

FORM PTO-1619A
Expires 08/30/97
OMB 0651-0027

U.S. Department of Commerce
Patent and Trademark Office
PATENT

07-06-1999

RECOI

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TO: The Commissioner of Patents and Trademarks. Please record the attached original document(s) or copy(ies).

Submission Type

- ☒ New
☐ Resubmission (Non-Recordation)
Document ID#
☐ Correction of PTO Error
Reel # Frame #
☐ Corrective Document
Reel # Frame #

Conveyance Type

- ☐ Assignment ☒ Security Agreement
☐ License ☐ Change of Name
☐ Merger ☐ Other

U.S. Government
(For Use ONLY by U.S. Government Agencies)

☐ Departmental File ☐ Secret File

Conveying Party(ies)

☐ Mark if additional names of conveying parties attached

Name (line 1) Algorithmics Inc.

Name (line 2) a corporation of Canada

Second Party

Name (line 1)

Name (line 2)

06-22-1999

U.S. Patent & TMO/TM Mail Rpt Dt. #30

Execution Date
Month Day Year
06 22 1999

Execution Date
Month Day Year

Receiving Party

☐ Mark if additional names of receiving parties attached

Name (line 1) Ontario Teachers' Pension Plan Board

Name (line 2) a corporation of Canada

Address (line 1) 5650 Yonge Street

Address (line 2)

Address (line 3) Toronto

ON

M2M 4H5

City

State/Country

Zip Code

☐ If document to be recorded is an assignment and the receiving party is not domiciled in the United States, an appointment of a domestic representative is attached. (Designation must be a separate document from Assignment.)

Domestic Representative Name and Address

Enter for the first Receiving Party only.

Name Rawson, Joshua

Address (line 1) Cleary, Gottlieb, Steen & Hamilton

Address (line 2) One Liberty Plaza

Address (line 3) New York, NY 10006

Address (line 4)

FOR OFFICE USE ONLY

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Mail documents to be recorded with required cover sheet(s) information to:
Commissioner of Patents and Trademarks, Box Assignments, Washington, D.C. 20231

PATENT
REEL: 010061 FRAME: 0058

Correspondent Name and Address

Area Code and Telephone Number 416-730-6178

Name Legal Counsel, Investments

Address (line 1) Ontario Teachers' Pension Plan Board

Address (line 2) 5650 Yonge Street

Address (line 3) Toronto, ON M2M 4H5

Address (line 4)

Pages

Enter the total number of pages of the attached conveyance document including any attachments.

35

Application Number(s) or Patent Number(s)

☐ Mark if additional numbers attached

Enter either the Patent Application Number or the Patent Number (DO NOT ENTER BOTH numbers for the same property).

Patent Application Number(s)

09084923

Patent Number(s)

5148365

5799287

If this document is being filed together with a new Patent Application, enter the date the patent application was signed by the first named executing inventor.

Month Day Year

Patent Cooperation Treaty (PCT)

Enter PCT application number
only if a U.S. Application Number
has not been assigned.

PCT PCT PCT
PCT PCT PCT

Number of Properties

Enter the total number of properties involved.

3

Fee Amount

Fee Amount for Properties Listed (37 CFR 3.41): \$ 120.00

Method of Payment:
Deposit Account

Enclosed ☒ Deposit Account ☐

(Enter for payment by deposit account or if additional fees can be charged to the account.)

Deposit Account Number:

#

Authorization to charge additional fees:

Yes ☐ No ☐

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. Charges to deposit account are authorized, as indicated herein.

Lawrence B. Friedman

Name of Person Signing

Lawrence B. Friedman

Signature

6-15-99

Date

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EXHIBIT 1**ALGORITHMICS PATENTS**

Inventor	Applicant (if not owner)	Registration or Application Number	Country	Description	Status
Ron S. Dembo	(none)	US5799287	United States	Method and apparatus for optimal portfolio replication	Issued August 25, 1998
Ron S. Dembo	(none)	US5148365	United States	Scenario optimization	Issued September 15, 1992
Ron S. Dembo	(none)	EP 0686926	European Union	Method and apparatus for optimal portfolio replication	Issued December 13, 1995

ALGORITHMICS PATENT APPLICATIONS

Inventor(s)	Applicant (if not owner)	Registration or Application Number	Country	Description	Status
Ron S. Dembo Alexander Kreinin Dan Rosen	(none)	PCT/CA98/00519	European Union	Computer-Implemented Method and Apparatus for Portfolio Compression	Awaiting International Examination Report
Ron S. Dembo Alexander Kreinin Dan Rosen	(none)	US 09/084,923	United States	Computer-Implemented Method and Apparatus for Portfolio Compression	Awaiting first Office Action

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INTELLECTUAL PROPERTY SECURITY AGREEMENT

THIS AGREEMENT made as of the 18th day of June, 1999.

BETWEEN:

ALGORITHMICS INCORPORATED,
a corporation existing under the laws
of the Province of Ontario,

(hereinafter referred to as the "Debtor"),

- and -

ONTARIO TEACHERS' PENSION PLAN BOARD,
a corporation existing under the laws
of the Province of Ontario,

(hereinafter referred to as the "Secured Party"),

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 100

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WHEREAS the Debtor has entered into a loan agreement (such agreement as amended, restated or supplemented from time to time, herein called the "Loan Agreement") dated June 18th, 1999 made between the Debtor, The VenGrowth Investment Fund Inc. and the Secured Party;

AND WHEREAS in connection with the Loan Agreement, the Debtor and Secured Party have executed and delivered a general security agreement dated June 18th, 1999 (as such agreement may be amended, varied or amended and restated from time to time, the "General Security Agreement");

AND WHEREAS in addition to the General Security Agreement, the Debtor has agreed to execute and deliver this Agreement and to grant to the Secured Party a continuing security interest in all of the Intellectual Property Collateral (as hereinafter defined) to secure all of the debts, liabilities and obligations of the Debtor to the Lender under the Loan Agreement;

THIS AGREEMENT WITNESSES THAT in consideration of the sum of \$1.00 now paid by the Debtor to the Secured Party and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by each of the parties), the parties agree as follows:

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1. **Grant of Security Interest.** To secure the payment and performance of all of the Debtor's debt, liabilities and obligations, the Debtor grants to the Secured Party a security interest in all of the following property (the "**Intellectual Property Collateral**") owned, acquired by licence or used by the Debtor whether now existing, hereafter developed or acquired:

- (a) all intellectual property, including without limitation all patents, copyrights, industrial designs, trade-marks, trade secrets, confidential information and know-how, and technology whether patentable or not, including, without limitation, environmental technology and biotechnology, trade-names, goodwill, personality rights, plant breeders' rights, integrated circuit topographies, and all other forms of intellectual and industrial property, including without limitation any and all common law rights and any registrations and applications for registration of any of the foregoing, whether pending or in preparation for filing in any and all jurisdictions of the world, including but not limited to any continuations, continuation-in-parts, divisionals, reissues and extensions thereof, and including without limitation any registrations, recordings and applications (but excluding ITU Applications (as defined below) and the trademarks that are the subject of such applications, but including any such trademarks in the event that a verified statement of use is filed pursuant to 15 U.S.C. § 1051(d)) with the Canadian Intellectual Property Office or in any office or agency of the United States of America or any jurisdiction or other foreign country in the world, including without limitation to those referred to in Exhibits 1, 2 and 3 (collectively, the "**Intellectual Property**");
- (b) all licences and other agreements providing the Debtor with the right to use any Intellectual Property;
- (c) all licences, agreements, arrangements, waivers and understandings which provide the Debtor with any consideration in respect of any use of any of the Intellectual Property;
- (d) all of the goodwill of the business connected with the use of, and symbolized by, the Intellectual Property or any services provided by the Debtor; and
- (e) all proceeds of, and rights associated with, the foregoing, including any claim the Debtor has or may have against third parties for past, present or future infringement or dilution of any Intellectual Property, or for any injury to the goodwill associated with the use of any Intellectual Property or for breach or enforcement of any Intellectual Property licence and all rights corresponding thereto throughout the world.

2. **Trademark Applications Based On A Statement of "Intent to Use".** The parties hereby acknowledge that (a) prior to the date of this Agreement, the Debtor has filed in the United States Patent and Trademark Office ("USPTO") certain applications listed on Exhibit 2 to register certain U.S. trademarks pursuant to 15 U.S.C. §1051(b) each of which is based on a verified statement of "intent to use", and may file other such applications in the future (each, an "ITU Application") and (b) no security interest is granted as to any such ITU Application as of the date of the execution of this Agreement. Without limiting the foregoing, the parties hereby acknowledge and agree that in the event that Debtor files with the USPTO a verified statement of use pursuant to 15 U.S.C. § 1051(d) with respect to any trademark that is the subject of an ITU Application, upon such filing such trademark shall be deemed to be Intellectual Property Collateral subject to the terms of this Agreement, including but not limited to the security interest granted to Secured Party hereunder.

