

Correspondent Name and Address

Area Code and Telephone Number

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

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

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)

Patent Number(s)

<input type="text" value="09 111897"/>	<input type="text" value="09 576 356"/>	<input type="text" value="60 206142"/>	<input type="text" value="4978483"/>	<input type="text" value="5460756"/>	<input type="text"/>
<input type="text" value="09 360262"/>	<input type="text" value="60 199976"/>	<input type="text"/>	<input type="text" value="5455342"/>	<input type="text" value="5271881"/>	<input type="text"/>
<input type="text" value="09 575805"/>	<input type="text" value="60 235754"/>	<input type="text"/>	<input type="text" value="5209879"/>	<input type="text" value="6110501"/>	<input type="text"/>

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 <input type="text"/>	PCT <input type="text"/>	PCT <input type="text"/>
PCT <input type="text"/>	PCT <input type="text"/>	PCT <input type="text"/>

Number of Properties Enter the total number of properties involved. #

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

Method of Payment: Enclosed Deposit Account

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.

Lisa A. Thompson



10/13/00

Name of Person Signing

Signature

Date

SECURITY AGREEMENT

THIS SECURITY AGREEMENT is dated as of the 1st day of March, 2000, by and between VERION, INC., a Delaware corporation with a place of business at 254 Welsh Pool Road, Suite 100, Exton, PA 19341. (the "Debtor"),

AND

ROLF D. SCHMIDT, an adult individual and citizen of the Commonwealth of Pennsylvania who resides at 205 Sweitzer Road, Sinking Spring, PA 19608 (the "Secured Party").

1. Obligation to Pay. The Debtor is indebted to the Secured Party under and pursuant to a loan ("Loan") made by the Secured Party to the Debtor, which loan is evidenced by a Promissory Note from the Debtor to the Secured Party dated of even date herewith in the original principal amount of One Million One Hundred Ninety Four Thousand Dollars (\$1,194,000.00 (the "Indebtedness").

2. Collateral. The Debtor desires to enter into this Security Agreement for the purposes of creating a security interest in favor of the Secured Party in all of the following present and future personal property of the Debtor:

(a) accounts, contracts, chattel paper, instruments and documents and all other rights to the payment of money, whether or not yet earned, for services rendered or goods sold, consigned, leased or furnished by the Debtors together with all general intangibles, guaranties and securities relating to any of the foregoing, and all returned, reclaimed or repossessed goods, the sale, consignment, lease or other furnishing of which shall have given or may give rise to any of the foregoing including, without limitation, the right of stoppage in transit,

(b) inventory (including, but not limited to, goods held for sale or lease or furnished or to be furnished under contracts of service, raw materials, work in process, goods used or consumed in business), whether owned, consigned or held on consignment, together with all merchandise, component materials, supplies, incidentals, packaging materials and other goods or items used or to be used in connection with inventory,

(c) machinery, motor vehicles, mobile or motorized equipment or machinery, office furniture, office equipment, fixtures, hand tools, power tools, dies, jigs, molds, blueprints, renderings, technical data, technical processes and prototypes and other equipment, machines, machinery or articles of tangible personal property of every type and all parts, substitutions, accretions, accessions, attachments, accessories, additions, components and replacements of such equipment, together with all documents, instruments and general intangibles relating to such equipment including, but not limited to, trademarks, trade names, trade styles, copyrights, brands, patents, patent rights, licenses, trade secrets (see Schedule 2(c) attached hereto) and all manuals of operation, maintenance or repair, utilized in connection with such equipment, and

(d) all other goods and property, tangible and intangible, of whatsoever nature and wheresoever situate owned by the Debtors or in which the Debtors have any interest of any nature whatsoever, and in the Proceeds and products of any and all of the foregoing (individually and collectively, the "Collateral").

