

SECURITY AGREEMENT

(Patents)

This Security Agreement is made as of September 28, 1998, between **NEMATRON CORPORATION**, a Michigan corporation, having its principal place of business at 5840 Interface Drive, Ann Arbor, Michigan 48103 (the "Debtor"), and **KEYBANK NATIONAL ASSOCIATION**, a national banking association having a place of business at 100 South Main Street, Ann Arbor, Michigan 48107-8612 (the "Secured Party"). The Debtor has executed and delivered to the Secured Party (a) an Amended and Restated Revolving Credit Note dated as of September 28, 1998 in the amount of \$6,000,000, and (b) an Amended and Restated Term Note dated as of September 28, 1998 in the amount of \$1,230,000 (as amended or modified from time to time, collectively, the "Notes"), which Notes are secured by, among other security documents, a Security Agreement dated as of February 28, 1998, by the Debtor and NemaSoft, Inc. to the Secured Party (as amended or modified from time to time, the "Security Agreement").

NOW THEREFORE, to secure the payment of the Notes, the Debtor hereby grants the Secured Party a security interest in all Patents and Patent Licenses (and the Proceeds thereof) it now owns or hereafter acquires, including, but not limited to, the Patent(s) listed in Exhibit A hereto (collectively, the "Collateral"). Upon an occurrence of an Event of Default (as defined in the Repayment Agreement dated as of the date hereof, among the Debtor, NemaSoft, Inc. and the Secured Party), the Secured Party shall have, with respect to the Collateral, all of the rights and remedies of a secured party under the Uniform Commercial Code as in effect in the State of Ohio and under the Security Agreement. The Collateral, and the rights and remedies of the Secured Party with respect to the Collateral, are more fully described in, and are subject to, the Security Agreement. As used herein, the terms "Patents," "Patent Licenses" and "Proceeds" shall have the meanings given those terms by the Security Agreement.

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

NEMATRON CORPORATION

By David P. Sheroff
Its VP. Finance & Administration

KEYBANK NATIONAL ASSOCIATION

By Richard E. Bozeman
Its Vice President

Exhibit A

Schedule of Patent(s)

Nematron Corporation

Patent No.	Issue Date
5,666,264	September 9, 1997

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