3. **Security Agreement.** This Agreement has been executed and delivered by the Debtor for the purpose of recording in the Secured Party's absolute discretion the granted security interest of the Secured Party in the Intellectual Property Collateral relating to the Intellectual Property in Canada and the United States of America referred to in Exhibits 1, 2 and 3 with the Canadian Intellectual Property Office, recording the security interest of the Secured Party in the Intellectual Property Collateral relating to the Intellectual Property in the United States referred to in Exhibits 1, 2 and 3 with the United States Patent and Trademark Office, and recording the security interest of the Secured Party in the Intellectual Property Collateral relating to the Intellectual Property in countries other than Canada and the United States referred to in Exhibit 2 with such other offices as may be appropriate in any other countries, in each case to the extent it may be so registered therein. The security interest in this Agreement has been granted as a supplement to, and not in limitation of, the security interest granted to the Secured Party under the General Security Agreement. The General Security Agreement (and all rights and remedies of the Secured Party) shall remain in full force and effect in accordance with its terms. The Debtor agrees to co-operate fully to the extent required to effect any such recordal.

4. **Representations and Warranties.** The Debtor represents and warrants that:

- (a) Exhibits 1, 2 and 3 contain a list of all Intellectual Property which has been registered or for which registration has been applied for in any jurisdiction by the Debtor;
- (b) except with respect to the copyrights set out in Exhibit 3, the Debtor is the sole and exclusive owner of all right, title and interest in and to the Intellectual Property Collateral that is the property of the Debtor, whether such property rights are owned or acquired by licence free and clear of any encumbrance of any kind whatever, other than as created by the General Security Agreement or any security interest granted in connection with the Approved Senior Debt (as that term is defined in the Loan Agreement);

- (c) the Debtor and Algorithmics International Corp. (the "Co-owner") are the sole and exclusive owners of all right, title and interest in and to the copyrights set out in Exhibit 3 that are the property of the Debtor and Co-owner, whether such property rights are owned or acquired by licence free and clear of any encumbrance of any kind whatever, other than as created by the General Security Agreement or any security interest granted in connection with the Approved Senior Debt (as that term is defined in the Loan Agreement);
- (d) except as disclosed in Exhibits 1 and 2, the Intellectual Property and each applicable registration of the Intellectual Property are valid, subsisting and enforceable, in full force and effect and have not been used or enforced or failed to be used or enforced in a manner by the Debtor or its Subsidiaries (as that term is defined in the Loan Agreement) that would result in the abandonment, cancellation or unenforceability of any of the Intellectual Property;
- (e) the Debtor has used proper notice indicating ownership of and the right to use the Intellectual Property to the extent reasonably necessary to protect the Intellectual Property;
- (f) the Debtor has maintained, to the extent necessary for the preservation of the Intellectual Property, control over the manufacture, sale, distribution, provision, advertising, packaging and labelling of all goods and services with which the trademarks forming part of the Intellectual Property have been used; and
- (g) the Debtor:
 - (A) except as disclosed in Exhibits 1 and 2, has no knowledge of any claim of adverse ownership or invalidity or other opposition to or conflict with any of the Intellectual Property owned, licensed or used by the Debtor or any of its Subsidiaries nor of any pending or threatened suit, proceeding, claim, demand, action or investigation of any nature or kind against the Debtor relating to the Intellectual Property; and
 - (B) has no knowledge that the use of the Intellectual Property owned, licensed or used by the Debtor or any of its Subsidiaries breaches, violates, infringes or interferes with any rights of any third party or request payment for the use of the intellectual property of another.

5.

Covenants. The Debtor covenants:

- (a) to maintain or cause to be maintained, unless the prior written consent of the Secured Party has been obtained, the rights to the Intellectual Property in full force and effect and, without limiting the generality of the foregoing, to renew or make within an applicable renewal period applications for renewal of all of the registered Intellectual Property subject to expiration, except where the value of such Intellectual Property is less than the cost of such maintenance or renewal;
- (b) to apply to register all existing and future Intellectual Property (if registrable) (excluding all existing and future copyrights) if necessary in the opinion of the Secured Party to preserve, protect or perfect the Secured Party's interest in the Intellectual Property Collateral;
- (c) to apply to register with the applicable governmental authorities in both Canada and the United States all existing and future copyrights in the most recent versions of RICOS, RiskMapper, RiskWarehouse, RiskEngine, RiskWatch, RiskBrowser, HistoRisk, Risk++ and RiskScript (the "Existing Software");
- (d) to apply to register all future copyrights in:
 - (i) any and all future releases of any new Software (as defined in the Loan Agreement) sold or licensed commercially by the Debtor; and
 - (ii) all future material modifications and material upgrades to the Existing Software listed in 4(c) and the Software in (i) above;

(the registrations referred to in Section 4(c) and (d) are collectively referred to as the "Registered Copyright") with the applicable governmental authorities in Canada and the United States and such other applicable governmental authorities as are necessary, in the opinion of the Secured Party, to preserve, protect or perfect the Secured Party's interest in the Intellectual Property Collateral;
- (e) to file all assignments of Intellectual Property and any other documents reasonably necessary or desirable to maintain the Secured Party's rights therein at the request of the Secured Party;
- (f) to pay all fees necessary to maintain the Intellectual Property Collateral except where the cost of such fees exceeds the value of the Intellectual Property Collateral;

- (g) to commence and prosecute in its own name, as real party in interest, for its own benefit and at its own expense, such suits, proceedings or other actions for infringement, passing off, unfair competition, dilution, breach or other damage as are reasonably desirable to protect the Intellectual Property Collateral. The Debtor shall promptly notify the Secured Party in writing when it begins to prosecute any such actions and shall provide the Secured Party such information with respect thereto as the Secured Party may reasonably request;
- (h) to ensure that all grants of licences do not materially diminish the value of the Intellectual Property Collateral;
- (i) to co-operate fully in the preparation, filing, prosecution, maintenance of any applications and registrations for Intellectual Property rights, including executing all papers and instruments so as to enable the Secured Party to apply for, to prosecute and to maintain applications and registrations in any country reasonably necessary in the opinion of the Secured Party to create, preserve, protect or maintain its security interest in the Intellectual Property Collateral. The Debtor will upon the reasonable request of the Secured Party also cooperate fully in the enforcement of any Intellectual Property Rights. This provision will survive the termination of this Agreement, other than termination in accordance with Section 8;
- (j) not enter into or renew any Agreement that might in any way conflict with the Debtor's obligations hereunder without the prior consent of the Secured Party except as permitted by the Loan Agreement;
- (k) not to act in any manner that would jeopardize the obtaining and maintaining of any of its Intellectual Property rights except where the costs of obtaining and maintaining such rights exceeds the value of such rights; and
- (l) not to infringe or breach any third party's Intellectual Property rights; provided however, that the Debtor shall only be in breach of this covenant in the event that any such breach or infringement or any series of breaches or infringements results in or causes a material adverse change in the business or financial condition of the Debtor and its Subsidiaries taken as a whole.

6. **Registrations.** The Debtor will, from time to time at the reasonable request of the Secured Party, promptly effect all registrations, filings, recordings and all re-registrations, re-filings and re-recordings of or in respect of this Agreement and the security interest in the Intellectual Property Collateral such offices of public record and at such times as may be necessary or of advantage in perfecting, maintaining and protecting the validity, effectiveness and priority of the security interest granted herein or under the General Security Agreement.

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7. **Power of Attorney.** The Debtor irrevocably constitutes and appoints the Secured Party and each of its officers holding office from time to time as the true and lawful attorney of the Debtor with power of substitution in the name of the Debtor to do any and all such acts and things or execute and deliver all documents described in Section 6 in the event the Debtor refuses to, or fails to execute and deliver on a timely basis any of the documents described in Section 6, and the Debtor hereby ratifies and agrees to ratify all acts of any such attorney taken or done in accordance with the Loan Agreement, this Agreement or this Section 7. This power of attorney shall not be revoked or terminated by any other act or thing other than the termination of this Agreement in accordance with Section 8;


8. **Release of Security Interest.** Upon payment in full and termination of all of the Debtor's debt, liabilities and obligations, the Secured Party shall, at the Debtor's expense, execute and deliver to the Debtor all instruments and other documents as may be necessary or proper to release the security interest in the Intellectual Property Collateral granted under this Agreement. Upon such release of the security interest in the Intellectual Property Collateral, this Agreement shall terminate.