3. Creation of Security Interest. The Debtor, in order to secure (1) payment of the Indebtedness, (2) payment of all current and future indebtedness of the Debtor to the Secured Party ("Other Indebtedness"), and (3) all costs and expenses incurred in collection of the

VERION INC

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Indebtedness or the Future Indebtedness hereby grant to the Secured Party, and the Secured Party hereby reserves a security interest in the Collateral. Until default hereunder, the Debtor shall be entitled to the possession of the Collateral and to use and enjoy the same.

4. Debtor's Warranties and Agreements. The Debtor warrants and agrees that:

(a) Title. The Collateral is or shall be owned by the Debtor and is not subject to any security interest, lien or encumbrance except that created by this Security Agreement and those specifically set forth on Exhibit "A" attached hereto and the Debtor shall defend the Collateral against the claims and demands for all persons other than those specifically set forth on Exhibit "A".

(b) Transfer. The Debtor shall not sell, exchange, lease, encumber or pledge the Collateral, create any security interest therein (except that created by this Security Agreement and those set forth on Exhibit "A"), or otherwise dispose of the Collateral or any of the Debtor's rights therein or under this Security Agreement, other than in the normal course of business, without the prior written consent of the Secured Party. The Debtor shall have the right to replace Collateral in the normal course of business, and the substituted Collateral shall be subject to this Security Agreement as more fully provided in Section 2 hereof.

(c) Maintenance; Taxes. The Debtor shall maintain the Collateral in good condition and repair, reasonable wear and tear excepted, and shall pay and discharge all taxes levied and other impositions levied on the Collateral; if the Debtor fails to pay such sums, the Secured Party may, after due notice to Debtor, do so for the Debtor's account adding the amount to the secured Indebtedness.

(d) Insurance. The Debtor shall insure the Collateral against such risks and casualties and in such amounts as the Secured Party shall require. All insurance policies shall be written for the benefit of the Debtor and the Secured Party, as their interest may appear, and such policies or certificates evidencing the same shall be furnished to the Secured Party. If the Debtor fails to pay the premium on any such insurance, the Secured Party may, after due notice to the Debtor, do so for the Debtor's account adding the amount thereof to the debt secured hereby. The Debtor hereby assigns to the Secured Party any returned or unearned premiums which may be due upon cancellation of any such policies for any reason whatsoever and all proceeds of such policies and direct the insurers to pay the Secured Party any amounts due. The Secured Party is hereby appointed the Debtor's attorney-in-fact to endorse any draft or check which may be payable to the Debtor in order to collect any returned or unearned premiums or the proceeds of such insurance. Any balance of insurance proceeds remaining after payment in full of all amounts secured hereunder shall be paid to the Debtor.

(e) Location. The Debtor shall not permit any of the Collateral to be removed from its present locations, other than in the normal course of business, without the prior written consent of the Secured Party, which consent shall not be unreasonably withheld, and shall permit the Secured Party to inspect the Collateral at any reasonable time.

(f) Liens. Other than as specifically set forth herein, the Debtor shall not permit any other security interest to attach to any of the Collateral, permit the Collateral to be levied upon under any legal process, or permit anything to be done that may impair the value of any of the Collateral or the security intended to be afforded by this Security Agreement.

(g) Filings. The Debtor shall pay all costs of filing any financing, continuation or termination statements and any other fees associated with the perfection of the security interest created by this Security Agreement. The Secured Party is hereby appointed the Debtor's

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attorney-in-fact to do all acts and things which the Secured Party may deem necessary to perfect and continue perfected the security interest created by this Security Agreement and to protect the Collateral. A photographic or other reproduction of this Security Agreement, or any financing statement signed by Debtor is sufficient as a financing statement.

