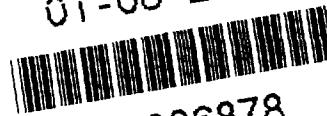


01-08-2002



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01/02/02

December 7, 2001

RECORDATION FORM COVER SHEET

PATENTS ONLY

PATENTS ONLY

OUR FILE NO. HAMPTON.KEY

U.S. PATENT AND TRADEMARK OFFICE
OFFICE OF PUBLIC RECORDS
CRYSTAL GATEWAY 4, ROOM 335
WASHINGTON, D.C. 20231

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

1. Name of conveying party(ies):
Printware Acquisition, LLC
2. Name and address of receiving party(ies):
Name: Hampton Bank
Street Address: 7300 West 147th Street, Suite 100
City: Apple Valley
State: MN Zip: 55124
3. Nature of Conveyance:

<input type="checkbox"/>	Assignment	<input type="checkbox"/>	Merger
<input checked="" type="checkbox"/>	Security Agreement	<input type="checkbox"/>	Change of Name
<input type="checkbox"/>	Other		

Execution Date: December 6, 2001

4. Application number(s) or registration number(s):
If this document is being filed together with a new application, the execution date of the application is:

A. Patent Application No.(s):

B. Patent No.(s): 5,326,011 and 4,835,545

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

Name: Thomas J. Nikolai, Esq.
NIKOLAI & MERSEREAU, P.A.
Street Address: 900 Second Avenue South, #820
City: Minneapolis State: MN Zip: 55402-3325

01/07/2002 6TON11 00000246 5326011

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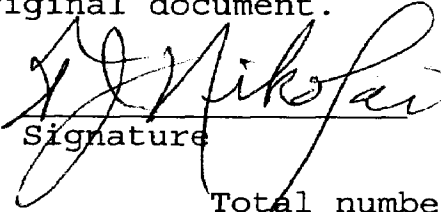
80.00 00

6. Number of applications and patents involved: Two
7. Total Fee (37 CFR 3.41): \$80.00
X A check is enclosed.
8. The Commissioner is authorized to charge any fees or refund any overpayment under 37 CFR 1.16 and 1.17 which may be required by this paper to Deposit Account No. 08-1265.

DO NOT USE THIS SPACE

9. 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.

Thomas J. Nikolai
Name of Person Signing


Signature

Date: Dec. 7, 2001.

Total number of pages including
cover sheet, attachments and document: 13

SECURITY AGREEMENT

PRINTWARE ACQUISITION, LLC, a Minnesota limited liability company, with its registered office and principal place of business located at 1270 Eagan Industrial Road, Eagan, Minnesota 55121, (hereinafter called "DEBTOR") and HAMPTON BANK, a Minnesota banking corporation, with its address at 7300 West 147th Street, Suite 100, Apple Valley, Minnesota 55124 (hereinafter called "SECURED PARTY"), agree as follows:

SECTION I. CREATION OF SECURITY INTEREST

DEBTOR hereby grants to SECURED PARTY a second security interest in the Collateral described in Section II of this Security Agreement to secure performance and payment of all obligations and indebtedness of DEBTOR to SECURED PARTY of whatever kind and whenever or however (whether heretofore or hereafter) created or incurred, including, but not limited to, the obligations and indebtedness of DEBTOR to SECURED PARTY described in Section III of this Security Agreement.

SECTION II. COLLATERAL

The Collateral of this Security Agreement provides a first security interest in the property described as Exhibit "A" which is attached hereto and incorporated herein together with any additions and accessions thereto.

SECTION III. PAYMENT OBLIGATIONS OF DEBTOR

1. DEBTOR shall pay to SECURED PARTY any sum or sums due or which may become due pursuant to any Promissory Note or Notes now or hereafter executed by DEBTOR or evidence DEBTOR's indebtedness to SECURED PARTY, in accordance with the terms of such Promissory Note or Notes and the terms of this Security Agreement as well as other indebtedness now due and owing said SECURED PARTY, and any and all indebtedness hereafter to become due and owing said SECURED PARTY, whether evidenced by note, overdraft, endorsement or otherwise, and any and all renewals, amendments, rearrangements or extensions of said indebtedness, including, but not limited to, the following described Promissory Notes:

<u>Date</u>	<u>Amount</u>	<u>Type</u>
December 6, 2001	\$700,000.00	Revolving Line of Credit Note
December 6, 2001	\$300,000.00	Term Promissory Note

2. DEBTOR shall account fully and faithfully to SECURED PARTY for proceeds from disposition of the Collateral in any manner, and shall pay or turn over property in cash, negotiable instruments, drafts, assigned accounts or chattel paper, all the proceeds from each sale, to be applied to DEBTOR's indebtedness to SECURED PARTY, subject to, if other than in cash, final payment or collection. Application of such proceeds to indebtedness of DEBTOR shall be in the sole discretion of SECURED PARTY, provided such application of proceeds is made by SECURED PARTY in a reasonable manner.