9. **Acknowledgement.** The Debtor affirms that the rights and remedies of the Secured Party with respect to the security interest in the Intellectual Property Collateral are more fully set forth in the General Security Agreement attached hereto at Exhibit 4, the provisions of which (including the remedies provided for therein) are incorporated by reference herein as if fully set forth herein. The rights and remedies given to the Secured Party under this Agreement shall be cumulative and not substitutes for any rights or remedies to which the Secured Party may be entitled under the General Security Agreement or any other agreement, or under any statute or law.

10. **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario. The Secured Party and Debtor agree that any legal suit, action or proceeding arising out of this Agreement may be instituted in the courts of Ontario, and the Secured Party and Debtor hereby accept and irrevocably submit to the non-exclusive jurisdiction of said courts and acknowledge their competence and agree to be bound by any judgment thereof.

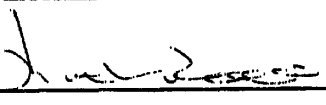
IN WITNESS WHEREOF the parties have duly executed this Agreement as of the date first written above.

ALGORITHMICS INCORPORATED

by  _____
Name:
Title:

by _____ C.S.
Name:
Title:

ONTARIO TEACHERS' PENSION PLAN BOARD

by  _____
Name:
Title:

by _____
Name:
Title:

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EXHIBIT 2**ALGORITHMICS INCORPORATED TRADEMARKS**

	Owner	Trade-mark	Registration or Application Number	Country	Status
1.	Algorithmics Incorporated	RISKWATCH	TMA385224	Canada	Registered May 31, 1991
2.	Algorithmics Incorporated	ALGORITHMICS	0877863	Canada	Application filed May 8, 1998. Response due by June 19, 1999.
3.	Algorithmics Incorporated	RISKLAB INTERNATIONAL	0873379	Canada	Application filed March 25, 1998. Pending.
4.	Algorithmics Incorporated	ARQ	0877864	Canada	Application filed May 8, 1998. Allowed February 25, 1999. (Declaration of use due May 8, 2001).
5.	Algorithmics Incorporated	ALGO	0878203	Canada	Application Filed May 13, 1998. Approved for advertising on January 22, 1999. Advertised February 24, 1999.
6.	Algorithmics Incorporated	AI & Design	0885152	Canada	Application filed July 23, 1998. Advertised March 31, 1999.
7.	Algorithmics Incorporated	RISKPORTAL & Design	1003055	Canada	Application filed January 26, 1999. Filing Receipt received.
8.	Algorithmics Incorporated	RISKDRIVE & Design	1003056	Canada	Application filed January 26, 1999. Filing Receipt received.
9.	Algorithmics Incorporated	RISKMARK & Design	1003057	Canada	Application filed January 26, 1999. Filing Receipt received.
10.	Algorithmics Incorporated	RISKDRIVE	1006015	Canada	Application filed February 19, 1999
11.	Algorithmics Incorporated	RISKMARK	1006016	Canada	Application filed February 19, 1999
12.	Algorithmics Incorporated	RISKPORTAL	1006017	Canada	Application filed February 19, 1999
13.	Algorithmics Incorporated	RISKBROWSER	0849022	Canada	Application filed June 25, 1997

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	Owner	Trade-mark	Registration or Application Number	Country	Status
14.	Algorithmics Inc.	RISK WAREHOUSE (RISK-WAREHOUSE)	2055979	United States	Registered April 22, 1997. Registration Renewal due April 22, 2007.
15.	Algorithmics Inc.	ALGORITHMICS	2002168	United States	Registered September 24, 1996
16.	Algorithmics Inc.	AI & Design (AI & Design)	1980481	United States	Registered June 18, 1996
17.	Algorithmics Inc.	ALGORITHMICS	1957238	United States	Registered February 20, 1996
18.	Algorithmics Inc.	AI & Design (A I & Design)	1920174	United States	Registered September 19, 1995
19.	Algorithmics Inc.	RISKWATCH (RISK WATCH)	1902478	United States	Registered July 4, 1995
20.	Algorithmics Incorporated	ALGO ACADEMY	75-427941	United States	Application filed February 3, 1998. Published for opposition on February 16, 1999.
21.	Algorithmics Incorporated	RISKLAB (RISK LAB)	75-319290	United States	Application filed July 3, 1997. Advertised January 26, 1999 for opposition.
22.	Algorithmics Incorporated	RISKBROWSER	75-229638	United States	Application filed January 22, 1997. Opposed February 2, 1998 by Risk Management Solutions, Inc. Draft Settlement Agreement sent to Algorithmics on September 22, 1998.
23.	Algorithmics Incorporated	RISKSCRIPT (RISK SCRIPT)	75-044205	United States	Application filed January 16, 1996. Fourth Request for Extension filed February 18, 1999.
24.	Algorithmics Incorporated	RISK++ & Design	75-032253	United States	Application filed December 13, 1995. Application suspended pending disposition of prior application RISK++ owned by Infinity Financial Tech.
25.	Algorithmics Inc.	RISK WATCH & DESIGN	74-709438	United States	Application filed August 1, 1995. Opposition withdrawn on September 10, 1998.

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	Owner	Trade-mark	Registration or Application Number	Country	Status
26.	Algorithmics Inc.	RISKENGINE	74-703056	United States	Application filed July 18, 1995
27.	Algorithmics Inc.	RISKMOVIES (RISK MOVIES)	74-633839	United States	Application filed February 13, 1995. Statement of Use sent September 18, 1998. Evidence of the use of the mark must be filed by March 19, 1999.
28.	Algorithmics, Inc.	RISKLAB INTERNATIONAL	39818891	Germany	Registered June 10, 1998
29.	Algorithmics Incorporated	RISKLAB INTERNATIONAL	98,1159	Italy	Application filed April 6, 1998
30.	Algorithmics Incorporated	RISKLAB	2153147	United Kingdom	Registered September 11, 1998. Renewal due December 10, 2007.
31.	Algorithmics Incorporated	RISKSCRIPT	2067169	United Kingdom	Application filed April 1, 1996
32.	Algorithmics Incorporated	RISKWATCH	2049300	United Kingdom	Registered August 7, 1998
33.	Algorithmics Incorporated	RISKMOVIES	2049299	United Kingdom	Registered October 18, 1996. Registration Renewal due December 26, 2005.
34.	Algorithmics Incorporated	AI & Design	2049291	United Kingdom	Application filed December 21, 1995. Advertised November 1998. Negotiating with Lloyds Abbey Life for co-existence agreement.
35.	Algorithmics Incorporated	ALGORITHMICS	2049289	United Kingdom	Registered June 13, 1997. Registration Renewal due December 21, 2005.
36.	Algorithmics Incorporated	RISKWAREHOUSE	2049261	United Kingdom	Application filed December 21, 1995. Opposed by Riskware Systems Limited.
37.	Algorithmics Incorporated	RISK++ & Design	2049258	United Kingdom	Application filed December 21, 1995. Negotiating with Financial Engineering Ltd. for co-existence agreement.

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	Owner	Trade-mark	Registration or Application Number	Country	Status
38.	Algorithmics Incorporated	AI & Design	4024118	Japan	Registered July 4, 1997. Registration Renewal due July 4, 2007.
39.	Algorithmics Incorporated	AI & Design	4114792	Japan	Registered February 13, 1998. Registration Renewal due February 13, 2008.
40.	Algorithmics Incorporated	ALGORITHMICS	4028160	Japan	Registered July 11, 1997
41.	Algorithmics Incorporated	ALGORITHMICS	4114793	Japan	Registered February 13, 1998
42.	Algorithmics Incorporated	RISK++	7-132387	Japan	Application filed December 22, 1995
43.	Algorithmics Incorporated	RISKBROWSER	9-130675	Japan	Application filed June 25, 1997. Registration Renewal due September 18, 2008.
44.	Algorithmics Incorporated	RISKLAB	9-189269	Japan	Application filed December 26, 1997
45.	Algorithmics Incorporated	RISKSCRIPT	4064460	Japan	Registered October 3, 1997
46.	Algorithmics Incorporated	RISKWAREHOUSE	4041496	Japan	Registered August 8, 1997. Registration Renewal due October 23, 2007.
47.	Algorithmics Incorporated	RISKWATCH	4044974	Japan	Registered August 15, 1997. Registration Renewal due August 15, 2007.
48.	Algorithmics Incorporated	ALGO ACADEMY		Canada	Common law mark. First used November 15, 1996.
49.	Algorithmics Incorporated	ALGORITHMICS	AM/7140/98	Austria	Pending
50.	Algorithmics Incorporated	RISKDRIVE (RISK DRIVE)	75/646732	United States	Newly filed application. Not yet assigned to an examining attorney.
51.	Algorithmics Incorporated	RISKDRIVE (RISK DRIVE)	75/646731	United States	Newly filed application. Not yet assigned to an examining attorney.