5. **Default and Remedies.** In the event of default in the payment of the Indebtedness referred to in Section 1 hereof, or any Other Indebtedness, or any past or future advances, expenditures or liabilities hereby secured, or in the due observance or performance of any of the other conditions or agreements hereof; or if any of the warranties of the Debtor shall prove to be false or misleading; or if the Debtor shall become insolvent or shall be adjudicated bankrupt, or if bankruptcy, insolvency, reorganization, arrangement, debt adjustment or liquidation proceedings, or receivership proceedings in which the Debtor is alleged to be insolvent or unable to pay its debts as they mature, shall be instituted by or against the Debtor, and the Debtor shall consent to the same or admit in writing the material allegations of the petition filed in such proceedings, or such proceedings shall not be dismissed within thirty (30) days after their institution, or upon the dissolution of the Debtor; then, upon the occurrence of any of the above events ("Event of Default"), the Secured Party may declare the unpaid balance of the Indebtedness, the Future Indebtedness, and all advances, expenditures and liabilities immediately due and payable without demand or notice, and the Secured Party may enter judgment on the Indebtedness and the Future Indebtedness or otherwise reduce such debt, advances, expenditures and liabilities to judgment, and, in addition, proceed to exercise one or more of the rights accorded by the Uniform Commercial Code in force in the Commonwealth of Pennsylvania at the date of this Security Agreement. It is understood and agreed that this Security Agreement has been made and entered into pursuant to the Uniform Commercial Code and that the Secured Party have all the rights and remedies accorded thereby. If any provisions of this Security Agreement shall for any reason be held to be invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision hereof, but this Security Agreement shall be construed as if such invalid or unenforceable provision had never been contained in this Security Agreement.

6. **Benefit.** The rights and privileges of the Secured Party under this Security Agreement shall inure to the benefit of its heirs, personal representatives and assigns. All covenants, warranties, and agreements of the Debtor contained in this Security Agreement shall bind its successors and assigns.

7. **Construction.** The laws of Pennsylvania shall govern and control the construction, enforceability, validity and interpretation of this Agreement.

8. **Choice of Remedies.** To the extent that any of the Borrower's Liabilities are now or hereafter secured by property other than the Collateral, or by a guaranty, endorsement or property of any other Person, then the Guarantors shall have the right to proceed against such other property, guaranty or endorsement upon an Event of Default and the Guarantors shall have the right, in the Guarantors' sole discretion, to determine which rights, security, liens, security interests or remedies the Guarantors shall at any time pursue, relinquish, subordinate, modify or take any other action with respect thereto, without in any way modifying or affecting any of them or any of the Guarantors' rights or the Borrower's Liabilities under this Agreement.

9. **Incorporation.** The provisions of the Background Section of this Agreement are incorporated herein by reference and constitute an integral part of this Agreement.

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10. Counterparts. This Agreement may be executed in any number of counterparts and by any combination of parties hereto in separate counterparts, each of which counterparts shall be an original and all of which taken together shall constitute one and the same Agreement. The signature of the parties hereto may be delivered by facsimile.

IN WITNESS WHEREOF, AND INTENDING TO BE LEGALLY BOUND HEREBY, the parties hereto have caused this Security Agreement to be executed as of the day and year first above written.

DEBTOR:

VERION, INC.

By: _____

President

Attest: _____

Secretary

SECURED PARTY:

Rolf D. Schmidt

Exhibit A

Bryn Mawr Trust Company

Schedule 2(c)

ISSUED PATENTS

<u>PATENT</u>	<u>PATENT REGISTRATION NO.</u>	<u>REG. DATE</u>
Apparatus and Method for Making Microcapsules	4,978,483	12/18/1990
Method for Inducing Transformations in Waxes	5,209,879	05/11/1993
Apparatus and Method for Making Microcapsules	5,271,881	12/21/1993
Method and Apparatus for the Modification of Starch and Other Polymers	5,455,342	10/31/1995
Method for Entrapment of Liquids in Transformed Waxes	5,460,756	10/24/1995
Seeded Microcapsules/ Tableting	6,110,501	8/29/2000

PENDING PATENT APPLICATIONS

<u>Titles</u>	<u>Appin. Numbers</u>	<u>Filing Dates</u>	<u>Where Filed</u>
Seeded Microcapsules	08/908/232	8/7/1997	U.S.
Seeded Microcapsules	60/082,165	4/17/1998	U.S.
Seeded Microcapsules	09/111,897	7/8/1998	U.S.
Dietary Fiber Products and Process and Apparatus for Producing Same	PCT/US97/14271	8/14/1997	PCT
Dietary Fiber Products and Process and Apparatus for Producing Same	09/051,739	4/24/1998	U.S.

