the obligations (including collateral obligations) of any such account debtor or other obligor.

5. **Assignment of Insurance.** The Debtor hereby assigns to the Secured Parties, as additional security for the payment of the Obligations, any and all moneys (including but not limited to proceeds of insurance and refunds of unearned premiums) due or to become due under, and all other rights of the Debtor under or with respect to, any and all policies of insurance covering the Collateral, and the Debtor hereby directs the issuer of any such policy to pay any such moneys directly to the Secured Parties. After the occurrence of an Event of Default, any Secured Party may (but need not), in its own name or in the Debtor's name, execute and deliver proofs of claim, receive all such moneys, endorse checks and other instruments representing payment of such moneys, and adjust, litigate, compromise or release any claim against the issuer of any such policy.

6. **Events of Default.** Each of the following occurrences shall constitute an event of default under this Security Agreement (herein called "Event of Default"): (i) an "Event of Default" (as such term is defined in the Notes) shall occur under any of the Notes; or (ii) the Debtor shall fail to pay any or all of the Obligations when due; or (iii) the Debtor shall fail to observe or perform any covenant or agreement herein binding on it and such failure shall remain unremedied for ten (10) days after written notice of such failure is given by the Required Secured Parties to the Debtor.

7. **Remedies upon Event of Default.** Upon the occurrence of an Event of Default and at any time thereafter, the Required Secured Parties may exercise any one or more of the following rights and remedies: (i) declare all unmatured Obligations to be immediately due and payable, and the same shall thereupon be immediately due and payable, without presentment or other notice or demand; (ii) exercise and enforce any or all rights and remedies available upon default to a secured party under the UCC, including but not limited to the right to take possession of any Collateral, proceeding without judicial process or by judicial process (without a prior

hearing or notice thereof, which the Debtor hereby expressly waives), and the right to sell, lease or otherwise dispose of any or all of the Collateral, and in connection therewith, the Required Secured Parties may require the Debtor to make the Collateral available to the Secured Parties at a place to be designated by the Required Secured Parties which is reasonably convenient to all parties, and if notice to the Debtor of any intended disposition of Collateral or any other intended action is required by law in a particular instance, such notice shall be deemed commercially reasonable if given (in the manner specified in Section 10) at least ten (10) days prior to the date of intended disposition or other action; (iii) exercise or enforce any or all other rights or remedies available to the Secured Parties by law or agreement against the Collateral, against the Debtor or against any other person or property. The Secured Parties are hereby granted a nonexclusive, worldwide and royalty-free license to use or otherwise exploit all Intellectual Property Rights owned by or licensed to the Debtor that the Required Secured Parties deem necessary or appropriate to the disposition of any Collateral.

8. Other Personal Property. Unless at the time any Secured Party takes possession of any tangible Collateral, or within seven (7) days thereafter, the Debtor gives written notice to the Secured Parties of the existence of any goods, papers or other property of the Debtor, not affixed to or constituting a part of such Collateral, but which are located or found upon or within such Collateral, describing such property, such Secured Party shall not be responsible or liable to the Debtor for any action taken or omitted by or on behalf of such Secured Party with respect to such property.

9. Notices; Requests for Accounting. All notices and other communications hereunder shall be in writing and shall be (a) personally delivered, (b) sent by first class United States mail, (c) sent by overnight courier of national reputation, or (d) transmitted by telecopy, in each case addressed or telecopied to the party to whom notice is being given at its address or telecopier number as set forth below its signature or, as to each party, at such other address or telecopier number as may hereafter be designated by such party in a written notice to the other party complying as to delivery with the terms of this Section. All such notices, requests, demands and other communications shall be deemed to have been given on (i) the date received if personally delivered, (ii) when deposited in the mail if delivered by mail, (iii) the date sent if sent by overnight courier, or (iv) the date of transmission if delivered by telecopy. All requests under Section 9-210 of the UCC (i) shall be made in a writing signed by an authorized person, (ii) shall be personally delivered, sent by registered or certified mail, return receipt requested, or by overnight courier of national reputation, (iii) shall be deemed to be sent when received by the Secured Parties and (iv) shall otherwise comply with the requirements of Section 9-210. The Debtor requests that the Secured Parties respond to all such requests which on their face appear to come from an authorized individual and releases the Secured Parties from any liability for so responding. The Debtor shall pay the Secured Parties the maximum amount allowed by law for responding to such requests.