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	Owner	Trade-mark	Registration or Application Number	Country	Status
52.	Algorithmics Incorporated	RISKMARK (RISK MARK)	75/646302	United States	Newly filed application. Not yet assigned to an examining attorney.
53.	Algorithmics Incorporated	RISKPORTAL (RISK PORTAL)	75/646729	United States	Newly filed application. Not yet assigned to an examining attorney.
54.	Algorithmics Incorporated	RISKPORTAL (RISK PORTAL)	75/646728	United States	Newly filed application. Not yet assigned to an examining attorney.

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EXHIBIT 3**ALGORITHMICS INCORPORATED
COPYRIGHT REGISTRATIONS IN PROGRESS**

	Owner	Registered Software	Registration or Application Number	Country of Registration	Date of First Publication
1.	Algorithmics Incorporated/ Algorithmics International Corp.	RICOS	Not yet available	Canada	June 10, 1992
2.	Algorithmics Incorporated/ Algorithmics International Corp.	RISKMAPPER	Not yet available	Canada	November 1, 1996
3.	Algorithmics Incorporated/ Algorithmics International Corp.	RISKWAREHOUSE	Not yet available	Canada	March 1, 1996
4.	Algorithmics Incorporated/ Algorithmics International Corp.	RISKENGINE	Not yet available	Canada	December 11, 1998
5.	Algorithmics Incorporated/ Algorithmics International Corp.	RISKWATCH	Not yet available	Canada	February 11, 1994
6.	Algorithmics Incorporated/ Algorithmics International Corp.	RISKBROWSER	Not yet available	Canada	July 1, 1997
7.	Algorithmics Incorporated/ Algorithmics International Corp.	HISTORISK	Not yet available	Canada	June 1, 1997

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	Owner	Registered Software	Registration or Application Number	Country of Registration	Date of First Publication
8.	Algorithmics Incorporated/ Algorithmics International Corp.	RISK++	Not yet available	Canada	March 1, 1995
9.	Algorithmics Incorporated/ Algorithmics International Corp.	RISKSCRIPT	Not yet available	Canada	March 1, 1996
10.	Algorithmics Incorporated/ Algorithmics International Corp.	RICOS	Not yet available	United States	June 10, 1992
11.	Algorithmics Incorporated/ Algorithmics International Corp.	RISKMAPPER	Not yet available	United States	November 1, 1996
12.	Algorithmics Incorporated/ Algorithmics International Corp.	RISKWAREHOUSE	Not yet available	United States	March 1, 1996
13.	Algorithmics Incorporated/ Algorithmics International Corp.	RISKENGINE	Not yet available	United States	December 11, 1998
14.	Algorithmics Incorporated/ Algorithmics International Corp.	RISKWATCH	Not yet available	United States	February 11, 1994
15.	Algorithmics Incorporated/ Algorithmics International Corp.	RISKBROWSER	Not yet available	United States	July 1, 1997

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	Owner	Registered Software	Registration or Application Number	Country of Registration	Date of First Publication
16.	Algorithmics Incorporated/ Algorithmics International Corp.	HISTORISK	Not yet available	United States	June 1, 1997
17.	Algorithmics Incorporated/ Algorithmics International Corp.	RISK++	Not yet available	United States	March 1, 1995
18.	Algorithmics Incorporated/ Algorithmics International Corp.	RISKSCRIPT	Not yet available	United States	March 1, 1996

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EXHIBIT 4

GENERAL SECURITY AGREEMENT

THIS AGREEMENT made as of the _____ day of June, 1999,

B E T W E E N:

ONTARIO TEACHERS' PENSION PLAN BOARD,
a corporation existing under the laws of the Province of
Ontario,

(hereinafter referred to as the "**Secured Party**"),

- and -

ALGORITHMICS INCORPORATED,
a corporation existing under the laws of
the Province of Ontario,

(hereinafter referred to as the "**Debtor**").

WHEREAS pursuant to a loan agreement (as amended, restated or supplemented from time to time, the "**Loan Agreement**") dated this date between the Debtor, The VenGrowth Investment Fund Inc. and the Secured Party, as lenders, the Secured Party agreed to advance monies to the Debtor;

AND WHEREAS as security for all amounts owing at any time and from time to time by the Debtor pursuant to or by virtue of the Loan Agreement, the Debtor has agreed to execute this Agreement in favour of the Secured Party;

THIS AGREEMENT WITNESSES THAT in consideration of the respective covenants, agreements, representations and warranties of the parties herein contained, the amount of Cdn. \$1.00 now paid by each party to the other and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by each of the parties), the parties agree as follows:

1. Interpretation

- (a) **Defined Terms.** For the purpose of this Agreement, unless the context otherwise requires, the following terms shall have the respective meanings set out below and grammatical variations of such terms shall have corresponding meanings:

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- (i) **"Accounts"** means all currently existing and hereafter arising accounts, contract rights, and all other forms of obligations owing to a person arising out of the sale or lease of goods or the rendition of services by such person, irrespective of whether earned by performance, and any and all credit insurance, guarantees, or security therefor;
- (ii) **"Act"** means the *Personal Property Security Act* (Ontario), as amended from time to time, or any legislation that may be substituted therefor (as any such substituted legislation may be amended from time to time);
- (iii) **"Business Day"** means a day other than a Saturday, Sunday or a civic or statutory holiday in the Province of Ontario;
- (iv) **"Cash Collateral Account"** means each bank account established pursuant to Section 7.4 and maintained (a) with the Secured Party or a bank or other financial institution approved by the Secured Party and (b) pursuant to a Lock-Box Agreement, to which funds of the Borrower (including, without limitation, all Proceeds) are deposited, and which is maintained in the name of the Secured Party or the Borrower, as the Secured Party may determine;
- (v) **"Collateral"** means, subject to Sections 2.3 and 2.4, any and all real and personal property in which a security interest can be taken, reserved, created or granted whether under the Act or otherwise, and which is now or hereafter owned by the Debtor or in which the Debtor now has or hereafter acquires any interest of any nature whatsoever, excluding Consumer Goods but including, without in any way limiting the generality of the foregoing, all Equipment, fixtures, computer hardware and software, Inventory, Goods, Instruments, Securities, Documents of Title, Chattel Paper, Accounts, Money, contract rights, Intangibles, credits, claims, demands, debts, choses in action, trademarks, copyrights, patents, and all other intellectual property and all Proceeds, products and accessions from, of and to any thereof, and, where the context permits, any reference to **"Collateral"** shall be deemed to be a reference to **"Collateral or any part thereof"**;
- (vi) **"Contractual Rights"** has the meaning given to it in Section 2.4;
- (vii) **"Deficiency"** means, at any time, the difference, if any, between:
 - (A) the aggregate of:
 - (I) the amount of the Obligations at that time, and

