



4. Application number(s) cont.:

60/003,693  
60/003,717  
60/004,737  
60/004,757  
60/004,758  
60/022,825  
60/028,148  
60/029,386  
60/031,292  
08/594,711  
08/599,888  
08/610,572  
08/636,427  
08/667,218  
08/675,183  
08/679,685  
08/723,141  
08/724,461  
08/754,497

## SECURITY AGREEMENT

THIS SECURITY AGREEMENT is made and entered into on August 28, 1998, by and between KT HOLDINGS, LLC, a Georgia limited liability company (hereinafter, sometimes called "Debtor"), and THE HENRY F. McCAMISH, JR. REVOCABLE TRUST (hereinafter, sometimes called "Secured Party");

### WITNESSETH:

WHEREAS, Debtor has executed and delivered in favor of Secured Party that certain Line of Credit Promissory Note of even date with this Agreement (the "Note"), in the principal amount of Three Million and No/100 Dollars (\$3,000,000.00), representing the amount that Secured Party has committed to loan to Debtor as described in the Note (the "Loan") and that certain Loan Agreement of even date herewith (the "Loan Agreement") setting forth certain terms, conditions and covenants relating to the Loan; and

WHEREAS, in connection with the granting of the Loan, Secured Party has required that Debtor enter into this Agreement,

NOW, THEREFORE, for and in consideration of the Loan and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties mutually agree as follows:

1. Grant of Security Interest. To secure payment of all obligations of Debtor under the Note, the Loan Agreement and all other Loan Documents (including all renewals, substitutions, extensions and modifications thereof) and to secure all other present and future debts, liabilities and obligations of Debtor to Secured Party, however and whenever created or existing, whether primary or secondary, absolute or contingent, direct or indirect, arising out of any document, contract, or otherwise (collectively, the "Secured Debt"), Debtor does hereby assign, transfer, grant and convey to Secured Party a first priority lien upon, security title to and a security interest in and to all of Debtor's right, title and interest in and to the following properties, assets and rights of Debtor wherever located, whether now owned or hereafter acquired or arising, and all proceeds and products thereof (all of the same being hereinafter called the "Collateral"):

(a) Inventory. All of Debtor's inventory of every description which is held by Debtor for sale or lease or is furnished by Debtor under any contract of service or is held by Debtor as raw materials, parts, spare parts, work in process, finished goods or materials used or consumed in a business, whether now owned or hereafter acquired, wherever located, and as the same may now and hereafter from time to time be constituted, together with all cash and non-cash proceeds and products thereof (collectively, the "Inventory").

(b) Accounts. All of Debtor's accounts (including, without limitation, all accounts receivable, notes, notes receivable, drafts, acceptances, and similar instruments and documents) whether now owned or hereafter acquired, together with (i) all cash and non-cash proceeds thereof and (ii) all returned, rejected, or repossessed goods, the sale or lease of which shall have given or shall give rise to an account, and all cash and non-cash proceeds and products of all such goods.

(c) General Intangibles. All of Debtor's general intangibles (including, without limitation, any proceeds from insurance policies after payment of prior interests including third party commercial loss payees identified on such policies), patents, applications for patents, the technology assigned to Debtor pursuant to that certain Assignment of Technology dated May 19, 1997, unpatented inventions, trade secrets, copyrights, contract rights, goodwill, literary rights, rights to performance, rights under licenses, choses-in-action, claims, information contained in computer media (such as data bases, source and object codes, and information therein), things in action, trademarks and service marks and trademark and service mark registrations applied for (together with the goodwill associated therewith) and derivatives thereof, trade names, including the right to make, use, and vend goods utilizing any of the foregoing, and permits, licenses, certifications, authorizations and approvals, and the rights of Debtor thereunder, issued by any governmental, regulatory, or private authority, agency, or entity whether now owned or hereafter acquired, together with all cash and non-cash products thereof.