3. DEBTOR shall pay to SECURED PARTY on demand all expenses and expenditures, including reasonable attorneys' fees and other legal expenses incurred or paid by SECURED PARTY in exercising or protecting its interests, rights and remedies under this Security Agreement, plus interest thereon at the rate of ten (10%) per cent per annum, or the highest rate provided for any Note or other indebtedness instrument by which the DEBTOR is indebted to the SECURED PARTY at the time of default, whichever is greater.

4. DEBTOR shall pay immediately without notice, the entire unpaid indebtedness of DEBTOR to SECURED PARTY whether created or incurred pursuant to this Security Agreement or otherwise, upon DEBTOR's default under Section V of this Security Agreement.

SECTION IV. DEBTOR'S REPRESENTATIONS, WARRANTIES AND AGREEMENTS

1. DEBTOR's Federal Tax Identification Number is 41-2021711; DEBTOR's Minnesota Secretary of State Organization Number is 25106-LLC; and all information supplied and statements made by DEBTOR in any financial, credit or accounting statement or application for credit prior to, contemporaneously with or subsequent to the execution of this Security Agreement are and shall be true, correct, complete, valid and genuine.

2. No Financing Statement or other notice or evidence of a security interest covering the collateral or its proceeds is on file in any public office; and except for the security interest granted in this Security Agreement, there is no lien, security interest or encumbrance in or on the Collateral.

3. The office where DEBTOR keeps its records concerning accounts and contract rights is 1270 Eagan Industrial Road, Eagan, Minnesota 55121.

4. The Collateral shall remain in DEBTOR's possession or control at all times a DEBTOR's risk of loss and be kept at 1270 Eagan Industrial Road, Eagan, Minnesota 55121, where SECURED PARTY may inspect it at any time, except for its temporary removal in connection with its ordinary use or unless DEBTOR notifies SECURED PARTY in writing and SECURED PARTY consents in writing in advance of its removal to another location.

5. Until default, DEBTOR may use the Collateral in any lawful manner not inconsistent with this Agreement or with the terms of conditions of any policy of insurance thereon, and except for accounts and contract rights, may also sell the Collateral in the ordinary course of business. SECURED PARTY's security interest shall attach to all proceeds of sales and other dispositions of the Collateral.

(a) At the request of SECURED PARTY, DEBTOR will maintain a special bank account for the benefit of the SECURED PARTY. Upon SECURED PARTY's demand, DEBTOR will deposit upon receipt all checks, drafts, cash and other payments pursuant to DEBTOR's Contract Rights, for Inventory sold or in payment or on account of DEBTOR's Accounts. At least once a week, SECURED PARTY will apply the whole or part of the funds on deposit in the special account against the principal or interest or both of loans made under this Agreement. SECURED PARTY may determine the order and method of such application. Any portion of funds on deposit in the special account which SECURED PARTY elects not to so apply may be paid over by the BANK to DEBTOR.

(b) DEBTOR will, at all times, keep accurate and complete records of the Inventory, and SECURED PARTY may call at DEBTOR's place of business at intervals, and without hindrance or delay, inspect the inventory and inspect, audit, check and make extracts from the books, records, journals, orders, receipts, correspondence and other data relating to the borrower's inventory, Contract Rights or Accounts or to any other transactions between SECURED PARTY and DEBTOR.

(c) A sale in the ordinary course of business does not include a transfer in partial or total satisfaction of the debt. Until default, DEBTOR may also use and consume any raw materials or supplies, the use and consumption of which are necessary to carry on DEBTOR's business.

6. DEBTOR will promptly notify SECURED PARTY in writing of at least thirty (30) days prior to, any addition to, change in or discontinuance of: (a) its address as shown at the beginning of the Security Agreement; (b) the location of its principal place of business as set forth in this Security Agreement; (c) the location of the office where it keeps records as set forth in this Security Agreement; and (d) its name or the state under which it is organized.