10. Miscellaneous. This Security Agreement has been duly and validly authorized by all necessary corporate action. This Security Agreement does not contemplate a sale of Accounts or Chattel Paper. This Security Agreement can be waived, modified, amended, terminated or discharged, and the Security Interest can be released, only explicitly in a writing signed by the Required Secured Parties, and, in the case of amendment or modification, in a

writing signed by the Debtor. A waiver signed by the Required Secured Parties shall be effective only in the specific instance and for the specific purpose given. Mere delay or failure to act shall not preclude the exercise or enforcement of any of the Secured Parties' respective rights or remedies. All rights and remedies of the Secured Parties shall be cumulative and may be exercised singularly or concurrently, at the Required Secured Parties' option, and the exercise or enforcement of any one such right or remedy shall neither be a condition to nor bar the exercise or enforcement of any other. Any Secured Party's duty of care with respect to Collateral in its possession (as imposed by law) shall be deemed fulfilled if such Secured Party exercises reasonable care in physically safekeeping such Collateral or, in the case of Collateral in the custody or possession of a bailee or other third person, exercises reasonable care in the selection of the bailee or other third person, and such Secured Party need not otherwise preserve, protect, insure or care for any Collateral. The Secured Parties shall not be obligated to preserve any rights the Debtor may have against prior parties, to realize on the Collateral at all or in any particular manner or order, or to apply any cash proceeds of Collateral in any particular order of application. This Security Agreement shall be binding upon and inure to the benefit of the Debtor and the Secured Parties and their respective successors and assigns and shall take effect when signed by the Debtor and delivered to the Secured Parties, and the Debtor waives notice of the Secured Parties' acceptance hereof. The Secured Parties may execute this Security Agreement if appropriate for the purpose of filing, but the failure of the Secured Parties to execute this Security Agreement shall not affect or impair the validity or effectiveness of this Security Agreement. A carbon, photographic or other reproduction of this Security Agreement or of any financing statement signed by the Debtor shall have the same force and effect as the original for all purposes of a financing statement. This Security Agreement shall be governed by and construed in accordance with the substantive laws (other than conflict laws) of the State of Illinois; provided, however, that the perfection, the effect of the perfection or non-perfection and the priority of the security interests and liens created by this Security Agreement shall in all respects be governed, construed, applied and enforced in accordance with the substantive laws of the applicable jurisdiction. If any provision or application of this Security Agreement is held unlawful or unenforceable in any respect, such illegality or unenforceability shall not affect other provisions or applications which can be given effect and this Security Agreement shall be construed as if the unlawful or unenforceable provision or application had never been contained herein or prescribed hereby. All representations and warranties contained in this Security Agreement shall survive the execution, delivery and performance of this Security Agreement and the creation and payment of the Obligations.

THE PARTIES WAIVE ANY RIGHT TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING BASED ON OR PERTAINING TO THIS SECURITY AGREEMENT.

[Remainder of page left blank intentionally]

IN WITNESS WHEREOF, the parties hereto have executed this Security Agreement as of the date and year first above written.

SECURED PARTIES:

OPEN PRAIRIE INVESTMENTS I, L.P., an Illinois limited partnership

By: Open Prairie Ventures Management I, LLC, an Illinois limited liability company, sole General Partner

By: Open Prairie Ventures, Inc., an Illinois Corporation, Manager

By _____
Name: _____
Its: _____

Address:
115 North Neil Street, Suite 209
Champaign, Illinois 61820
Facsimile: (217) 351-7051

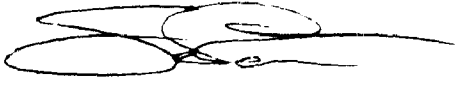
By _____
Name: _____
Its: _____

Address:

Facsimile: () _____

DEBTOR:

CERNIUM, INC., a Missouri corporation

By  _____
President and Chief Executive Officer

Address:
146 W. Lockwood
St. Louis, Missouri 63119
Facsimile: (314) 968-9393

IN WITNESS WHEREOF, the parties hereto have executed this Security Agreement as of the date and year first above written.

SECURED PARTIES:

DEBTOR:

OPEN PRAIRIE INVESTMENTS I, L.P., an Illinois limited partnership

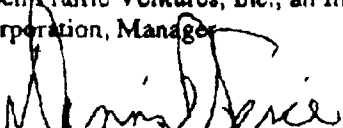
CERNIUM, INC., a Missouri corporation

By: Open Prairie Ventures Management I, LLC, an Illinois limited liability company, sole General Partner

By _____
President and Chief Executive Officer

By: Open Prairie Ventures, Inc., an Illinois Corporation, Manager

Address:
146 W. Lockwood
St. Louis, Missouri 63119
Facsimile: (314) 968-9393

By: 
Name: Dennis D. Rice
Its: Vice President

Address:
115 North Neil Street, Suite 209
Champaign, Illinois 61820
Facsimile: (217) 351-7051

By: _____
Name: _____
Its: _____

Address:

Facsimile: () _____

IN WITNESS WHEREOF, the parties hereto have executed this Security Agreement as of the date and year first above written.