- (II) the Reasonable Expenses incurred prior to that time; and
- (B) the proceeds of disposition received by the Secured Party from a disposition of the Collateral in accordance with Section 7.1(g);
- (viii) **"Event of Default"** has the meaning given to it in the Loan Agreement;
- (ix) **"Interest Rate"** has the meaning given to it in the Loan Agreement;
- (x) **"Liens"** has the meaning given to it in the Loan Agreement;
- (xi) **"Loan Agreement"** has the meaning given to it in the first recital to this Agreement;
- (xii) **"Lock-Box Agreement"** means a lock-box agreement (approved by the Secured Party in its sole discretion) made between the Borrower, the Secured Party and a bank or other financial institution approved by the Secured Party pursuant to which such bank or other financial institution shall agree in writing to waive any rights of set-off which it may have in respect of such account except for the right to debit normal service charges from such account and setting forth the terms of operation of such account and the security interest therein granted to and in favour of the Secured Party;
- (xiii) **"Obligations"** means all indebtedness, liabilities and obligations (whether direct, indirect, absolute, contingent or otherwise and whether in respect of principal or interest thereon) of the Debtor to the Secured Party existing, from time to time, and arising pursuant to the Loan Agreement or arising pursuant hereto;
- (xiv) **"Permitted Encumbrances"** has the meaning given to it in the Loan Agreement;
- (xv) **"Proceeds"** means identifiable or traceable property in any form derived, directly or indirectly, from any dealing with the Collateral or other Proceeds and includes any Accounts identifiable or traceable from any sale, transfer or other dealing in any of the Collateral and any payment representing indemnity or compensation for loss or damage to the Collateral or other Proceeds, including, without limitation, insurance proceeds;
- (xvi) **"Rate"** shall mean a rate per annum equal to the Interest Rate plus the lesser of (i) 10% and (ii) the maximum rate allowed under applicable law;
- (xvii) **"Reasonable Expenses"** means any and all reasonable expenses incurred from time to time by the Secured Party, or any Receiver, in the preparation of this Agreement, in the perfection or preservation of the Security Interest, in enforcing payment or performance of the Obligations or any part thereof or in locating, taking possession of, transporting, holding, repairing, processing, preparing for and arranging for the disposition of and/or disposing of the Collateral and any and all other reasonable expenses incurred by the

Secured Party, or any Receiver, as a result of the Secured Party or such Receiver exercising any of its rights or remedies hereunder or under the Act including, without in any way limiting the generality of the foregoing, any and all reasonable legal expenses including those incurred in any legal action or proceeding or appeal therefrom commenced or taken in good faith by the Secured Party and any and all reasonable fees and disbursements of any solicitor, accountant or evaluator or a similar person employed by the Secured Party in connection with any of the foregoing and the costs of insurance and payment of taxes and other charges incurred in retaking, holding, repairing, processing and preparing for disposition and disposing of the Collateral;

(xviii) "Receiver" has the meaning attributed thereto in Section 7.1(m); and

(xix) "Security Interest" has the meaning given to it in Section 2.1.

(b) **Number, Gender and Persons.** In this Agreement, words importing the singular number only shall include the plural and *vice versa*, words importing gender shall include all genders and words importing persons shall include individuals, corporations, partnerships, associations, trusts, unincorporated organizations, governmental bodies and other legal or business entities of any kind whatsoever.

(c) **Currency.** All monetary amounts in this Agreement refer to Canadian currency.

(d) **Sections and Headings.** The division of this Agreement into Sections and the insertion of headings are for convenience of reference only and shall not affect the interpretation of this Agreement.

(e) **Applicable Law.** This Agreement shall be construed, interpreted and enforced in accordance with, and the respective rights and obligations of the parties shall be governed by, the laws of the Province of Ontario, and each party irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of such province and all courts competent to hear appeals therefrom.

(f) **Successors and Assigns.** This Agreement shall enure to the benefit of and be enforceable by the Secured Party and its successors and assigns and shall be binding upon the Debtor and its successors and permitted assigns. The Debtor may not assign any of its obligations hereunder without the prior written consent of the Secured Party.

(g) **Severability.** To the extent permitted by law, if any provision herein is determined to be void, voidable or unenforceable, in whole or in part, such determination shall not affect or impair or be deemed to affect or impair the validity of any other provision hereof and all the provisions hereof are hereby declared to be separate, severable and distinct.

(h) **Meanings under the Act.** All capitalized terms used herein and not otherwise defined herein shall have the respective meanings assigned to them in the Act.

2. **Security Interest**

(a) **Creation of Security Interest.** Subject to Sections 2.3 and 2.4, as continuing security for the due and timely payment and performance by the Debtor of the Obligations, the Debtor hereby grants to the Secured Party, a security interest (the "Security Interest") in the Collateral.

(b) **Attachment.** The Debtor and the Secured Party acknowledge and agree that value has been given for the granting of the Security Interest and that they have not agreed to postpone the time for attachment, except for after-acquired property forming part of the Collateral the attachment to which will occur forthwith upon the Debtor acquiring rights thereto subject to purchase money security interests.

(c) **Exception for Last Day of Leases.** The Security Interest granted hereby does not and shall not extend to, and Collateral shall not include, the last day of the term of any lease or sub-lease, oral or written, or any agreement therefor, now held or hereafter acquired by the Debtor, but upon the sale of the leasehold interest or any part thereof the Debtor shall stand possessed of such last day in trust to assign the same as the Secured Party shall direct.

(d) **Exception for Contractual Rights.** The Security Interest hereby granted does not and shall not extend to, and Collateral shall not include, any agreement, right, franchise, licence or permit (the "Contractual Rights") to which the Debtor is a party or of which the Debtor has the benefit, to the extent that the creation of the Security Interest herein would constitute a breach of the terms of or permit any person to terminate the Contractual Rights, but the Debtor shall hold its interest therein in trust for the Secured Party and shall assign such Contractual Rights to the Secured Party forthwith upon obtaining the consent of the other party thereto. The Debtor agrees that it shall, upon the request of the Secured Party, use all commercially reasonable efforts to obtain any consent required to permit any Contractual Rights to be subjected to the Security Interest.

(e) **Delivery of Instruments, Securities, Etc.** The Debtor shall, upon reasonable request from the Secured Party following the occurrence of an Event of Default, forthwith deliver to the Secured Party, to be held by the Secured Party hereunder, all instruments, securities, letters of credit, advices of credit and negotiable documents of title in its possession or control which pertain to or form part of the Collateral, and shall, where appropriate, duly endorse the same for transfer in blank or as the Secured Party may direct and shall make all reasonable efforts to deliver to the Secured Party any and all consents or other instruments or documents necessary to comply with any restrictions on the transfer thereof in order to transfer the same to the Secured Party. The Debtor agrees to denote the Secured Party's security interest on any chattel paper, documents of title, securities, instruments or other collateral in the possession of the Debtor.

(f) **Transfer of Title.** As further continuing security for the due and timely payment and performance by the Debtor of the Obligations, the Debtor, subject to Sections 2.3 and 2.4, hereby grants, bargains, sells, assigns and transfers to the Secured Party all Collateral (specifically excluding trade-marks, copyrights, patents and all other intellectual property) such that title thereto and ownership therein shall belong to and be vested in the Secured Party, provided that the Secured Party shall not thereby assume or be liable for any obligations or payments in respect of any of the Collateral and provided further that, upon

the sale of any Collateral by the Debtor in accordance with Section 4.8, or upon the receipt of dividends or interest in accordance with Section 5.2(a)(ii), title thereto and ownership therein shall be divested automatically from the Secured Party and provided further that, upon the termination of this Agreement in accordance with Section 12.3(b), title to and ownership in the Collateral shall be reverted automatically in the Debtor without any further act of the Secured Party or the Debtor.

3. **Representations and Warranties of the Debtor**

The Debtor represents and warrants to the Secured Party that as at the date hereof:

(a) **Representations and Warranties in the Loan Agreement.** The representations and warranties of the Debtor set forth in the Loan Agreement are true and correct in all material respects.

(b) **No French Name.** The Debtor does not have or use a French name; the Debtor does not have or use a combined French and English name.

(c) **Address of Debtor.** The address of the Debtor's chief executive office is located at 185 Spadina Avenue, Toronto.

(d) **Location of Collateral.** The property and assets of the Debtor are located in the Province of Ontario (with the exception of property and assets having an aggregate value of less than \$100,000).

(e) **Survival.** The representations and warranties of the Debtor contained in this Agreement shall survive for so long as any of the Obligations shall remain unpaid and, notwithstanding any investigation made by or on behalf of the Secured Party, shall continue in full force and effect for the benefit of the Secured Party during such period.

4. **Covenants of the Debtor**

So long as any of the Obligations shall remain unpaid, the Debtor covenants and agrees as follows:

(a) **Maintain Collateral.** The Debtor shall keep all Equipment comprising part of the Collateral (other than obsolete Equipment) in good order and repair, subject to normal wear and tear, and shall not use such Equipment in violation of the provisions of this Agreement or any other agreement between the Debtor and the Secured Party relating to Collateral or any policy insuring Collateral or any applicable statute, law, by-law, rule, regulation or ordinance.

(b) **No Accessions.** The Debtor shall prevent any Collateral, except Inventory of the Debtor sold or leased as permitted hereby, from being or becoming an accession to property not covered by this Agreement.