7. DEBTOR shall pay prior to delinquency all taxes, charges, liens and assessments against the Collateral, and upon DEBTOR's failure to do so, SECURED PARTY, at its option, may pay any of them and be the sole judge of the legality or validity thereof and the amount necessary to discharge the same. Such payment shall become part of the indebtedness secured by this Agreement and shall be paid to SECURED PARTY by DEBTOR immediately and without demand, with interest thereon at the rate of ten (10%) per cent per annum, or the highest rate provided for any Note or other indebtedness instrument by which the DEBTOR is indebted to the SECURED PARTY at the time of default, whichever is greater.

8. DEBTOR will have and maintain insurance at all times with respect to all Collateral against risks of fire, theft and such other risks as SECURED PARTY may require, including extended coverage, and in the case of motor vehicles, including collision coverage. Such insurance policies shall contain such terms, be in a form, for a period and be written by companies satisfactory to SECURED PARTY. Such insurance policies shall also contain a standard mortgagee's endorsement providing for payment of any loss to SECURED PARTY. All policies of insurance shall provide for thirty (30) days' written minimum cancellation notice to SECURED PARTY. DEBTOR shall furnish SECURED PARTY evidence of compliance with the foregoing insurance provisions. SECURED PARTY may act as attorney for the DEBTOR in obtaining, adjusting, settling and canceling such insurance and endorsing any drafts drawn by insurers of the Collateral. SECURED PARTY may apply any proceeds of such insurance which may be received by it in payment on account of the obligations secured hereby, whether due or not.

9. DEBTOR shall, at his own expense, do, make, procure, execute and deliver all acts, things, writings and assurances as SECURED PARTY may, at any time, request to perfect, protect, assure or enforce its interests, rights and remedies created by, provided in or emanating from this Security Agreement.

10. DEBTOR shall not lend, rent, lease, license to any person or entity, or otherwise dispose of the Collateral or any interest therein except as authorized in this Security Agreement or in writing by SECURED PARTY, and DEBTOR shall keep the Collateral, including the proceeds thereof, free from unpaid charges, including taxes, and from liens, encumbrances and security interests other than that of SECURED PARTY.

11. DEBTOR shall sign and execute along or with SECURED PARTY, any Financing Statement or notice filing documents required for perfection of the security interest or other document, and procure any documents and pay all connected costs necessary to protect the security interest under this Security Agreement against the rights or interests of third persons.

12. DEBTOR shall, at all times, keep the Collateral and its proceeds separate and distinct from other property of DEBTOR and shall accurate and complete records of the Collateral and its proceeds.

13. DEBTOR is the owner of the Collateral or has written authorization from the owner to grant SECURED PARTY a security interest in the Collateral. If DEBTOR is not the owner, then such written authorization is attached hereto.

14. If part of the collateral herein is Accounts, DEBTOR represents, warrants and agrees with respect to each such Account that:

(a) The Account arose from the performance of services by DEBTOR which have been fully and satisfactorily performed or from the absolute sale of goods by DEBTOR in which DEBTOR has the sole and complete ownership, and the goods have been shipped or delivered to the Account Debtor, evidencing which, DEBTOR or SECURED PARTY has possession of shipping and delivery receipts;

(b) The Account is not subject to any prior or subsequent assignment, claims, lien or security interest other than that of SECURED PARTY;

(c) The Account is not subject to set off, counterclaim, defense, allowance or adjustment other than discounts for prompt payment shown on the invoice, or to dispute, objection or complaint by the Account Debtor concerning his liability on the Account, and the goods, the sale of which gave rise to the Account, have not been returned, rejected, lost or damaged;

(d) The Account arose in the ordinary course of DEBTOR's business, and no notice of bankruptcy, insolvency or financial embarrassment of Account Debtor has been received by DEBTOR.

SECTION V. EVENTS OF DEFAULT

DEBTOR shall be in default under this Security Agreement upon the happening of any of the events or conditions of default as set forth in the Credit Agreement of even date herewith.

SECTION VI. SECURED PARTY'S RIGHTS AND REMEDIES

A. RIGHTS EXCLUSIVE OF DEFAULT

1. This Security Agreement, SECURED PARTY's rights hereunder or the indebtedness hereby secured may be assigned from time to time, and in any such case, the Assignee shall be entitled to all of the rights, privileges and remedies granted in this Security Agreement to SECURED PARTY, and DEBTOR will assert no claims or defenses he may have against SECURED PARTY against the Assignee, except those granted in this Security Agreement.