Process and Apparatus for Producing Dietary Fiber Products	08/988,758	12/11/1997	U.S.
Apparatus and Method for Reduction of Fat Content and Caloric Content in Food Ingredients	60/044,988	4/28/1997	U.S.
Apparatus and Process for the Reduction of Fat and Caloric Content in Food	09/067,609	4/28/1998	U.S.
Apparatus and Process for the Reduction of Fat and Caloric Content in Food	PCT/US98/08565	4/28/1998	PCT
Apparatus and Process for the Reduction of Fat and Caloric Content in Food	24982	4/28/1998	Uruguay
Apparatus and Process for the Reduction of Fat and Caloric Content in Food	980101968	4/28/1998	Argentina
Apparatus and Process for the Reduction of Fat and Caloric Content in Food	761/cal/98	4/28/1998	India
Apparatus and Process for the Reduction of Fat and Caloric Content in Food	87106524	4/28/1998	Taiwan
Dietary Fiber Products	09 360262	7/26/1999	USA
Reg. Deltab (BOP)	09 575805	5/20/2000	USA
CIP Deltab (BOP)	09 576356	5/20/2000	USA
Leakproof Encapsulated Materials	60 199976	4/27/2000	USA
Instant Dissolving Encap Composition	60 235754	9/27/2000	USA
Co-Pressure Process Method & Tablets	60 206142	5/22/2000	USA

TRADEMARKS

<u>TRADEMARK</u>	<u>APPLICATION OR REGISTRATION NO.</u>	<u>REGISTRATION OR FILING DATE</u>
Tab-Cost	2,103,152	10/07/1997
Delta Starch	2,177,846	08/04/1998
Flavor-Max	2,280,760	9/28/1999
Del Tab (Application Pending)	75 664175	3/19/1999
Verion (Application Pending)	75 795689	9/9/1999

**RECORDATION FORM COVER SHEET
PATENTS ONLY**

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)

Name (line 2)

Execution Date
Month Day Year

Second Party

Name (line 1)

Name (line 2)

Execution Date
Month Day Year

Receiving Party

Mark if additional names of receiving parties attached

Name (line 1)

Name (line 2)

Address (line 1)

Address (line 2)

Address (line 3)
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

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

FOR OFFICE USE ONLY

Public burden reporting for this collection of information is estimated to average approximately 30 minutes per Cover Sheet to be recorded, including time for reviewing the document and gathering the data needed to complete the Cover Sheet. Send comments regarding this burden estimate to the U.S. Patent and Trademark Office, Chief Information Officer, Washington, D.C. 20231 and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Paperwork Reduction Project (0651-0027), Washington, D.C. 20503. See OMB Information Collection Budget Package 0651-0027, Patent and Trademark Assignment Practice. DO NOT SEND REQUESTS TO RECORD ASSIGNMENT DOCUMENTS TO THIS ADDRESS.

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

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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. #

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

Method of Payment: Enclosed Deposit Account

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

Deposit Account Number: #

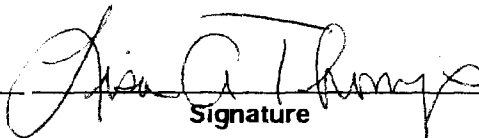
Authorization to charge additional fees: Yes No

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.

Lisa A. Thompson

Name of Person Signing



Signature

10/13/00

Date