SECURED PARTIES:

DEBTOR:

OPEN PRAIRIE INVESTMENTS I, L.P., an Illinois limited partnership

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By _____
President and Chief Executive Officer

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Facsimile: (314) 968-9393

By _____
Name: _____
Its: _____

Address:
115 North Neil Street, Suite 209
Champaign, Illinois 61820
Facsimile: (217) 351-7051

X By James F. Gill,
Name: James F. Gill, Esq.
Its: _____

Address:
1290 Avenue of the Americas
New York, NY 10104
Facsimile: (212) 541-4122

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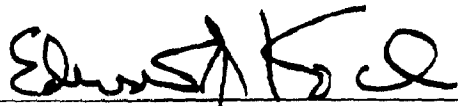
By _____
President and Chief Executive Officer

By: Open Prairie Ventures, Inc., an Illinois Corporation, Manager

Address:
146 W. Lockwood
St. Louis, Missouri 63119
Facsimile: (314) 968-9393

By _____
Name: _____
Its: _____

Address:
115 North Neil Street, Suite 209
Champaign, Illinois 61820
Facsimile: (217) 351-7051

X By 
Name: Edward I. Koch
Its: _____

Address: Bryan Cave/Robinson Silverman
1290 6th Avenue - 33rd Floor
New York, NY 10104
Facsimile: (212) 541-1321

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By _____
President and Chief Executive Officer

By: Open Prairie Ventures, Inc., an Illinois Corporation, Manager

Address:
146 W. Lockwood
St. Louis, Missouri 63119
Facsimile: (314) 968-9393

By _____
Name: _____
Its: _____

Address:
115 North Neil Street, Suite 209
Champaign, Illinois 61820
Facsimile: (217) 351-7051

X By Ann K Boyd
Name: Ann K Boyd
Its: _____

Address:
18 OYSTER LANDING RD.
HILTON HEAD, SC 29928
Facsimile: () _____

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By _____
President and Chief Executive Officer

By: Open Prairie Ventures, Inc., an Illinois Corporation, Manager

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St. Louis, Missouri 63119
Facsimile: (314) 968-9393

By _____
Name: _____
Its: _____

Address:
115 North Neil Street, Suite 209
Champaign, Illinois 61820
Facsimile: (217) 351-7051

PICTET PRIVATE EQUITY
INVESTORS SA

X By Andreas Cane Elaine Brookes
Name: Andreas Cane Elaine Brookes
Its: Director Director

Purchase in the amount of
USD 100'000.- in Cernium Inc.'s
Convertible Secured Debt

Address:
Rue Jacques-Balmat 5
CH - 1204 Geneva, Switzerland
Facsimile: +(41) 323.20.39

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By _____
President and Chief Executive Officer

By: Open Prairie Ventures, Inc., an Illinois Corporation, Manager

Address:
146 W. Lockwood
St. Louis, Missouri 63119
Facsimile: (314) 968-9393

By _____
Name: _____
Its: _____

Address:
115 North Neil Street, Suite 209
Champaign, Illinois 61820
Facsimile: (217) 351-7051

X By DAVANDY, L.L.C.
Name: MICHAEL J. MELLINGER
Its: MEMBER

Address:
9909 CLAYTON RD SUITE 210
ST. LOUIS MO 63124
Facsimile: (314) 991-8505

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By _____
President and Chief Executive Officer

By: Open Prairie Ventures, Inc., an Illinois Corporation, Manager

Address:
146 W. Lockwood
St. Louis, Missouri 63119
Facsimile: (314) 968-9393

By _____
Name: _____
Its: _____

Address:
115 North Neil Street, Suite 209
Champaign, Illinois 61820
Facsimile: (217) 351-7051

Brigham Family LLC

X By James R. Brigham, Jr.
Name: James R. Brigham, Jr.
Its: manager

Address:
5795 Lindell Blvd
St. Louis, MO 63112
Facsimile: (314) 721-2848

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By _____
President and Chief Executive Officer

By: Open Prairie Ventures, Inc., an Illinois Corporation, Manager

Address:
146 W. Lockwood
St. Louis, Missouri 63119
Facsimile: (314) 968-9393

By _____
Name: _____
Its: _____

Address:
115 North Neil Street, Suite 209
Champaign, Illinois 61820
Facsimile: (217) 351-7051

X By Maurice Gardutte
Name: MAURICE GARDUTTE
Its: _____

Address:
8700 RIDGE ROAD
DITMOR MO 63023
Facsimile: () _____

EXHIBIT A

SECURED PARTIES

o

EXHIBIT B

LOCATION OF COLLATERAL

146 W. Lockwood
St. Louis, Missouri 63119

o

SCHEDULE 1

In the ordinary course of licensing its software, the Debtor has in the past and may in the future agree to deposit into escrow a copy of the source code for its software and other related intellectual property in order to permit a licensee of the Debtor's software to continue to use and maintain such software in the event the Debtor breaches the license agreement or otherwise is unable to provide such services to the licensee.