2. SECURED PARTY may enter upon DEBTOR's premises at any reasonable time to inspect the Collateral and DEBTOR's books and records pertaining to the Collateral, and DEBTOR shall assist SECURED PARTY in making any such inspection.

3. SECURED PARTY may execute, sign, endorse, transfer or deliver in the name of DEBTOR, notes, checks, drafts or other instruments for the payment of money and receipts, certificates of origin, applications for certificates of title or any other documents, necessary to evidence, perfect or realize upon the security interest and obligations created by this Security Agreement.

4. At its option, SECURED PARTY may discharge taxes, liens or security interest or other encumbrances at any time levied or placed on the Collateral, may pay for the insurance on the Collateral and may pay for the maintenance and preservation of the Collateral. DEBTOR agrees to reimburse SECURED PARTY on demand for any payment made, or expense incurred by SECURED PARTY pursuant to the foregoing authorization, plus interest thereon at the rate of ten (10%) per cent per annum.

5. SECURED PARTY may notify the account debtor or obligors of any accounts, chattel paper, negotiable instruments or other evidences of indebtedness remitted by DEBTOR to SECURED PARTY as proceeds to pay SECURED PARTY directly.

6. SECURED PARTY may, at any time, demand, sue for, collect or make any compromise or settlement with reference to the Collateral as SECURED PARTY, in its sole discretion, chooses.

B. RIGHTS IN EVENT OF DEFAULT

1. Upon the occurrence of an Event of Default, or if SECURED PARTY deems payment of DEBTOR's obligations to SECURED PARTY to be insecure, and at any time thereafter SECURED PARTY may declare all obligations secured hereby immediately due and payable and shall have the rights and remedies of a SECURED PARTY under the Uniform Commercial Code of Minnesota, other Minnesota State Statutes and Federal Statutes, including, without limitation thereto, the right to sell, lease or otherwise dispose of any or all of the Collateral and the right to take possession of the Collateral, and for that purpose SECURED PARTY may enter upon any premises on which the Collateral or any part thereof may be situated and remove the same therefrom. SECURED PARTY may require DEBTOR to assemble the Collateral and make it available to SECURED PARTY at a place to be designated by SECURED PARTY which is reasonably convenient to both parties. Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, SECURED PARTY will send DEBTOR reasonable notice of the time and place of any public sale thereof or the time after which any private sale or other disposition thereof is to be made. The requirement of sending reasonable notice shall be met if such notice is mailed, postage prepaid, to DEBTOR at the address designated at the beginning of this Security Agreement at least ten (10) days before the time of the sale or disposition. Expenses of retaking, holding, preparing for sale, selling or the like shall include SECURED PARTY's reasonable attorneys' fees and legal expenses, and DEBTOR agrees to pay such expenses, plus interest thereon at the rate of ten (10%) per cent per annum, or the highest rate provided for any Note or other indebtedness instrument by which the DEBTOR is indebted to the SECURED PARTY at the time of default, whichever is greater. DEBTOR shall remain liable for any deficiency.

2. SECURED PARTY may remedy any default and may waive any default without waiving the default remedied or without waiving any other prior or subsequent default.

3. The remedies of SECURED PARTY hereunder are cumulative, and the exercise of any one or more of the remedies provided for herein shall not be construed as a waiver of any of the other remedies of SECURED PARTY.

SECTION VII. ADDITIONAL AGREEMENTS

1. The term "DEBTOR" as used in this instrument shall be construed as singular or plural to correspond with the number of persons executing this instrument as DEBTOR. The pronouns used in this instrument are in the masculine gender but shall be construed as feminine or neuter as occasion may require. "SECURED PARTY" and "DEBTOR" as used in this instrument includes the heirs, executors and administrators, successors, representatives, receivers, trustees and assigns of those parties.

2. If more than one person executes this Agreement as DEBTOR, their obligations under this Agreement shall be joint and several.

3. The section headings appearing in this instrument have been inserted for convenience only and shall be given no substantive meaning or significance whatever in construing the terms and provisions of this instrument. Terms used in this instrument, which are defined in the Minnesota Uniform Commercial Code, are used with the meanings as therein defined.

4. The law governing this secured transaction shall be that of the State of Minnesota in force at the date of this instrument.