(c) **Delivery of Documents.** The Debtor shall deliver to the Secured Party from time to time promptly upon request:

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- (i) any Documents of Title, Instruments, Securities and Chattel Paper constituting, representing or relating to Collateral;
- (ii) all statements of account, bills, invoices and books of account relating to Accounts and all records, ledgers, reports, correspondence, schedules, documents, statements, lists and other writings relating to the Collateral for the purpose of inspecting, auditing or copying the same;
- (iii) all policies and certificates of insurance relating to Collateral; and
- (iv) such information concerning the Collateral, the Debtor and its business and affairs as the Secured Party may reasonably request.

(d) **Security in the Premises.** Upon the reasonable request of the Secured Party, the Debtor agrees to promptly do all such acts and things as are reasonably necessary to mortgage and sublet the Debtor's interest in any location at which any Collateral is situate and/or its lease of any location at which the Collateral is situate, as applicable, to the Secured Party.

(e) **Change of Name.** The Debtor shall not change its name or add any new fictitious name without providing at least ten Business Days' notice to the Secured Party of such change or addition. The Debtor shall not change its business structure or identity except in accordance with the Loan Agreement.

(f) **Creating and Preserving the Security Interest.** The Debtor shall, from time to time at the request of the Secured Party, make and do all such acts and things and execute and deliver all such instruments, agreements, financing statements and documents as the Secured Party reasonably requests by notice in writing given to the Debtor in order to create, preserve, perfect, validate or otherwise protect the Security Interest, to enable the Secured Party to exercise and enforce its rights and remedies hereunder and generally to carry out the provisions and purposes of this Agreement and, for greater certainty, the Debtor shall, from time to time at the request of the Secured Party, execute a power of attorney in such form as may be reasonably satisfactory to the Secured Party and as contemplated in Section 12.5.

(g) **Restrictions on Dealings with Collateral.** Except as provided in Section 4.8, the Debtor agrees that it shall not, without the prior written consent of the Secured Party:

- (i) sell, assign, transfer, exchange, lease, consign or otherwise dispose of any Collateral; or
- (ii) locate any Collateral except for inventory in transit in any province not set out in Section 3.3;
- (iii) create, assume or suffer to exist any Liens other than Permitted Encumbrances;

provided that no provision hereof shall be construed as a subordination or postponement of the Security Interest to or in favour of any other Lien, whether or not such Lien is a Permitted Encumbrance.

(h) **Permitted Dealings with Collateral.** Other than as provided in the Loan Agreement, unless and until an Event of Default has occurred and is continuing, the Debtor may, without the consent of the Secured Party:

- (i) sell, assign, transfer, exchange, lease, consign or otherwise dispose of Inventory in the ordinary course of its business;
- (ii) sell or otherwise dispose of such part of its Equipment which is no longer necessary or useful in connection with its business or which has become worn out or obsolete or unsuitable for the purpose for which it was intended;
- (iii) subject to Section 6.1, collect Accounts in the ordinary course of its business; and
- (iv) commit any other acts permitted by the Loan Agreement.

(i) **Verification of Collateral.** The Secured Party shall have the right at any time and from time to time to verify the existence and state of the Collateral in any reasonable manner the Secured Party may consider appropriate, and the Debtor agrees to furnish all assistance and information and to perform all such acts as the Secured Party may reasonably request in connection therewith and for such purpose to grant to the Secured Party or its agents access during the Debtor's normal business hours to all places where Collateral may be located and to all premises occupied by the Debtor.

5. Securities

(a) **Registration in Secured Party's Name.** If the Collateral at any time includes Securities, upon the occurrence and during the continuance of an Event of Default, the Debtor authorizes the Secured Party to transfer the same or any part thereof into its own name or that of its nominee so that the Secured Party or its nominee may appear as the sole owner of record thereof.

(b) Voting and Other Rights.

- (i) So long as no Event of Default has occurred and is continuing:
 - (A) the Debtor may exercise all rights to vote and to exercise all rights of conversion or retraction or other similar rights with respect to any Securities; provided that no such exercise, in the reasonable opinion of the Secured Party, will have an adverse effect on the value of such Securities and all expenses of the Secured Party in connection therewith have been paid in full and provided further that, upon the exercise of the

conversion right or retraction right, the additional Securities resulting therefrom shall be paid or delivered to the Secured Party; and

- (B) the Debtor shall be entitled to receive all dividends (whether paid or distributed in cash, securities or other property) and interest declared and paid or distributed in respect of the Securities, and such dividends and interest as may be received by the Secured Party shall be applied against the Obligations or, at the Debtor's request (provided no Event of Default has occurred and is continuing) shall be paid to the Debtor. Such dividends and interest shall cease to be subject to the Security Interest if paid or distributed to the Debtor prior to the occurrence of an Event of Default but not otherwise.

(ii) Upon the occurrence of an Event of Default and during the continuance thereof:

- (A) no proxy granted by the Secured Party or its nominee to the Debtor or its nominee pursuant to Section 5.2 shall thereafter be effective;
- (B) the Debtor shall have no rights to vote or take any other action with respect to any Securities;
- (C) the Secured Party may, but shall not be obligated to, vote and take all other action with respect to any Securities; and
- (D) the Debtor shall cease to be entitled to receive any dividends or interest, whether declared or payable before or after the occurrence of an Event of Default, in respect of the Securities.

6. Collection of Proceeds and Accounts

(a) **Control of Proceeds and Accounts.** After the occurrence of an Event of Default and during the continuance thereof, the Secured Party may, acting reasonably at any time take control of any Proceeds and Accounts, and the Secured Party may notify, acting reasonably, any account debtor of the Debtor or any obligor under any instrument held by the Debtor or the Secured Party in satisfaction *pro tanto* of the Obligations hereunder to make payment directly to the Secured Party whether or not the Debtor has theretofore been making collections on the Collateral. From time to time after the occurrence of an Event of Default and during the continuance thereof and upon the reasonable request in writing of the Secured Party, the Debtor shall also so notify such persons to make payment directly to the Secured Party and the Secured Party may, in its discretion, apply such in satisfaction *pro tanto* of the Obligations or hold such payments as further Collateral hereunder.

(b) **Proceeds and Accounts Received in Trust.** After the occurrence of an Event of Default and during the continuance thereof, if the Debtor shall collect or receive any Accounts or shall be paid for any

of the other Collateral or shall receive any Proceeds, all money so collected or received by the Debtor shall be received by the Debtor as trustee for the Secured Party and shall be paid to the Secured Party forthwith upon reasonable demand and the Secured Party may, in its discretion, apply such in satisfaction *pro tanto* of the Obligations or hold such payments as further Collateral hereunder.

7. **Default and the Secured Party's Remedies**

(a) **Remedies Upon Default.** Upon the occurrence of any Event of Default and during the continuance thereof, all of the Obligations shall without any further notice or any other action on the part of the Secured Party be due and payable forthwith by the Debtor to the Secured Party and the Security Interest hereby granted shall immediately become enforceable and the Secured Party may, forthwith or at any time thereafter and without notice to the Debtor, except as provided in the Act or this Agreement:

- (i) declare any or all of the Obligations not then due and payable to be immediately due and payable by giving notice in writing thereof to the Debtor and, in such event, such Obligations shall be due and payable forthwith by the Debtor to the Secured Party;
- (ii) commence legal action to enforce payment or performance of the Obligations;
- (iii) require the Debtor, at the Debtor's expense, to assemble the Collateral at a place or places designated by notice in writing given by the Secured Party to the Debtor, and the Debtor agrees to so assemble the Collateral;
- (iv) require the Debtor, by notice in writing given by the Secured Party to the Debtor, to disclose to the Secured Party the location or locations of the Collateral and the Debtor agrees to make such disclosure when so required by the Secured Party;
- (v) without legal process, enter any premises where the Collateral may be situated and take possession of the Collateral by any method permitted by law;
- (vi) repair, process, complete, modify or otherwise deal with the Collateral and prepare for the disposition of the Collateral, whether on the premises of the Debtor or otherwise and in connection with any such action utilize any of the Debtor's property without charge;
- (vii) dispose of the Collateral by private or public sale, lease or otherwise upon such terms and conditions as the Secured Party may determine and whether or not the Secured Party has taken possession of the Collateral;
- (viii) carry on all or any part of the business or businesses of the Debtor and, to the exclusion of all others including the Debtor, enter upon, occupy and, subject to any requirements of law and subject to any leases or agreements then in place, use all or any of the premises, buildings, plant, undertaking and other property of, or used by, the Debtor for such time and in such manner as the Secured Party sees fit, free of charge, and except to

the extent required by law, the Secured Party shall not be liable to the Debtor for any act, omission or negligence in so doing or for any rent, charges, depreciation or damages or other amount incurred in connection therewith or resulting therefrom;