(d) Chattel Paper. All of Debtor's chattel paper, whether now owned or hereafter existing, acquired, or created, together with (i) all moneys due and to become due thereunder, (ii) all cash and non-cash proceeds thereof, and (iii) all returned, rejected, or repossessed goods, the sale or lease of which shall have given or shall give rise to chattel paper, and all cash and non-cash proceeds and products of all such goods. Additionally, Debtor assigns and grants to the Secured Party a security interest in all property and goods both now owned and hereafter acquired by Debtor which are sold, leased, secured, are the subject of, or otherwise covered by, Debtor's chattel paper, together with all rights incident to such property and goods and all cash and non-cash proceeds thereof.

(e) All Equipment and Fixtures. All of Debtor's equipment (including all motor vehicles), furniture and fixtures, whether now owned or hereafter acquired, together with (i) all additions, parts, fittings, accessories, special tools, attachments, and accessions now and hereafter affixed thereto and/or used in connection therewith, (ii) all replacements thereof and substitutions therefor, and (iii) all cash and non-cash proceeds and products thereof.

Until payment in full of all Secured Debt, Secured Party's Security Interests in the Collateral granted hereby shall continue in full force and effect.

2. Title. Debtor hereby represents and warrants that the recitals hereinabove set out are true and correct and that its title to the Collateral is now (except for Collateral to be purchased as provided for hereby) and will continue to be free of any and all liens, claims or encumbrances, excepting only Secured Party's interest created hereunder, and Debtor further warrants that it has the right to convey the Collateral to Secured Party. Debtor agrees that upon demand of Secured Party it will furnish additional assurances that its title in and to the Collateral is and will continue to be as warranted above. Debtor warrants that the Collateral shall be used solely in the conduct of a business and not for personal consumption.

3. Insurance.

(a) Debtor will maintain with financially sound and reputable insurers, as shall be approved from time to time by Secured Party (which approval shall not be unreasonably withheld or delayed), insurance with respect to its properties and business against such casualties and contingencies as shall be in accordance with general practices of businesses engaged in similar activities in similar geographic areas; provided, however, that in any event, such insurance shall be at least as comprehensive in coverages, and with limits of liability no less than, and deductibles no greater than, the insurance currently being maintained by Debtor. In addition, all such insurance shall be payable to Secured Party as loss payee under a "standard" or "New York" loss payee clause and shall name Secured Party as an additional insured. In no event shall Debtor cause or permit any person other than Secured Party to be named as loss payee or additional insured under any policy of insurance held by Debtor.

(b) The proceeds of any casualty insurance in respect of any casualty loss of any of the Collateral shall, as determined by Secured Party, be used either to repair or replace Debtor's property so damaged or destroyed or to prepay the Note.

(c) All policies of insurance shall provide for at least thirty (30) days' prior written cancellation notice to Secured Party. In the event of failure by Debtor to provide and maintain insurance as herein provided, Secured Party may, at its option, provide such insurance and charge the amount thereof to Debtor. Debtor shall furnish Secured Party with certificates of insurance and policies evidencing compliance with the foregoing insurance provision.

(d) In the event Debtor fails to maintain such insurance or pay, when due, any sales, use, excise, personal property, withholding, and corporate taxes, and other taxes, levies, assessments, and governmental charges on or relating to the operation, ownership of or use of any assets, income or gross receipts, which may hereafter accrue, Secured Party, as a creditor of Debtor, may purchase any such insurance or pay such taxes, other charges or amounts. Debtor hereby agrees to reimburse Secured Party on demand for any payment made by Secured Party on account of such taxes, insurance or other charge, plus interest thereon at the Interest Rate plus three percent (3%) per

annum. Any such insurance purchase and any such tax payment or such other payment made or paid by Secured Party and all accrued interest thereon shall constitute an additional obligation which will be a part of the Secured Debt. Debtor hereby assigns to Secured Party any sums of money, not in excess of the then unpaid balance on the Secured Debt, which may become payable under any insurance, including any unearned premiums, and directs any insurer or its agent to make payment directly to the Secured Party to be applied to said unpaid balance, and Debtor hereby appoints Secured Party as Debtor's attorney-in-fact with authority to adjust, settle, institute insurance claims, and to endorse any insurance draft or check and collect the proceeds thereof.

4. Continuing Obligations. The loss, injury, or destruction of the Collateral, whether in whole or in part, with or without fault of Debtor, shall not release Debtor's obligations hereunder.