5. The drafting, execution and delivery of this Agreement by the parties have been induced by no representations, statements, warranties or agreements other than those expressed therein. This Agreement embodies the entire understanding of the parties and there are no further or other agreements or understandings, written or oral, in effect between the parties relating to the subject matter hereof unless expressly referred to herein.

6. The provisions of this Agreement are intended to be severable, and the invalidity or unenforceability of any of said provisions, or any portion thereof, shall not render the remaining provisions of this Agreement inapplicable or unenforceable.

EXECUTED this 6th day of December, 2001.

DEBTOR:

PRINTWARE ACQUISITION, LLC,
a Minnesota limited liability company

By: 

Paul Meyering

Its: Vice President/Manager

By: 

Mark Eisenschenk

Its: Vice President/Manager and CFO

COLLATERAL DESCRIPTION

Exhibit "A" attached to Credit Agreement, Security Agreement, and UCC Financing Statement dated December 6, 2001

Debtor: PRINTWARE ACQUISITION, LLC

Debtor's Federal Tax I.D. Number: 41-2021711

Debtor's Minnesota Secretary of State Organization Number: 25106-LLC

Secured Party: HAMPTON BANK

This Security Agreement covers the following types or items of property, whether now owned or hereafter acquired:

- ☒ (a) All present and future inventory of Debtor, whether now owned or hereafter acquired and wherever located;
- ☒ (b) All equipment, fixed assets, products, proceeds and equipment of Debtor, whether now owned or hereafter acquired, including, but not limited to, all present and future machinery, vehicles, furniture, fixtures, manufacturing equipment, shop equipment, office and record keeping equipment, parts and tools, and the goods described in any equipment schedule or list furnished to Secured Party by Debtor (but no such schedule or list need be furnished in order for the security interest to be valid as to all of Debtor's equipment).
- ☒ (c) Each and every right of Debtor to the payment of money, whether such right to payment now exists or hereafter arises, whether such right to payment arises out of a sale, lease or other disposition of goods or other property by Debtor, out of a rendering of services by Debtor, out of a loan by Debtor, out of the overpayment of taxes or other liabilities of Debtor, or otherwise arises under any contract or agreement, whether such right to payment is or is not already earned by performance, and howsoever such right to payment may be evidenced, together with all other rights and interest (including all liens and security interests) which Debtor may at any time have by law or agreement against any account debtor or other obligor obligated to make any such payment or against any of the property of such account debtor or other obligor; all including, but not limited to, all present and future debt instruments, chattel papers, accounts, deposit accounts, accounts receivables, loans and obligations receivable and tax refunds.
- ☒ (d) All general intangibles of Debtor, whether now owned or hereafter acquired, including, but not limited to, applications for patents, patents, copyrights, trademarks, trade secrets, good will, trade names, trade styles, service marks, licenses, customers lists, permits and franchises, all rights for damages due to past, present or future infringement of intellectual property, including, without limitation, the right to sue third parties for such infringement, and the right to use Debtor's name. Such general intangibles include, without limitation, the following trade names, trademarks, patents, licenses, and all good will associated therewith:

1. Trade Names

Printware
Platestream
Silverstream
ZAPrip

2. Trademarks

Platestream Registration No. 2,206,457 Registration Date: 12/1/98

Silverstream Registration No. 2,460,919 Registration Date: 6/19/01

3. Patents

<u>Patent Number</u>	<u>Title</u>
4,835,545	Modulating Laser Intensity in a Laser Printer Proportionately to the Velocity of the Photoconductive Media
Inventors: Donald V. Mager, James A. Howe	Filed: November 30, 1987 Issue Date: May 30, 1989
5,326,011	Reduced-Skew Web Drive between Rollers of Differing Coefficients of Friction, Particularly to Transport Paper, Metal or Film in a Laser Imager
Inventors: Donald V. Mager, Daniel A. Baker	Filed: January 22, 1993 Issue Date: July 5, 1994

Regardless of which items are checked above, the Security Agreement also covers:

All substitutions and replacements for and products of any of the foregoing property not construing consumer goods and proceeds of any and all of the foregoing property and, in the case of all tangible Collateral, together with all accessions and, except in the case of consumer goods, together with (i) all accessories, attachments, parts, equipment and repairs now or hereafter attached or affixed to or used in connection with any such goods, and (ii) all warehouse receipts, bills of lading and other documents of title now or hereafter covering such goods.