- (ix) file such proofs of claim or other documents as may be necessary or desirable to have its claim lodged in any bankruptcy, winding-up, liquidation, dissolution or other proceedings (voluntary or otherwise) relating to the Debtor;
- (x) borrow money for the purpose of carrying on the business of the Debtor or for the maintenance, preservation or protection of the Collateral and mortgage, charge, pledge or grant a security interest in the Collateral, whether or not in priority to the Security Interest hereby created and granted, to secure repayment of any money so borrowed;
- (xi) where the Collateral has been disposed of by the Secured Party as provided in Section 7.1(g), commence legal action against the Debtor for the Deficiency, if any;
- (xii) where the Secured Party has taken possession of the Collateral as herein provided, retain the Collateral irrevocably, to the extent not prohibited by law, by giving notice thereof to the Debtor and to any other persons required by law in the manner provided by law provided that such retention reduces the amount of the Obligations by an amount equal to the fair market value, as reasonably determined by the Secured Party of the Collateral so retained;
- (xiii) appoint, by an instrument in writing delivered to the Debtor, a receiver, manager or a receiver and manager (a "Receiver") to collect the Proceeds, and remove any Receiver so appointed and appoint another or others in its stead, or institute proceedings in any court of competent jurisdiction for the appointment of a Receiver, it being understood and agreed that:
 - (A) the Secured Party may appoint any person as Receiver, including an officer or employee of the Secured Party;
 - (B) such appointment may be made at any time after an Event of Default either before or after the Secured Party shall have taken possession of the Collateral;
 - (C) the Secured Party may from time to time fix the reasonable remuneration of the Receiver and direct the payment thereof out of the Collateral or Proceeds; and
 - (D) the Receiver shall be deemed to be the agent of the Debtor for all purposes and, for greater certainty, the Secured Party shall not be, in any way, responsible for any actions, whether wilful, negligent or otherwise,

of any Receiver, and the Debtor hereby agrees to indemnify and save harmless the Secured Party from and against any and all claims, demands, actions, costs, damages, expenses or payments which the Secured Party may hereafter suffer, incur or be required to pay as a result of, in whole or in part, any action taken by the Receiver or any failure of the Receiver to do any act or thing;

- (xiv) pay or discharge any Lien claimed by any person and reasonably established to the satisfaction of the Secured Party in the Collateral and the amount so paid shall be added to the Obligations and shall bear interest calculated from the date of payment at the Rate until payment thereof; and
- (xv) take any other action, suit, remedy or proceeding authorized or permitted by this Agreement, the Act or by law or equity.

(b) **Acting in Accordance with Commercial Practice.** In enforcing its rights hereunder, the Secured Party shall be required to act at least to the standards which are consistent with the commercial practices of a person carrying on a business in a distress, default or liquidation situation.

(c) **Sale of Collateral.** The Debtor and the Secured Party acknowledge and agree that any sale referred to in Section 7.1(g) may be either a sale of all or any portion of the Collateral and may be by way of public auction, public tender, private contract or otherwise without notice, advertisement or any other formality, except as required by law, all of which are hereby waived by the Debtor to the extent permitted by law. To the extent not prohibited by law, any such sale may be made with or without any special condition as to the upset price, reserve bid, title or evidence of title or other matter and from time to time as the Secured Party in its sole discretion thinks fit with power to vary or rescind any such sale or buy in at any public sale and resell. The Secured Party may sell the Collateral for a consideration payable by instalments either with or without taking security for the payment of such instalments and may make and deliver to any purchaser thereof good and sufficient deeds, assurances and conveyances of the Collateral and give receipts for the purchase money, and any such sale shall be a perpetual bar, both at law and in equity, against the Debtor and all those claiming an interest in the Collateral by, from, through or under the Debtor.

(d) **Cash Collateral Accounts.** Upon the occurrence of an Event of Default and at any time thereafter while an Event of Default is continuing, the Secured Party may by written notice cause the Borrower to (a) deposit all cash in its possession or control or thereafter received by it into the Cash Collateral Account, and (ii) direct all customers and clients of the Borrower or other Persons owing money to the Borrower to deposit all such amounts otherwise payable to the Borrower into the Cash Collateral Account.

(e) **Reference to Secured Party Includes Receiver.** For the purposes of Sections 7.1, 7.2 and 7.4, a reference to "the Secured Party" shall, where the context permits, include any Receiver.

(f) **Payment of Expenses.** The amount of the Reasonable Expenses shall be paid by the Debtor to the Secured Party from time to time forthwith after demand therefor is given by the Secured Party to the Debtor, together with interest thereon calculated from the date of such demand at the Rate, and payment of such Reasonable Expenses together with such interest shall be secured by the Security Interest.

(g) **Payment of Deficiency.** Where the Collateral has been disposed of by the Secured Party as provided herein, the Deficiency, if any, shall be paid by the Debtor to the Secured Party in accordance with, and upon the terms and conditions contained in, the Loan Agreement, together with interest thereon calculated from the date of such demand at the Rate, and the payment of the Deficiency together with such interest shall be secured by the Security Interest.

(h) **Rights and Remedies are Not Mutually Exclusive.** To the fullest extent permitted by law, the Secured Party's rights and remedies, whether provided for in this Agreement or otherwise, are not mutually exclusive and are cumulative and not alternative and may be exercised independently or in any combination.

(i) **No Obligation to Enforce.** The Secured Party shall not be under any obligation to, or liable or accountable for any failure to, enforce payment or performance of the Obligations or to seize, realize, take possession of or dispose of the Collateral and shall not be under any obligation to institute proceedings for any such purpose.

8. **Possession of Collateral by the Secured Party**

(a) **Possession of Collateral.** Where any Collateral is in the possession of the Secured Party:

- (i) the Secured Party may, at any time following the occurrence of an Event of Default which is continuing, grant or otherwise create a security interest in such Collateral upon any terms, whether or not such terms impair the Debtor's right to redeem such Collateral; and
- (ii) the Secured Party may, at any time following the occurrence of an Event of Default which is continuing, use such Collateral in any manner and to such extent as it deems necessary or desirable.

9. **Fixtures**

(a) **Fixtures.** The Debtor acknowledges and agrees that no Collateral acquired by the Debtor after the date hereof shall become affixed to any real property except with the prior written consent of the Secured Party.

10. Continuing Obligations

(a) **Continuing Obligations.** Notwithstanding any other term or condition of this Agreement, this Agreement shall not relieve the Debtor or any other party to any of the Collateral from the observance or performance of any term, covenant, condition or agreement on its part to be observed or performed thereunder or from any liability to any other party or parties thereto or impose any obligation on the Secured Party to observe or perform any such term, covenant, condition or agreement to be so observed or performed, and the Debtor hereby agrees to indemnify and hold harmless the Secured Party from and against any and all losses, liabilities (including liabilities for penalties), costs and expenses which may be incurred by the Secured Party under the Collateral and from all claims, demands, actions, suits and judgments which may be asserted against the Secured Party by reason of any alleged obligation or undertaking on their part to observe, perform or discharge any of the terms, covenants and agreements contained in the Collateral. The Secured Party may, at its option, perform any term, covenant, condition or agreement on the part of the Debtor to be performed under or in respect of the Collateral (and/or enforce any of the rights of the Debtor thereunder) without thereby waiving any rights to enforce this Agreement. Nothing contained in this Section 10.1 shall be deemed to constitute the Secured Party the mortgagee in possession of the Collateral or the lessee under any lease or agreement to lease unless the Secured Party has agreed to become such mortgagee in possession or to be a lessee.

11. Acknowledgement by the Debtor

(a) **Acknowledgements.** The Debtor:

- (i) acknowledges receipt of a true copy of this Agreement;
- (ii) acknowledges receipt of a copy of the financing statement registered under the Act evidencing the Security Interest; and
- (iii) acknowledges and agrees that this Agreement may be assigned by the Secured Party to such Person to whom the Secured Party's rights under the Loan Agreement are assigned and, in such event, such person shall be entitled to all of the rights and remedies of the Secured Party as set forth in this Agreement or otherwise and the Secured Party shall be released and discharged from its further obligations hereunder upon the assumption of same by the assignee.