5. Debtor's Covenants. So long as the Secured Debt or any part thereof remain unpaid, Debtor agrees:

- (a) To pay promptly when due all taxes, liens, levies and assessments on the Collateral;
- (b) That all accessories or attachments to the Collateral shall become a part thereof by accession;
- (c) Not to abandon the Collateral or use the Collateral for any unlawful purpose;
- (d) Not to, directly or indirectly, sell, abandon, lease, transfer or encumber the Collateral (other than conveyance made for security as herein specifically authorized), and if the Collateral or an interest therein is transferred or disposed of in violation hereof said transferred or disposed of Collateral or interest therein shall remain subject to the rights of the Secured Party, and the proceeds of a transfer of the Collateral shall also be subject to the security interest of the Secured Party;
- (e) To keep the Collateral in good condition and repair, ordinary wear and tear excepted, including the timely repair or replacement of any worn, broken, or defective parts in the ordinary course of business;
- (f) Not to create or incur any Liens (as hereinafter defined) on any of the Collateral except (i) Liens securing the Note or other Secured Debt; (ii) Liens securing taxes or other governmental charges not yet due; and (iii) deposits or pledges made in connection with social security obligations.
- (g) At its own expense, do, make, execute and deliver all such additional and further acts, things, deeds, assurances and instruments as Secured Party may reasonably require

more completely to vest in and assure to Secured Party its rights hereunder or in any of the Collateral, including, without limitation, (i) executing, delivering and, where appropriate, filing financing statements and continuation statements under the Uniform Commercial Code, (ii) obtaining governmental and other third party consents and approvals and (iii) obtaining waivers from mortgagees and landlords.

As used herein, "Liens" means any encumbrance, mortgage, pledge, hypothecation, charge, restriction or other security interest of any kind securing any obligation of any entity or person.

6. Default. TIME IS OF THE ESSENCE OF THIS CONTRACT. The occurrence of any event enumerated in the Loan Agreement as an Event of Default shall constitute an Event of Default hereunder. Whenever an Event of Default shall be existing, the Secured Party may with or without legal process seize and sell the Collateral and the proceeds thereof (as used in this Paragraph including but not limited to the proceeds of inventory collateral sold to retail customers in the ordinary course of business) on or off the premises where located, dismantle or not dismantle the Collateral, render the non-inventory Collateral unusable, enter upon any premises where the Collateral or proceeds thereof may be found to obtain possession or control thereof, without liability therefor, take over and operate the premises referred to above and make use of the Collateral or proceeds thereof for such purpose, sell or otherwise dispose of the Collateral either at public or private sale, with or without legal process and without advertising a private sale or private disposition, and with the Secured Party having the right to bid and purchase at any public sale thereof; and, in addition, the holder hereof may exercise from time to time any rights and remedies available to it under applicable law, and make any other commercially reasonable disposition of the Collateral. In the event the Secured Party should, upon default of Debtor, dispose of the Collateral, without removal thereof from the premises where located, any successor in title or interest to the Collateral or proceeds thereof, claiming under or through disposition by the Secured Party, may enter upon said premises for purposes of removal of the Collateral. Debtor agrees, in addition to all other obligations of Debtor under applicable law, to assemble and deliver the Collateral and proceeds thereof, or any of them, if requested by Secured Party, to a place designated by Secured Party and to pay all of Secured Party's costs of collection of the Secured Debt, and enforcement of rights hereunder, including fifteen percent (15%) of the unpaid principal and accrued interest in the obligations hereunder as attorneys fees, together with other legal expenses, costs of repossession, storage or preparation of the Collateral for resale or other disposition, and of any dismantling, removal, assembly, or delivery to the place of sale and to any purchaser at such sale. Should the proceeds of the disposition of the Collateral not satisfy the obligations secured hereunder, Debtor shall be liable for and shall forthwith pay to Secured Party any deficiency with respect thereto.

7. Equitable Relief. Debtor recognizes that, in the event it violates any of the warranties, covenants, terms, or conditions of this Agreement, no remedy at law will provide adequate relief to Secured Party, and Debtor hereby agrees that Secured Party shall be entitled to

temporary and permanent injunctive relief, without the necessity of proving actual damages, enjoining Debtor from transferring, selling, leasing or in any manner disposing of the Collateral and the proceeds thereof, or any of them.

8. Further Obligations. Debtor shall be liable for all damages sustained by Secured Party by reason of any misrepresentation, breach of warranty, or breach of covenant of Debtor expressed or implied, whether caused by the acts or defaults of Debtor or others; all attorney's fees, court costs, collection expenses; and, all other expenses which may be incurred by Secured Party in enforcing its security interest in the Collateral, whether against Debtor, Debtor's guarantors, a receiver or trustee in bankruptcy or others, and any such amount shall be deemed to be part of the Secured Debt hereunder.

9. Repossession. If, upon repossession of the Collateral by Secured Party, Debtor asserts that any property repossessed is not subject to Secured Party's security interest, Debtor shall, by certified or registered mail, notify Secured Party within twenty-four (24) hours of the repossession of the Collateral as to any such property so claimed by Debtor. If such notification is not given, Secured Party may dispose of any such property in accordance with the terms hereof and Debtor shall indemnify and hold harmless the Secured Party from any and all claim or loss arising from the possession or disposition thereof.

10. Release and Indemnity. Debtor hereby releases and forever discharges Secured Party from all liability for loss caused by failure of Secured Party to furnish statements of account or of Collateral as provided by the Uniform Commercial Code, Section 9-208 as adopted in Georgia. Debtor agrees to indemnify and save harmless Secured Party from and against any loss, damage, or liability Debtor may suffer or incur by reason of Secured Party furnishing third parties with incorrect statements of account or of Collateral, unless done in bad faith. Debtor agrees that any objection which Debtor may be entitled to make under Uniform Commercial Code, Section 9-505(2) as adopted in Georgia, shall be binding upon Secured Party only if in writing, signed by Debtor and given to Secured Party in the manner provided herein for notices and demands of Debtor. In the event the laws of a state other than Georgia are applicable, the references herein to sections of the Uniform Commercial Code shall apply to the corresponding sections of the Uniform Commercial Code as adopted in such other state.

11. Additional Covenants. Debtor agrees to pay all fees, costs and expenses, including attorney's fees, incurred by the Secured Party in perfecting, maintaining, and releasing Secured Party's security interest. Debtor will immediately notify Secured Party in writing of any change in address from that hereinafter set forth and shall also upon demand furnish to Secured Party such additional information and shall execute such documents and shall do all such acts and things as the Secured Party may at any time or from time to time reasonably request or as may be necessary or appropriate to further establish and maintain a perfected security interest in the Collateral and



proceeds thereof. Debtor further agrees to permit Secured Party to inspect Debtor's books and records at any reasonable time, without notice. Debtor further agrees to send Secured Party such other reports as Secured Party may reasonably request from time to time.

12. Notice to Account Debtors. Debtor agrees that, if an Event of Default shall have occurred, Secured Party may, at its election, direct all account debtors of Debtor to make payments of the accounts receivable secured hereby directly to Secured Party and Debtor hereby appoints Secured Party as its attorney-in-fact for purposes of taking all actions and executing all documents (including change of address notices with the U.S. Postal Service) necessary to ensure that such payments are made to Secured Party.

13. Waiver. No delay or failure on the part of the Secured Party to exercise any right or remedy shall operate as a waiver thereof; and any single or partial exercise by Secured Party of any right or remedy shall not preclude other or further exercise thereof or the exercise of any other right or remedy. No modification or waiver of any provision of this Agreement nor consent to any departure by Debtor therefrom shall in any event be effective unless the same shall be in writing and signed by Secured Party and then such waiver or consent shall be effective only in the specific instances, for the purpose for which given and to the extent therein specified. No notice to nor demand on Debtor in any case shall of itself entitle Debtor to any other or further notice or demand in similar or other circumstances. The rights and remedies herein granted are cumulative one to the other and to those granted by law or equity or pursuant to any other document or security instrument. Any repossession or retaking, dismantling, sale or other exercise of control over the Collateral pursuant to the terms hereof, with or without legal process, shall not effect a rescission of this contract, nor operate to release the Debtor prior to full payment and satisfaction of the Secured Debt.