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12. Miscellaneous

(a) Notice

- (i) Any notice, demand, direction or other instrument required or permitted to be given hereunder or under the Act shall be in writing and shall be given by overnight delivery service, by hand delivery or by telecopy to the addressee as follows:

(A) if to the Secured Party:

Ontario Teachers' Pension Plan Board
5650 Yonge Street
Toronto, ON M2M 4H5

Attention: Portfolio Manager - Merchant Banking
Facsimile: (416) 730-7675

with a copy to:

Ontario Teachers' Pension Plan Board
5650 Yonge Street
Toronto, ON M2M 4H5

Attention: Counsel, Investments
Facsimile: (416) 730-5349

(B) if to the Debtor:

Algorithmics Incorporated
185 Spadina Avenue
Toronto, ON M5T 2C6

Attention: Chief Financial Officer
Facsimile: (416) 971-6100

- (ii) If any such notice, demand, direction or other instrument is delivered or transmitted on a day other than a Business Day or after 3:00 p.m. on any Business Day, the same shall be deemed to have been effectively given and received on the next following Business Day.
- (iii) Either party may change its address for service from time to time by notice given in accordance with the foregoing.

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(b) **Waiver.**

- (i) The Secured Party may waive, in whole or in part, any breach by the Debtor of any of the provisions of this Agreement, any default by the Debtor in the payment or performance of any of the Obligations or any of its rights and remedies, whether provided for herein or otherwise, provided that no such waiver shall be effective unless given by the Secured Party to the Debtor in writing.
- (ii) No waiver given in accordance with Section 12.2(a) shall be a waiver of any other or subsequent breach by the Debtor of any of the provisions of this Agreement, of any other or subsequent default by the Debtor in the payment or performance of any of the Obligations or any of the rights and remedies of the Secured Party, whether provided for herein or otherwise.
- (iii) The Secured Party may, at any time, grant extensions of time or other indulgences to, accept compositions from or grant releases and discharges to the Debtor in respect of the Collateral or otherwise deal with the Debtor or with the Collateral and other security held by the Secured Party, all as the Secured Party may see fit, and the Debtor agrees that any such act or any failure by the Secured Party to exercise any of its rights or remedies, whether provided for herein or otherwise, shall in no way affect or impair the Security Interest or the rights and remedies of the Secured Party, whether provided for in this Agreement or otherwise.

(c) **Effective Date and Termination.**

- (i) This Agreement shall become effective according to its terms immediately upon the execution hereof by the Secured Party and the Debtor. This Agreement and the Security Interest are in addition to and not in substitution for any other agreement made between the Secured Party and the Debtor or any other security granted by the Debtor to the Secured Party, whether before or after the execution of this Agreement.
- (ii) This Agreement may be terminated by written agreement made between the Secured Party and the Debtor or by notice in writing given by the Debtor to the Secured Party at any time when all of the Obligations have been fully satisfied and performed by the Debtor. Upon termination of this Agreement in accordance with the provisions of this Section 12.3(b), the Secured Party shall, at the request and expense of the Debtor, make and do all such acts and things and execute and deliver all such financing statements, instruments, agreements and documents as the Debtor considers necessary or desirable to discharge the Security Interest, to release and discharge the Collateral therefrom and to record such release and discharge in all appropriate offices of public record.

(d) **Power of Attorney.** The Debtor hereby irrevocably appoints the Secured Party the true and lawful attorney for the Debtor, with full power of substitution, in the name of the Debtor, the Secured Party

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or otherwise, for the purposes of carrying out the terms of this Agreement, but at such Debtor's expense, to the extent permitted by law to exercise, at any time after any Event of Default has occurred and is continuing, any or all of the following powers with respect to any or all of the Collateral (which powers shall be in addition and supplemental to any powers, rights and remedies of the Secured Party described herein):

- (i) to demand, sue for and collect any and all moneys due or to become due upon or by virtue thereof; and
- (ii) to receive, take, endorse, assign and deliver any and all cheques, notes, drafts, documents and other negotiable and non-negotiable instruments and chattel paper taken or received by the Secured Party in connection therewith; and
- (iii) to settle, compromise, discharge, extend, compound, prosecute or defend any action or proceeding with respect thereto; and
- (iv) to sell, transfer, assign or otherwise deal in or with same, or the proceeds thereof, or the related goods securing the Collateral, as fully and effectually as if the Secured Party were the absolute owner thereof; and
- (v) to extend the time of payment of any or all thereof and to make any allowance and other adjustments with reference thereto; and
- (vi) to discharge any taxes, liens, security interests or other encumbrances at any time placed thereon; provided, that the Secured Party shall give the Debtor not less than ten (10) days' prior written notice of the time and place of any sale or other intended disposition of any of the Collateral, except any Collateral which is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market.

(e) **Registrations.** The Debtor will, from time to time at the request of the Secured Party, promptly effect all registrations, filings, recordings and all re-registrations, re-filings and re-recordings of or in respect of this Agreement and the Security Interest in such offices of public record and at such times as may be necessary or of advantage in perfecting, maintaining and protecting the validity, effectiveness and priority hereof and/or of the Security Interest.

(f) **Power of Attorney.** The Debtor hereby irrevocably constitutes and appoints the Secured Party and each of its officers holding office from time to time as the true and lawful attorney of the Debtor with power of substitution in the name of the Debtor to do any and all such acts and things or execute and deliver all documents described in Section 12.5 in the event the Debtor refuses to, or fails timely to execute and deliver any of the documents described in Section 12.5, and the Debtor hereby ratifies and agrees to ratify all acts of any such attorney taken or done in accordance with this Section 12.6. This power of attorney shall not be revoked or terminated by any act or thing other than the termination of this Agreement in accordance with Section 12.3(b).

(g) **Notice of Loan Agreement.** This Agreement has been executed and delivered pursuant to the provisions of the Loan Agreement, and notice of the terms and conditions of the Loan Agreement, including, respectively, the covenants of the Borrower and the Debtor therein, is hereby acknowledged by the Debtor.

(h) **Conflict between Loan Documents.** This Agreement is subject to terms of the Loan Agreement. In the event of any conflict between the terms of this Agreement and the Loan Agreement, the applicable terms of the Loan Agreement shall govern.

(i) **Execution in Counterparts.** This Agreement may be executed in counterparts and by each party hereto in separate documents, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same agreement.

(j) **Delivery by Facsimile.** Any delivery of an executed copy of this Agreement by way of telecopy or facsimile shall constitute delivery hereof, provided that any party delivering by way of telecopier or facsimile shall, as soon as reasonably practicable, deliver the original executed copy to the other party.

IN WITNESS WHEREOF the parties have executed this Agreement.

**ONTARIO TEACHERS' PENSION
PLAN BOARD**

by _____
J. Mark A. MacDonald
Portfolio Manager - Merchant Banking

ALGORITHMICS INCORPORATED

by _____ C.S.
Name:
Title:

Doc #: 603318.3

**PATENT
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CLEARY, GOTTlieb, STEEN & HAMILTON

ONE LIBERTY PLAZA
NEW YORK, N.Y. 10006
41, AVENUE DE FRIEDLAND
75008 PARIS
RUE DE LA LOI 23
1040 BRUSSELS
CITY PLACE HOUSE
55 BASINGHALL STREET
LONDON EC2V 5EH

2000 PENNSYLVANIA AVENUE, N.W.
WASHINGTON, D.C. 20006-1801

(202) 974-1800
FACSIMILE
(202) 974-1999

ULMENSTRASSE 37-39
60325 FRANKFURT AM MAIN
PIAZZA DI SPAGNA 15
00187 ROME

38TH FLOOR, BANK OF CHINA TOWER
ONE GARDEN ROAD
HONG KONG

SHIN KASUMIGASEKI BUILDING
3-8, KASUMIGASEKI 3-CHOME
CHIYODA-KU TOKYO 100 0013



06-22-1999
U.S. Patent & TMO/TM Mail Rept Dt #38

June 22, 1999

BY HAND

Commissioner of Patents and Trademarks
2900 Crystal Drive
Arlington, VA 22202-3513

Re: Recordation of Patent Security Agreement

Dear Commissioner:

Enclosed please find the following in connection with the above-referenced patent security agreement:

1. A patent recordation form cover sheet;
2. A Patent Security Agreement; and
3. A check in the amount of \$120.00, made payable to the Commissioner of Patents and Trademarks, for the required recording fee.

Please do not hesitate to call me at 202-974-1881 if you need additional information.

Sincerely,

Jessica L. Tyeryar
Jessica L. Tyeryar
Legal Assistant

Enclosure

U.S. PATENT &
TRADEMARK OFFICE
JUN 22 P 1:28
Writer's Direct Dial:
(202) 974-1881
RECEIVED
FREE PROCESS.

RECORDED: 06/22/1999

PATENT
REEL: 010061 FRAME: 0095