14. Notices. Whenever notice is permitted or required to be given by Secured Party, such notice, if mailed, shall be deemed to have been reasonably given when deposited in the United States Mails in an envelope, postage prepaid, and addressed to the Debtor at the address hereinafter set forth or other address properly designated in writing to Secured Party by Debtor. Whenever notice is permitted or required to be given by Debtor to Secured Party, such notice shall be deemed to have been given only upon Secured Party's receipt of such written notice at the address as shown herein or as hereafter given to Debtor in writing.

15. Waivers by Debtor. DEBTOR RECOGNIZES THAT IT MAY HAVE A RIGHT TO A HEARING PRIOR TO THE TAKING OF POSSESSION OR CONTROL OF THE COLLATERAL AND ADDITIONAL COLLATERAL UNDER THE TERMS OF THIS AGREEMENT, AND NOTWITHSTANDING THE POSSIBLE EXISTENCE OF SUCH RIGHT, DEBTOR HEREBY EXPRESSLY WAIVES AND RENOUNCES ANY SUCH RIGHT TO A HEARING AND WAIVES ANY REQUIREMENT OF BOND FOR ANY TAKING OF POSSESSION OR CONTROL OF THE COLLATERAL.

16. Assignment. Secured Party may, upon obtaining the prior written consent of Debtor, which consent shall not be unreasonably withheld or delayed, transfer or assign all, but not less than all, of the Secured Debt, and transfer or assign all, but not less than all, of Secured Party's rights in and to this Agreement and the Collateral, to a Permitted Assignee. As used herein, "Permitted Assignee" means (i) Henry F. McCamish, Jr. ("Mr. McCamish") or J. Gordon Beckham, Jr. ("Mr. Beckham"); or (ii) any corporation, partnership, limited liability company, trust or other entity which is controlled, directly or indirectly, by either one or both of Mr. McCamish and Mr. Beckham.

17. Severability; Binding Effect. The unenforceability or invalidity of any portion of this Agreement shall not render unenforceable or invalid the remaining portions hereof. This Agreement is binding upon the Debtor, its successors, permitted assigns, heirs and personal representatives. This Agreement may not be amended except by writing, signed by all parties and attached to the original of this Agreement held by Secured Party.

18. Terms. "Debtor" shall include its successors and assigns; "Secured Party" shall include its successors and Permitted Assignees. The neuter gender shall include the feminine and masculine.


19. Release of the Collateral. Upon indefeasible payment in full of the Secured Debt and termination of any obligation of the Secured Party to lend money to, or extend any financial accommodations to, Debtor, Secured Party shall, in compliance with applicable law, release its lien on the Collateral.

20. Paramount Provision. Notwithstanding anything herein to the contrary, Debtor and Secured Party hereby acknowledge and agree that all patents and technology included in the Collateral are assigned to Secured Party subject to any existing license agreements to which such Collateral is subject. In addition, so long as no Event of Default has occurred, Debtor shall be authorized, upon the approval of Debtor's Board of Directors, to license any patents or technology owned by Debtor to third parties and any such license agreements and the proceeds thereof so entered into shall be deemed Collateral for all purposes of this Agreement.

- SIGNATURES APPEAR ON FOLLOWING PAGE -

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

ATTEST:

  
Its Secretary

DEBTOR:

KT HOLDINGS, LLC


By:   
Its Chief Operating Officer

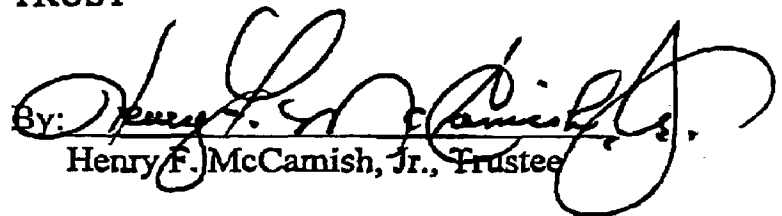
Address:

2137-F Flinstone Road  
Tucker, GA 30084-8700

SECURED PARTY:

HENRY F. MCCAMISH, JR. REVOCABLE  
TRUST

  
Witness

By:   
Henry F. McCamish, Jr., Trustee

Address:

One Buckhead Plaza-19th Floor  
3060 Peachtree Road, N.W.  
Atlanta, GA 30305-2228

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